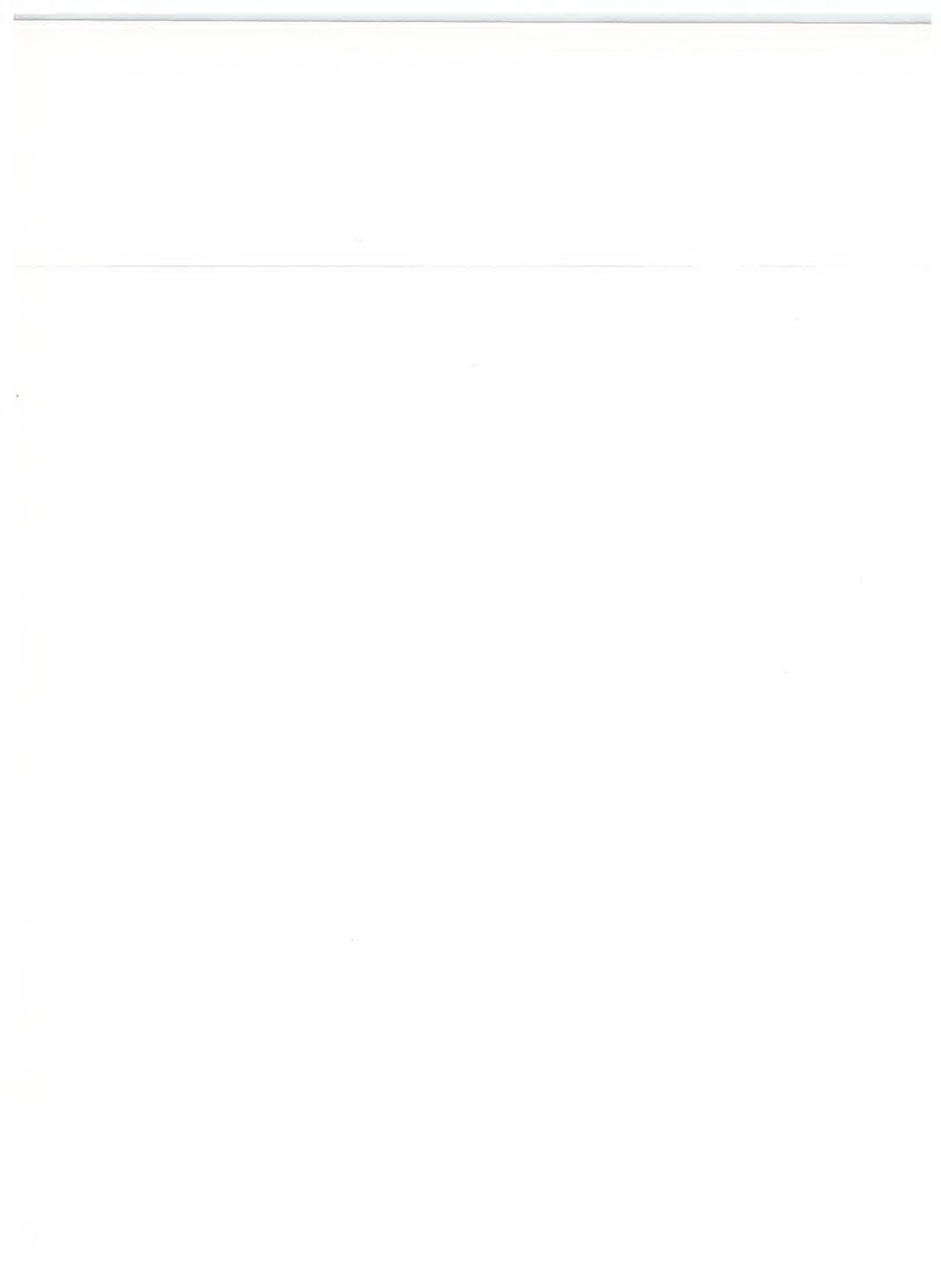


Focus on India, Pakistan, Burma, Ceylon

FOREIGN TRADE

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When Gerald Newman went to New Delhi last fall as Commercial Counsellor, he at once began a study of India's Five Year Plans, key to her economic advance. Here he discusses the achievements of the first two and the blueprint for the third—all with Canadian interests in mind.

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Canadian exporters who feel that the shortage of foreign exchange and the strict import controls prohibit them from selling in India may find, on studying this analysis of the complex licensing system, that their products stand a chance of entering this billion-dollar market.

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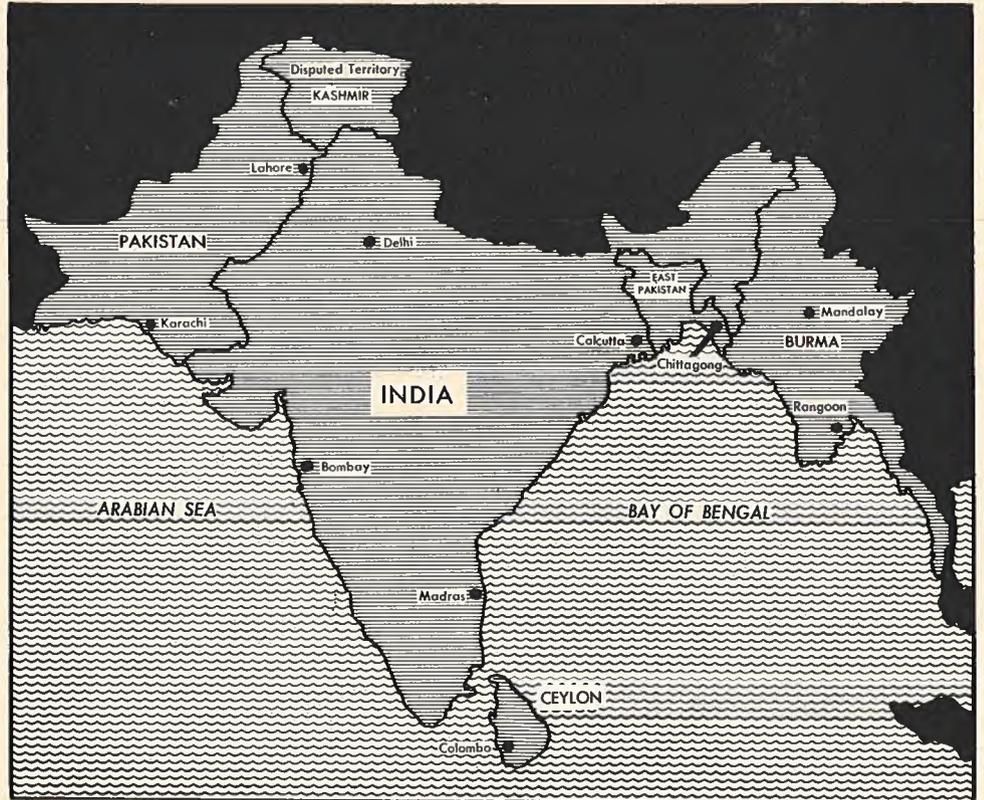
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COMING—TRADING WITH THE SOVIET UNION, IN THE JUNE 3 ISSUE



FOCUS ON
INDIA ■ PAKISTAN ■ BURMA
■ CEYLON

India and the Five Year Plans

Last month India launched the third of its Five Year Plans. A knowledge of its objectives and of how it is to be financed is, says our author, indispensable to the Canadian businessman who wants to do business there in the next few years.

G. A. NEWMAN, *Commercial Counsellor, New Delhi.*

ON April 1, 1961, India began the third of its Five Year Plans. In ten years, the implementation of the Five Year Plans has so dominated the economic and social life of the country and India has so grown in political importance that the success or failure of the Third Plan is a matter of deep significance to the world and to Canada.

To bring the Third Plan into perspective, here are some of the problems that India has been seeking to overcome through the medium of these plans.

Before the Plans

In 1951, the planners were confronted with the world's second largest population (now about 423 million) increasing at the rate of 2 per cent a year. Agricultural productivity was low. Seventy per cent of the population lived in some 50 million farms and 500,000 villages, where the hazards of uncertain monsoons, floods, drought, locusts, primitive farm methods, insecurity of land tenure, lack of credit and marketing facilities, poor seed and depleted soils prevented food production from keeping pace with an expanding population that demanded about one million additional tons of foodgrains a year. Three million tons of foodgrains had to be imported every year.

On the industrial side, India was employing some two million people in 6,000 factories—processing or fabricating jute, cotton, wool and silk, carpets, sugar, glass, paper, cement, steel, some engineering products, and consumer goods;

many others were employed in handicrafts, particularly in weaving. But for the most part, India was obliged to rely on high-cost fabricated imports to be paid for in agricultural products such as tea, jute, cotton, spices, hides and leather, and some minerals and ore.

The Indian Government therefore announced that it was the intention of the Five Year Plans to increase the per capita income in the course of 25 years from \$60 to \$110, to raise the standard of living, create more jobs, reduce illit-

eracy and disease, improve transportation, and provide the country with modern tools for industry.

What Two Plans Achieved

In the First Five Year Plan, the Government endeavoured to ensure sufficient food and consumer goods to permit concentration on industrial development in the Second Plan. The latter concentrated on the establishment of basic industries and the provision of employment outside of agriculture. About five billion dollars was spent on the

If You Want to Sell in the Indian Market . . .

1. Obtain information on Third Five Year Plan and study what imports the projects under the Plan require.
2. Become familiar with the Indian Government's rigid import licensing system.
3. Secure a good agent or agents in India who will cover the major commercial centers and keep you informed of prospects under the licensing system.
4. Investigate possibility of supplying capital goods or engineering knowhow under tenders put out by the Indian Government.
5. If you are marketing engineering services, make arrangements with an Indian firm to look after your interests.
6. Include India on a personal visit to study markets in Asia.
7. Plan your visit for the winter months, October to March, and avoid the hot weather.

First Plan and ten billion on the Second.

The results have been encouraging. Over the past ten years, real income has risen about 30 per cent (or 3 per cent a year) but because the population has grown from 362 million in 1951 to 423 million in 1960 (or 17 per cent) the expansion of per capita income has been less than 1½ per cent a year.

The Minister of Finance, in his budget address on February 28, 1961, reported that agricultural production had risen by about 33 and industrial production by about 66 per cent. Industrial production in the first ten months of 1960 achieved a record increase of 11.5 per cent over the corresponding period of 1959.

Three new steel plants have been brought into production in the past ten years and existing facilities ex-

panded, bringing Indian steel production in 1960 to 2.2 million tons, with 3.5 million anticipated for 1961. Output of coal has climbed to 51 million tons from 47 million in 1959. Expansion has been significant in power and transport and development marked in industrial machinery, pulp and paperboard, chemicals, cement, general and electrical engineering goods, and transport equipment. A rough indication of this progress is given in Table I which shows comparative production figures in selected fields.

These figures are suggestive. A Canadian visiting India receives the impression of an industrial boom such as the United States and Canada experienced at the turn of the century. The establishment of basic industries has stimulated interest in many ancillary activities, most of which call for foreign collaboration

in some form or other. The impact of such activity is most obvious in major commercial centers, where new plant and plant sites are taking shape on their outskirts; consumer purchasing capacity also gives some evidence of improvement. But this is only visible in the commercial centers. The evidence fades in the villages and farms. Here the quiet effort in education, in improved agricultural practices, and in irrigation and use of fertilizers is going on steadily but the subsistence level has not changed appreciably.

Objectives of Third Plan

From the immediate experience of ten years of planning, the Government of India concluded that the essential aims of the Third Five Year Plan should be:

- A rise in national income of over 5 per cent a year.
- Self-sufficiency in foodgrains and increase in agricultural production to meet the requirements of industry and exports.
- Expansion in basic industries like steel, fuel and power, and machine-building capacity, so that the requirements of further industrialization can be met within ten years or so and mainly from the country's own resources.
- Utilization to the fullest extent of manpower resources. The hope is for 14 million new jobs, of which 3.5 million would be in agriculture and the remainder in industry, commerce and services.
- To bring about a reduction of inequalities in income and wealth and a more even distribution of economic power.

The expression of these aims in terms of financial allotments in the Third Five Year Plan and the amount of foreign exchange involved is expressed in Table II.

Foreign Aid Vital

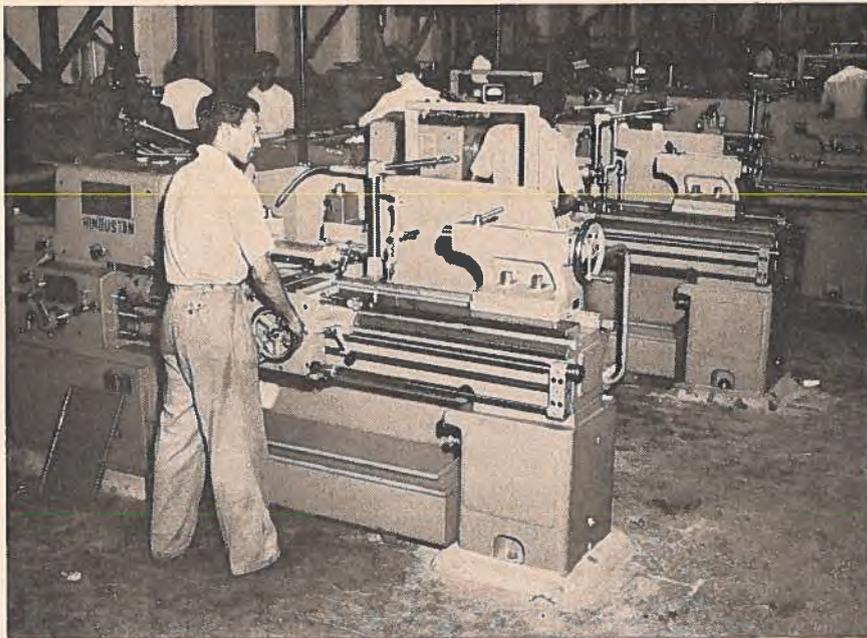
The main difference between the Second and the Third Five Year Plans is the outright reliance on

TABLE I—INDIA'S INDUSTRIAL PRODUCTION

Product	Unit	1951		1959	
Aluminum	thousands of tons	3.8		16.4	
Steel ingots	millions of tons	1.3		2.3	
Cement	millions of tons	3.2		6.6	
Electric power	billions of kwh.	5.9		14.5	
Automobiles and trucks	thousands	22		36	
Nitrogenous fertilizers	thousands of tons	61			
Jute manufactures	millions of tons	.09		1.1	
Cotton textiles	billions of yards	4.1		5.0	
Paper and paperboard	thousands of tons	134		275	
Electric wire and cable (ACSR and AAC conductors)	thousands of tons	1.7		22	
Sewing machines	thousands	30.8		290	
Sulphuric acid	thousands of tons	99.1		315.5	

TABLE II—FINANCIAL REQUIREMENTS OF THIRD FIVE YEAR PLAN

	Investment—Plan III			Foreign Exchange Requirements	
	Public	Private	Total	rupees (million)	dollars (million)
Agriculture and minor irrigation and community development	6,750	8,000	14,750	750	150
Major irrigation	6,400		6,400		
Power	9,250	500	9,750	2,700	540
Village and small industries	1,600	2,750	4,350	11,900	2,380
Industry and minerals	15,000	10,000	25,000		
Transport and communications	14,500	2,000	16,500	3,000	600
Social services	6,500	10,750	17,250	800	160
Inventories	2,000	6,000	8,000		
Total	62,000	40,000	102,000	19,150	3,830



The First and Second Five Year Plans have seen India make striking progress in building an industrial economy. Setting up of basic industries has been accompanied by the establishment of allied types of manufacturing. For example, the picture shows finished lathes turned out at the Hindustan Machine Tools Factory at Bangalore.

foreign aid embodied in the Third Plan. This has become a matter of necessity, with India's foreign exchange reserves at a commercial minimum of \$314 million.

It is estimated that the total requirements of external assistance for the Plan amount to Rs.2,600 crores*, broken up as follows:

	(in crores)
1. To cover the excess of payments over receipts	Rs. 500
2. Machinery and equipment for projects in the plan	1,900
3. Components, intermediate products, etc., for increasing the production of capital goods within the country	200
Total	Rs.2,600

To this total of Rs.2,600 crores has to be added the value of food-grains to be received from the United States under PL 480, estimated at Rs.608 crores.

Since the inception of the Five Year Plans in 1951, foreign aid authorized to India by various countries as at December 1960 totalled Rs.209,157 lakhs† in loans and Rs.63,621 lakhs in aid, as follows:

*One crore=10 million rupees.

†One lakh=100,000 rupees.

	Loans (in lakhs of rupees)	Aid
United States	97,464	50,568
U.S.S.R.	38,341	115
United Kingdom	16,266	47
CANADA	1,571	9,057
Australia		1,227
New Zealand		343
West Germany	15,058	209
Japan	2,761	
Czechoslovakia	2,310	
Rumania	523	
Yugoslavia	1,905	
Norway		219
Poland	1,430	
International Bank for Reconstruction and Development		
a. for public sector	21,944	
b. for private sector	9,584	
Ford Foundation		1,420
U.N. Special Fund		416
Total	209,157	63,621

It is significant that Canada is practically the only country whose assistance is preponderantly given in the form of aid rather than loans.

The terms of the loans varied from country to country and time to time. A rather common pattern, however, was the deferring up to five years of initial payments, with part of the loans being repaid in semi-annual or annual instalments in two to five years and the balance

in semi-annual payments up to 15 years. Rates of interest varied between 4½ to 6 per cent a year.

The direct impact of such loans is reflected in the presence of three new steel plants, financed by the United Kingdom, West Germany and U.S.S.R.; hydro-electric projects such as Kundah (under Canadian aid); transport equipment machinery; expansion of mining development; tool factories; heavy machinery plants; irrigation projects; cement plants; fertilizer plants; and a wide range of other projects.

Consequently, loans and aid secured from the various countries have already had a very marked effect in providing a foundation of industrial development. This foundation is already being built upon and companies from a number of countries are beginning to participate in the private sector in the form of joint company ventures with Indian firms. (See article on this topic on page 7 in this issue.)

Canadian Trade Prospects

Canadian trade prospects in India depend upon the degree to which they meet India's needs under the Third Five Year Plan.

India's exports cannot begin to supply the exchange needed to pay for the steadily expanding imports of machinery and industrial mate-

rials essential to the success of the Five Year Plans. Frank reliance on foreign aid therefore requires that all foreign exchange be used only to meet the rigorous demands of development.

The Indian Government has been and is enforcing rigid import controls that restrict overseas purchases to essential raw materials, capital goods and components, basic foods and defence stores. (See article on page 10 of this issue.)

Most consumer goods and any article which is not essential are prohibited, as are an increasing number and range of products now being produced or manufactured in India. The possibility that a better product at a lower price might be obtained abroad is of no great significance in the intense desire of the Indian Government to conserve foreign exchange.

For the same reason, India has entered into a number of barter deals, particularly with the Soviet Union and its satellite countries, on the basis of rupee exchange. It has accepted tied loans and encouraged joint company ventures, whereby the overseas firms supply the know-how, equipment and foreign exchange (to cover the foreign component cost), usually under long-term repayment arrangements.

The range of goods that now can be supplied to India is thus closely identified with the Five Year Plan requirements. But there are opportunities for an aggressive trade effort on the part of Canadian firms engaged in the export of industrial raw materials, components, some capital goods, engineering services and defence stores.

An examination of the estimated requirements of India's needs under the Third Five Year Plan and the present rate of supply give a useful indication of some opportunities for Canadian exporters.

In addition, there are perhaps short-term opportunities in products being turned out in increasing volume in India, but which do not yet meet expanding consumption. Among these products are alu-

minum, nitrate fertilizers, rayon goods, wood pulp, newsprint, synthetic rubber, special alloy and tool steels, and certain industrial chemicals.

NON-FERROUS METALS

	Imports 1959	Estimated requirements 1961-66
	(in long tons)	
Copper (approx.)	50,000	170,000
Zinc	48,000	150,000
Lead	24,000	55,000
Asbestos	23,000	at least double
Sulphur	137,000	500,000
Nickel	1,000	double or triple
Potash	20,000	200,000*

*Consumption target 1961-66.

Watch Market Carefully

Because all imports are subject to import licences, usually issued to established users, Canadian firms should keep strict watch on licensing prospects through the services of a local Indian or other agent covering the major commercial centers of Calcutta, Bombay, Madras and Delhi.

There is the occasional prospect for the sale of capital goods and engineering services through responding to Indian Government tenders which are regularly submitted to the Department of Trade and Commerce, Ottawa. Any Canadian engineering firm seriously interested in Indian opportunities would be well advised to have its principals visit India to assess personally the implications of these new developments and take steps to have its interests maintained through some local arrangements.

It should be borne in mind that the subcontinent of India is readily accessible by air and in a way that permits the covering of other attractive markets at the same time. Thus, including India in a first-class round trip by air from Montreal to Tokyo requires only a modest increase in cost—and India can be quite comfortable during the winter months of October through March. ●

India Encourage Joint Venture

G. A. NEWMAN,
Commercial Counsellor, New De

Collaboration between a foreign and an Indian firm in industrial projects often provides the only way in which, under present circumstances, exporters can do business in India. The Indian Government offers special incentives for these arrangements.

THANKS TO disciplined progress under two Five Year Plans and the advances expected under the Third Plan that began in April of this year, India is midway between *aid* and *trade* in economic development and commercial prospects. The Colombo Plan, the Development Loan Fund, International Bank loans and other forms of economic aid have contributed significantly to this progress. More assistance from these sources is expected during the Third Five Year Plan; of the proposed expenditures of about \$21 billion, about \$5 billion is expected to be contributed under various forms of aid.

The effort made during the First and Second Plans has drained India's foreign exchange reserves to a crucial low at a time when her imports are running well over exports. These exports follow an established agricultural pattern of tea, cotton, jute and similar products, and it will be some years yet before the country's large resources of coal, iron ore, bauxite, chromite, etc., can figure fully in export trade. Meanwhile, imports of industrial equipment and materials are increasing under the Five Year Plans.

Joint Ventures Encouraged

The Indian Government is obliged, therefore, to restrict purchases made with foreign exchange to those products that will contribute directly to the furtherance of the Five Year Plans. For the same reason, it has been encouraging, with considerable success, collaboration between Indian and foreign investors. Thus the basic requirement for any new company—or, for that matter, the expansion of any existing company—is that the proposal involve manufacture that will increase productivity in an important economic field, impart technical skills, increase employment, and

either save or earn foreign exchange.

The area of private industrial development has been marked out fairly clearly from those industrial projects for which the Government, by socialistic inclination and of necessity, takes direct responsibility. The latter comprises most of the heavy industries, mining, power and transport. Private industrial development is encouraged to concentrate on an extensive range of products, of which some of immediate interest are fertilizers, agricultural equipment, machine building and tools, light electrical manufacturing, alloys and special steels, power equipment, switchgear, conveyors and construction machinery, a wide range of machinery, pulp and paper machines and plants, chemicals, plastics, glass products, and rubber goods. These items are suggestive and by no means definitive, for the fact is that in nearly every type of manufacturing that conforms to the basic requirements there are opportunities for collaboration with Indian investors or companies.

Obligations of Foreign Firm

Bearing in mind India's need to conserve foreign exchange, the foreign firm seeking to enter the Indian market in collaboration with an Indian company is expected to provide the equipment and know-how that may be required from overseas and, even more important, to provide the foreign exchange to pay for it. The Government of India favours arrangements where machinery, etc., involving foreign exchange is part of the capital participation, and where the earnings of the company can be relied on to provide interest payments and ultimate repayment of any loans that may be involved. This, of course, implies that the loans are long-term

ones and made at as low a rate of interest as possible.

At first sight, this latter requirement may appear to be a deterrent to joint company ventures in India. The fact is, however, that during the first nine months of 1960 the Government of India is reported to have approved 279 joint ventures with overseas companies (either new industries or expansion of existing ones). This represents a marked increase over previous years, in which there was a smaller though steady growth.

Inducements Offered

From the point of view of the foreign company, there are a number of attractions in joint ventures which minimize the sometimes involved and tedious procedures required to comply with government controls. For one thing, any joint venture company which does become established in the Indian market is almost automatically protected from other overseas competition by import licensing controls, under which goods available locally will not be licensed for import. Secondly, an industrial licensing system restricts the introduction of a new plant, or the extension of an established one, in those fields in which production is considered adequate. The combination tends to provide almost a monopoly in a steadily expanding market. And even though the Indian authorities, under the Government's Industries and Regulations Act 1951, can investigate and give direction to most industries which they believe are not conducting their operations in the public interest, still the profits permitted and the tax and other incentives extended are usually regarded as encouraging. From the strictly foreign trade point of view, an arrangement of this type offers about the only prospect for export to India on a commercial basis of equipment, materials and technical knowledge. From a national point of view, any long-term loans provided to cover such arrangements are likely to be self-liquidat-

ing—and this is a step forward from any strictly aid programs.

The tax incentives offered include liberal depreciation allowance, a tax holiday for new industrial undertakings, exemption from super-tax on inter-corporate dividends in certain industries, and development rebates.

All details about these incentives, the procedures to be followed in

making application to the Indian authorities for approval of joint ventures, and other relevant information on investing in India have been clearly set out by the Government of India in a booklet entitled *Investing in India* and in another publication, *India—Guide for Foreign Investors*, issued by the Federation of Indian Chambers of Commerce and Industry. An Indian

Investment Centre in Delhi also provides details on foreign investment procedure. Any Canadian firm which desires further details on such matters, however, would be well advised in the first instance to get in touch with the Canadian Commercial Counsellor, Office of the High Commissioner for Canada, 13 Golf Links Area, (P.O. Box 11), New Delhi 1, India. ●

India Expands Fertilizer Industry

Need to grow enough food for a mushrooming population has meant greater emphasis on manufacture and consumption of fertilizers. In a two-part article, the author describes India's plans to expand fertilizer production and consumption and opportunities for Canadian chemical equipment, engineering services, potash, and sulphur.

J. R. MIDWINTER, *Assistant Commercial Secretary, New Delhi.*

INDIA'S population passed 400 million in 1959 and is still growing rapidly. By 1966 the Government's Central Statistical Organization expects it to reach 480 million. During the next several years, therefore, India must somehow find enough food to sustain an additional 80 million persons. No conceivable volume of imports can do more than supplement the basic need for greater production. The problem is critical and unless it is solved, could cripple the whole economic development program.

Recognizing this, the Indian Government has set ambitious targets for agriculture in the country's Third Five Year Plan. Over the five-year period, 1961-66, the Plan aims at increasing agricultural output as a whole by 30-33 per cent. Foodgrains (cereals and pulses) receive the heaviest emphasis; by 1965-66 the planners hope to achieve a production of 100-105

million long tons (the 1959-60 crop was 71.75 million long tons). This would cope with the increase in population, allow a modest improvement in per capita consumption to 15 ounces of cereals and 3 ounces of pulses a day, and provide some margin against emergencies.

To attain the desired production, the Plan calls for the Central and State Governments and private enterprise to spend Rs.2,475 crores (Can.\$4,950 million) directly on agricultural improvement, out of a total development outlay during the Plan period (1961-66) of Can.\$22,500 million. Principal agricultural programs include construction of irrigation works; intensified application of fertilizers; improvement in land use; expansion of multiple cropping; soil conservation and land reclamation; provision of improved seeds; plant protection; introduction of better farm implements and improved agricultural

practices generally. These programs are to be backed by an expanded extension service and increases in the number and activities of co-operatives.

Fertilizer Supplies to Increase

For Canadian firms in several fields, the most significant of these programs is undoubtedly the proposed expansion of fertilizer consumption.

Although some progress has been made during recent years in stepping up use of chemical fertilizers (as well as manure, compost, bonemeal, etc.), India consumption remains among the lowest in the world. In the 1957-58 crop year, for example, application through chemical fertilizers of the three main plant nutrients (nitrogen, phosphorus and potassium) amounted to just over one pound per acre under cultivation. By way of comparison, Japan during the same period used about 200 pounds. The Indian Government during the Third Five Year Plan hopes to achieve a several-fold expansion in this extremely low per acre figure, largely through the intensive application of fertilizers in a few selected areas.

By 1965-66, the planners propose to increase India's total consumption of nitrogenous fertilizers

to one million long tons a year in terms of nitrogen, of phosphatic fertilizers to 400-500,000 long tons in terms of P_2O_5 , and of potash to 200,000 long tons in terms of K_2O . In 1959 by comparison, consumption amounted to roughly 170,000 long tons of nitrogen, 40,000 of P_2O_5 , and 30,000 of K_2O .

Bearing in mind India's pressing foreign exchange difficulties and the demands of other industries for scarce resources, these are ambitious targets. To attain them, the Government plans to expand domestic fertilizer manufacture to the maximum extent and to embark upon an enlarged import program. Manufacture within the country will, it is hoped, meet all India's requirements for nitrogenous fertilizers. The Government itself intends to supply 800,000 long tons of nitrogen through establishment of a number of large plants in the public sector, and to call upon the private sector to furnish the remaining 200,000.

The private sector is also expected to provide the bulk of phosphatic fertilizer capacity, to be based on imported phosphate rock and sulphur, because India is very deficient in these essential raw materials.

No workable deposits of potash have yet been discovered in India. As, unlike phosphatic fertilizers, the cost of preparing potash for the market is relatively small in relation to the cost of the material, the Government has no plans to set up processing facilities but will rely entirely upon imports to achieve its 1965-66 target of potash consumption of 200,000 long tons.

Canadian Firms Can Participate

Canadian firms can participate in India's fertilizer development program in three ways:

- By supplying machinery, equipment and engineering services to new nitrogenous and phosphatic fertilizer plants.
- By supplying raw materials such as sulphur.

- By selling potash and, in the short run, perhaps other fertilizer materials as well.

New Fertilizer Capacity

Existing capacity for nitrogenous fertilizers—mostly ammonium sulphate, though production of ammonium sulphate nitrate, urea and ammonium chloride has begun—is about 140,000 long tons a year in terms of nitrogen. The Central Government-owned Fertilizer Corporation of India Ltd. plant at Sindri in Bihar is by far the largest producer. The only other company with a substantial output of nitrogenous fertilizers at present is Fertilizers and Chemicals Travancore Ltd. in South India, which is privately managed but owned by Kerala and several other State Governments. The latter is also currently India's largest producer of superphosphates and the only producer of ammonium phosphate.

A second Fertilizer Corporation of India plant at Nangal in the Punjab has just gone into trial production. When it is operating at full rate, it will produce 80,000 long tons of nitrogen per year in the form of calcium ammonium nitrate. The operation is based upon electrolysis of water.

Two further government-owned plants are under construction at Rourkela in Orissa and Neyveli in Madras and scheduled for completion by the end of 1962. Rourkela will have an annual capacity of 80,000 long tons of fixed nitrogen in the form of calcium ammonium nitrate and Neyveli 70,000 long tons as urea.

Plans are now also well advanced for establishment of plants of roughly the same scale at Bombay (U.S. Development Loan Fund will finance purchase of equipment), Nahorkatiya in Assam (a British credit has been offered), Durgapur, West Bengal (private United States interests in collaboration with the West Bengal Government), and at Vishigipatnam, Andhra Pradesh (private Indian interests in collaboration with private U.S. interests).

All the above plants now under construction or planned, plus those already in existence, would give an output of about 700,000 long tons a year in terms of nitrogen. While this rate of production may not be attained before the end of the Third Five Year Plan, completion of the plants seems well in hand.

Other plants in the public or private sectors planned for construction during the Third Five Year Plan Period but whose financing has still not been arranged include units in Rajasthan, Uttar Pradesh, Madhya Pradesh and at Kothagudium in Andhra Pradesh (tenders for the last were actually issued last year).

The Central Government's objective is to see a major nitrogenous fertilizer plant in each state, except Kashmir, by the end of the Third Five Year Plan.

Current installed capacity for phosphatic fertilizers, almost all single superphosphate, is 331,000 long tons a year (about 50,000 long tons in terms of P_2O_5). Because of India's foreign exchange shortage which has limited import of phosphate rock and sulphur, production has never attained nearly its full potential.

Plant construction and expansion under way or authorized should increase capacity by 1962 or 1963 to about 200,000 long tons a year in terms of P_2O_5 , leaving 200-300,000 long tons still to be taken up if the planners' objective is to be reached. About a dozen firms have received licences in the past year to begin or expand manufacture of phosphatic fertilizers. The Government is said to be encouraging the manufacture of multiple fertilizers such as ammonium phosphate and nitrophosphate; for the time being, no further industrial licences are being issued for single superphosphate. ●

Part II of this study, on Canadian opportunities to supply equipment and services for this program, will appear in our next issue—Editor.

How India Controls Imports

Can I export my product to India? The answer to this question depends largely upon whether it meets the requirements laid down in a comprehensive import licensing system. This lucid introduction to Indian import policy and procedures will encourage certain Canadian producers and discourage others.

W. F. HILLHOUSE, *Trade Commissioner, Bombay.*

EVERY commercial shipment that enters India today must be covered by a specific import licence. The exceptions to that statement are of such little consequence that they are not worth detailing. For many commodities, such licences are no longer granted and for a host of others the quota is so small as to be of little interest, especially to the new exporter. Last year, however, India exported approximately \$1,350 million worth of goods. The majority of these exports were paid for in cash, a large percentage of which was in turn used to pay for imports. She is thus still a large-scale commercial importer.

If you wish to participate in this market, you should have a general understanding of the policy that controls these imports. That you are not likely to learn the policy in complete detail is suggested by the fact that the statement about it published every six months now runs to over 800 pages!

Policy Dictates Controls

Import control in India is quite frankly an instrument of national policy. The over-all objective of economic policy is that India, in as brief a period as possible, should expand her productive resources to the point where the economy becomes self-reliant or self-generating, thereby ensuring self-perpetuating growth. This expansion naturally calls for tremendous imports of plant, equipment, raw materials,

components, etc. The immediate aim of the import control policy is to ensure that the limited foreign exchange resources make the maximum contribution to the national development program. In practice this means, in part, that:

- Luxury goods are almost completely banned.
- Consumer goods are very severely limited.
- Where indigenous production of the same or comparable products is sufficient to meet market demand, imports are forbidden or drastically curtailed.
- Licences in convertible currencies are reduced to the extent that goods are obtainable on a barter basis or for payment in rupees.
- Normally, import of capital equipment except on a relatively small scale is licensed only against long-term equity investment or long-term loans.

Actual import licensing is controlled by a *Handbook* of rules and procedures permanently applicable, and a *Red Book*, published on April 1 and October 1 of each year, which sets out in detail the import trade control policy for the ensuing six months.

Importers Classified

Briefly, these books define different types of importers, classify commodities and materials, estab-

lish base years and quotas, enumerate the licensing authorities, describe in detail which authority licenses which commodity in what manner to which type of importer, and so on.

Importers fall into three broad categories: established importers, actual users, and others.

Established Importers, as the name implies, "are persons or firms who have been actually engaged in import trade of the articles . . . during at least one financial year (1st April to 31st March) falling within the basic period specified."

Basic Period—The basic period varies for individual commodities. It can begin as far back as 1937/38 and for many commodities includes 1959/60. For the establishment of new quotas, however, the basic period cannot now antedate 1951/52. The importance of the basic period is that it delineates the period from which the importer may select the year of his largest imports of the commodity concerned. He then obtains a Quota Certificate certifying the value of his best year's imports.

Quotas—The actual quantities of individual commodities that established importers are allowed to import depend not only on the value in their quota certificates but also the quota that has been established for the particular commodity. The quotas are set as percentages of the value of the quota certificate. They vary from as low as 1½ per cent to 100 or, in at least one case, 120 per cent. As most of the licences are for a six-month period, the amount given on the licence will usually be one half of the quota percentage times the value of the quota certificate. Minimum limits are also set on the value of licences granted. They range from Rs.500/- to Rs.1,000/-, depending on the quota percentage.

Actual Users—In an endeavour to ensure equitable distribution of scarce imports and to eliminate the cost of the middleman (in this case the importer) the Government has increasingly issued import licences to entities which actually use the imported commodities in an industrial manufacturing process. These licences are granted on an ad hoc basis, in response to the certified requirements of the company.

Others—Shortage of space makes it impractical to do more here than mention the fact that special licensing arrangements apply to a number of categories of goods—including capital equipment, heavy electrical plant, machine tools, stores ordered by the Director General of Supplies and Disposals or the Railways, and those covered by the Export Promotion Scheme.

Import Controller Decides

As the *Handbook* and the *Red Book* now run to a total of almost 1,200 pages it is not normally a simple matter to determine the proper classification and hence whether or not you can export a certain article to India. Except for the simplest, most straightforward commodities it is usually necessary to refer the matter to the appropriate Import Controller.

Before venturing an opinion on its proper import classification, the Import Controller wishes to have a complete description of the commodity, including (where appropriate) illustrative material, chemical analysis or composition, physical properties, end use, etc. Failure to provide such information with the original application for classification frequently results in protracted delays. The Import Controllers handle such a large number of applications that to obtain these official classifications is at best a time-consuming business. Nevertheless, it is essential to get the proper classification. If, when seeking an import licence, the importer classifies a product wrongly, there is a possibility of its being sent to the wrong licensing authority or even of

In Shipping to India, an Exporter Must . . .

1. Apply to one of the Import Controllers in India for the proper import classification of the product. Supply the Controller with a complete description of the product, illustrative material, chemical analysis or composition, physical properties, and end use.
2. Wait until the classification is made before applying for an import licence.
3. Operate normally through a local agent, if he is selling to established importers with a quota or to actual users, or if you are bidding on government or semi-government tenders.
4. Wait until the importer has secured an import licence before shipping the goods.
5. Make sure that he ships exactly to specifications or secures approval from the importer before making any changes.
6. Have all shipping documents made out in metric-system units.

its being rejected. Should a product arrive in India under an import licence in which it is wrongly classified, it could be confiscated and the importer fined.

Currency Areas

For licensing purposes, the countries of the world were, until April 1 this year, divided into two groups—the dollar area and the soft currency area. Quotas were established separately for each area, for each importer. With the advent of trade liberalization within the sterling area, the practical significance of this differentiation declined and licences for the soft currency area could in fact be used for imports from the dollar area. However, all importers have not fully understood this effective liberalization. Hence the formal elimination of the differentiation in the *Red Book* may make some Indian importers more

receptive to offers from the dollar area.

Can Your Product Enter?

The few details that have been provided on the Indian import control system have barely touched on the fringes of the subject. But perhaps they have created something of the atmosphere that characterizes the market. Of more immediate interest to the exporter is the question—"How does this affect me?" A detailed answer can only be given on an individual basis. However, the following points should be noted:

1. The Indian market has certain qualitative limitations which may alter in degree but which cannot be expected to change drastically for many years. Thus if your products are of a type normally produced domestically, even though these are

of different style and quality (shoes, clothing, etc.), or if they may be described by Indian standards as luxuries or non-essentials (jewellery, pleasure boats, bathroom scales, etc.), or if they are made in India in quantities considered sufficient to meet the demand (sewing machines, fans, refrigerators, etc.) then you would probably be well advised to concentrate your selling efforts on other markets for the next few years at least.

2. If you produce raw materials, components or machinery used in a manufacturing process, or highly sophisticated but necessary pieces of equipment, you should investigate the possibilities of this market. The resident Canadian Trade Commissioners will be pleased to help you.

3. With your first letter you should send, by air if possible, the complete description of your product or products referred to earlier. If it is necessary to refer to the Import Controller, you must expect to wait a minimum of several weeks, and quite possibly several months, before obtaining a ruling. Should insufficient information be provided the first time, the delay will be twice as long.

4. If your product proves to be importable, you should preferably be prepared to operate through a local agent. This is the normal pattern. There are exceptions, particularly if you have travelling representatives who visit the country frequently. An agent is essential, however, if imports are made only by established importers because they have the only quotas. Naturally the very fact that they have a quota means that they have been importing the same or similar products from other sources and may not be interested in changing. This increases the difficulty of locating suitable agents. Where licences are issued to "actual users", a good agent, well connected in the trade, is in an excellent position to sell

your products against those licences and possibly to group them into consolidated orders. Where you are bidding on government or semi-government tenders, it is almost essential to have a local representative to explain your bid in detail and to sell your product or offer to the appropriate authorities. If possible, he should be given some authority to negotiate.

The Canadian Trade Commissioner will be glad to assist you in locating a suitable agent. To save time, you should provide several copies of any catalogues, plus c.i.f. price lists. If it is not practical to convert your whole price list to c.i.f., a few examples should be worked out to give the prospective agent an idea of your competitive position. It is advisable to forward these catalogues by seairmail at the same time as you send your original letter by air. In this way the Trade Commissioner will be in a position to proceed as soon as a ruling is received from the Import Control authorities.

Wait for Import Licence

When you have reached the happy stage of having apparently made a sale, one or two points are particularly worth attention:

1. No order can really be considered a firm order until the importer actually has an import licence in his hand. He cannot legally pay you for goods until he has such a licence, since a copy of it authorizes the release of for-

eign exchange. There has been at least one unhappy instance of a Canadian firm manufacturing to an order before it was advised that the import licence had been issued. That order is still waiting in its shipping room.

2. Import licences are very specific and harder to change than letters of credit. Make certain that you understand the specifications of the material required and do not alter those specifications without getting prior agreement from the importer.

3. India is converting gradually to the metric system of weights and measurements, but the changeover is not expected to be complete before December 1966. Wherever possible, however, imported machinery should be able to work to metric measurements. Of more universal interest, since October 1, 1960, all shipping documents relating to imports have to be in metric units.

The rules and regulations that govern trade with India are more complex than in most countries and probably more subject to change. To understand them and keep abreast of changes may take more effort than for other countries. However, this is already a billion-dollar commercial market. It is a country with 438 million people, well started on its industrial revolution. The long-term potential of the Indian market is undoubtedly tremendous and well worth a little extra effort. ●

	Canadian Exports to			Canadian Imports from		
	(in thousands of dollars)					
	1958	1959	1960	1958	1959	1960
Burma	957	817	806	88	26	85
Ceylon	5,508	4,931	2,479	12,869	15,140	15,556
India	79,110	53,654	36,814	27,696	29,297	29,352
Pakistan	15,384	17,317	11,942	477	1,105	985
Total	100,959	76,719	52,041	41,130	45,568	45,978

Pakistan Makes Progress

Some relaxation in import licensing should mean better opportunities for Canadian exporters, though commercial shipments to Pakistan remain small. Market continues to be a difficult one because of strict import controls and stiff competition.

L. A. CAMPEAU, *Commercial Counsellor, Karachi.*

THE economic situation in Pakistan improved during 1960. It is reported that national income rose by 4.7 per cent and industrial production reached an index figure of 202.6, a jump of 15.8 per cent compared with the 6.3 per cent annual average increase for the two preceding years. Both manufacturing and mining industries expanded, though the increase was more pronounced in manufacturing. The balance of payments recorded a current account surplus despite a rise in imports under the import liberalization policy. A 22 per cent jump in export earnings improved the external credits position, although reduced government expenditure abroad also contributed to this. The gain in exports (partly the result of the Export Bonus Scheme) was, however, somewhat offset by a drop in earnings from the two major export commodities, jute and cotton. Exports to the sterling area showed a marked improvement but sales to the dollar and the non-dollar non-sterling areas were off.

Prices, which had previously shown some rise, deteriorated during 1960. This deterioration is attributed to the decontrol of prices and to the fact that increased exports under the Export Bonus Scheme affected home supplies. Removal of restrictions on the movement of wheat and the abolition of wheat rationing in West Pakistan were the major factors in the rise in food prices. The food supply in 1959-60 remained good because of an increase in domestic produc-

tion of foodgrains, large internal procurement, and imports. Commodity markets reflected the expansion in world demand for primary commodities. Raw jute prices rose because of smaller output, but larger cotton production permitted greater domestic consumption and provided an exportable surplus. Tea prices rose sharply following the lifting of price control but eased again at the end of the season.

Agriculture Stressed in Plan

Pakistan's inability to feed its present, let alone a growing, population makes its economy vulnerable. Once the bread basket of the subcontinent, it now faces a domestic food shortage for two main reasons: the rapid increase in population and the decrease in agricultural production because of waterlogging and salinity. The administration has, however, taken steps to meet these problems. Under the expanded agricultural commodities program, assistance is planned for wheat, rice, tobacco, animal feeds, fats and oils, tallow, cotton and some other commodities, to the tune of \$350 million a year for the next four years. The Second Five Year Plan (1960-65) places great importance on the development of agriculture and aims at a foodgrain production increase of 21 per cent.

Last year the Government announced a "crash program" for increasing agricultural production so as to attain self-sufficiency in food by the end of 1961. Unfortunately, West Pakistan experienced a serious drought during the current

crop year, just when an all-time-high foodgrain crop was expected. Worst hit were the rain-fed areas which make up more than 40 per cent of the total cultivated area. So serious was the drought that import of an additional 1.5 to 2 million tons of foodgrains during the next year is being considered. The drought also caused a serious fodder shortage and damaged the cotton crop, West Pakistan's main commercial crop.

Imports Controlled

The Government is following a policy of controlling imports to keep them within estimated foreign exchange earnings, and at the same time to meet the essential requirements of growing industry. Although the Bonus Scheme was intended primarily to increase exports, it also served to assist industrialists to meet some of their import requirements. Import licences for industrial and consumer goods are therefore issued on the basis of their essentiality to the economy and according to foreign exchange earnings. Some 186 items are at present allowed to be imported under licence. Recently the Government released 11 items from the control list and placed them on Open General Licence. O.G.L. commodities are not limited to any particular class of importers: they are open to any person registering as an importer or to any person importing for personal use. The commodities that were placed on O.G.L. are iron and steel (including metals), books, drugs and medicines, typewriters

and office machines, tractors and spares, milk food, tires and tubes, automotive spares, laboratory glassware, tools and workshop equipment, and cement for East Pakistan.

Among the principal products of interest to Canadian exporters that can be imported under the Bonus Scheme and import licences are: arms and ammunition, chemicals, drugs and medicines, automotive vehicles and parts, scientific and surgical instruments, non-ferrous metals, tools, hardware, electrical apparatus and appliances, refrigerators and air conditioners, office machines, tractors and agricultural implements, optical lenses, malt, raw and synthetic rubber, fountain pens and parts, nylon yarn and twine, aircraft, plastic mapping film, pigment and dry colours, thermoplastic moulding compounds.

Foreign Trade Encouraged

Foreign trade is important in Pakistan's economy because exports represent almost 90 per cent of her total foreign exchange earnings. Present policy is to develop trade relations with all countries with a view to increasing exports as much as possible and controlling imports to keep them within the estimated foreign exchange earnings. To develop lasting relations with foreign countries, Pakistan is sending out trade delegations and inviting foreign missions to the country for the purpose of eventually concluding trade agreements. Fluctuations in export earnings and import costs, and changes in terms of trade, have considerably influenced Pakistan's economy. Consequently, the present

In the early stages of building this diesel power station, recently completed, both men and women laboured on it. Planned to supply electric power for growing industry in and around Karachi and thus speed Pakistan's economic development, the foreign exchange cost was provided by a \$2.4 million loan from the World Bank.

regime, which took over at the end of 1958, has adopted a number of measures to rehabilitate the country's foreign trade. An Export Bonus Scheme was introduced to boost exports of certain goods. These and other measures were instituted to reduce the unfavourable trade balance which for the period 1959-60 stood at Rs.617.9 million* (largely due to development program requirements and food imports). During the fiscal year 1959-60 Pakistan's total exports increased by 42.3 per cent to Rs.1.8 billion, compared with

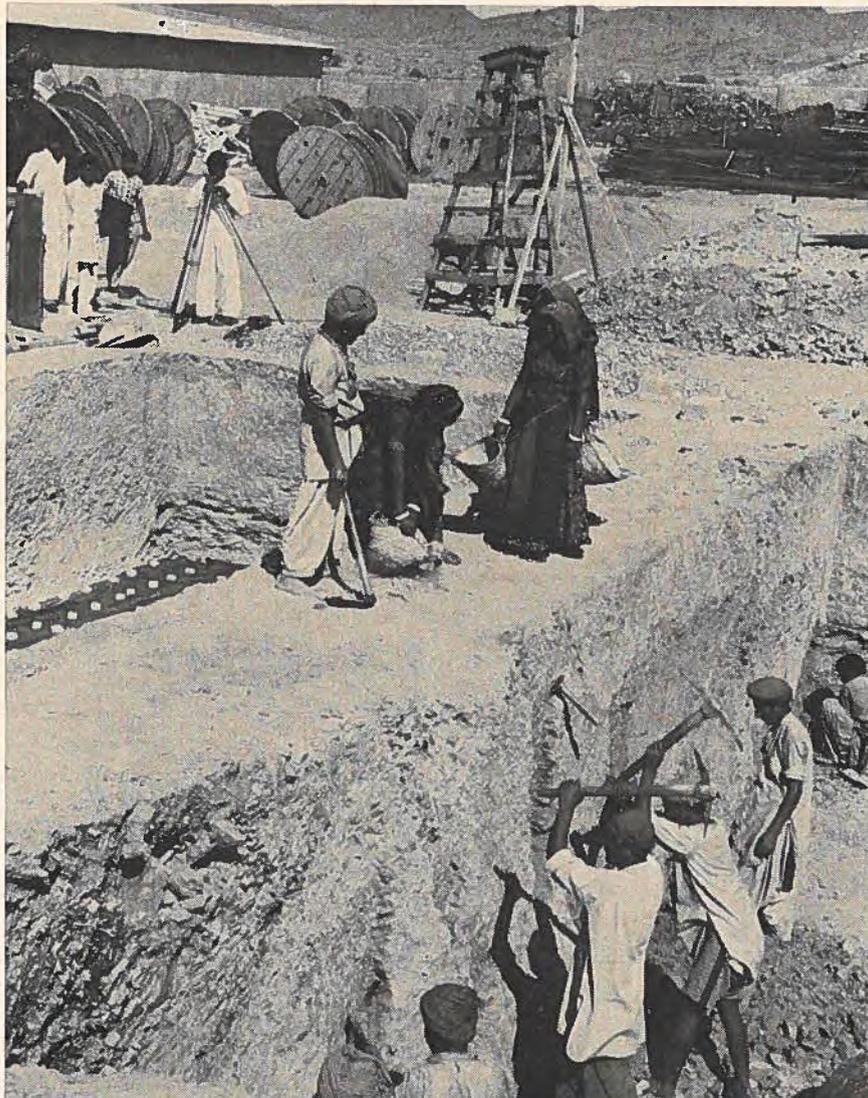
*One rupee = approx. Can.\$0.21.

Rs.1.3 billion in the previous year. Imports rose from Rs.1.6 billion in 1958-59 to Rs.2.5 billion in 1959-60, a 56 per cent increase.

Exports

For years Pakistan's exports were made up chiefly of six major agricultural commodities: raw cotton, jute, raw wool, hides, skins, and tea. In 1959-60 a gradual change in the composition of exports saw greater emphasis on manufactured products. Manufactured goods now account for about 30 per cent of Pakistan's total exports. Agricultural commodities have declined to about 65 per cent of the total,

—IBRD Photo.



compared with 95 per cent a few years ago. Exports last year in order of importance were raw jute, cotton manufactures, jute manufactures, raw cotton, hides and skins, wool and rice. Other items included fish, tea, leather manufactures, cotton waste and lint, oil cakes, and sporting goods. The rise in exports was restricted mainly to products covered by the Export Bonus Scheme, entitling exporters of certain goods to receive foreign exchange for certain designated imports.

The United Kingdom, always Pakistan's best market, was the principal buyer, accounting for about 17.5 per cent of total exports during 1959-60. The United States came second with about 9 per cent, followed by Hong Kong, Japan, West Germany and India. Exports to the dollar area totalled Rs.202.0 million; the best customer was the U.S. Cuba, the Philippines and Canada were also important buyers, in that order.

The Government hopes that greater production and increased foreign exchange earnings will help meet the external cost of the Second Five Year Plan. Local production is therefore fast replacing traditional imports such as chemicals, pharmaceuticals, electrical and other small industry goods.

Imports

Cotton piecegoods and yarn constituted 32 per cent of total imports at the time of independence. During 1959-60, imports into Pakistan totalled Rs.2.5 billion. Machinery, grains, oils, metals, ores, vehicles, chemicals, drugs and medicines were the chief imports, and more were brought in in 1959-60 than during 1958-59. Foodgrain imports have also been heavy because of food deficits. Together these items accounted for about 72 per cent of total imports in 1959-60. Other important purchases abroad included cutlery, hardware and instruments, coal dyes and colours, rubber manufactures, paper and paper products. In 1959, 17 countries

supplied 90 per cent of Pakistan's total imports; Canada was in sixth place, after the United States, the United Kingdom, West Germany, Iran and Japan. During 1959-60, the United States led other suppliers with over 23 per cent of the total; the United Kingdom claimed about 17 per cent, West Germany 10 per cent, Japan 8 per cent and France 4 per cent. The main suppliers of foodgrains were the United States and Canada. Britain, Japan, West Germany, Belgium, the United States, France, South Africa and Canada supplied metals and ores.

Trade with Canada

The balance of trade remains heavily in Canada's favour—by as much as \$10.9 million in 1960. During the period under review Canada accounted for about 0.5 per cent of Pakistan's exports and about 3 per cent of her imports. Canadian sales to Pakistan totalled Can.\$15.6 million in 1958, \$17.3 million in 1959, and \$11.9 million in 1960. The drop in sales in 1960 was caused chiefly by a decrease in the principal items supplied under the Colombo Plan. These made up between 85 to 90 per cent of Canadian sales to Pakistan and included transformers and parts, electrical apparatus, and contractors' outfits and supplies. The latter item comprised over 25 per cent of our exports to Pakistan in 1959 but only about 2 per cent in 1960. Grains, nylon twine, wood pulp, iron and steel, machinery and parts, files and rasps, automobile parts, aluminum semi-fabricated and in primary forms, copper rods, fertilizers, aircraft, and a large number of miscellaneous products in smaller amounts made up our exports to Pakistan in 1960.

In 1960 Pakistan shipped \$985,332 worth to Canada—that is, more than double our purchases there in 1958 (\$476,697). Raw jute and jute manufactures were Pakistan's biggest exports to Canada in 1960, accounting for over 50 per cent of the total. Sporting goods, tea, cot-

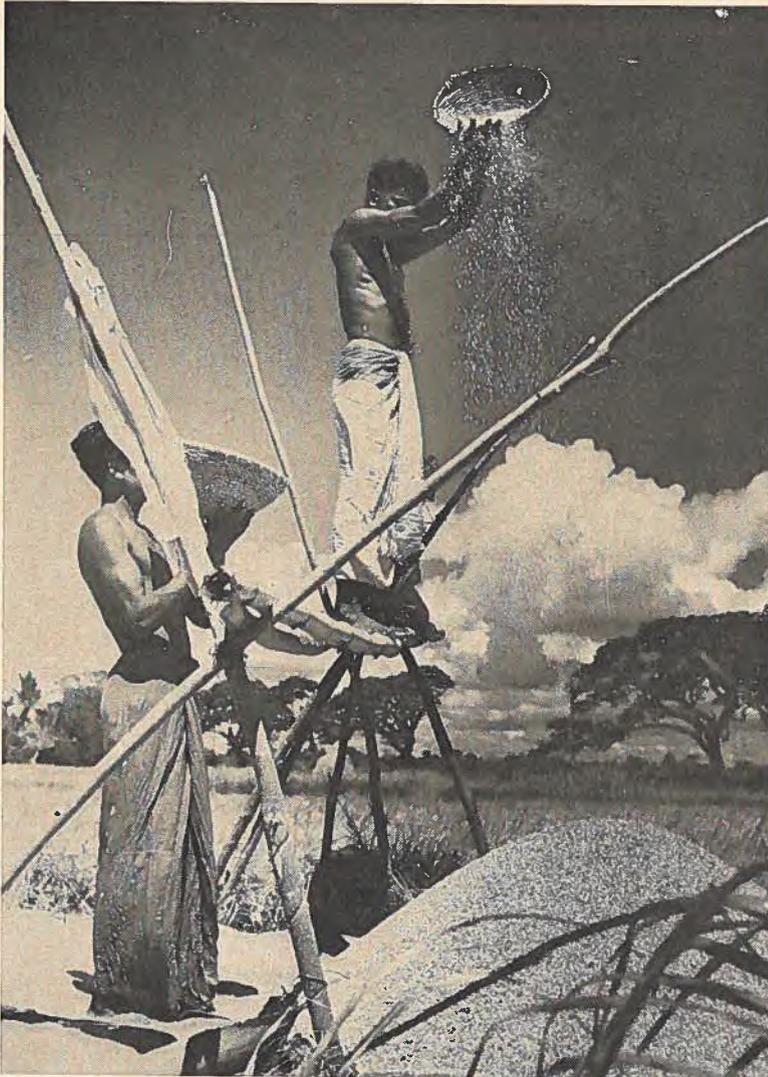
ton piecegoods, cotton waste, raw cotton, surgical instruments and musical instruments were the other significant imports during the year.

Canada and the Plan

The Second Five Year Plan came into force on July 1, 1960. The outlay under the Plan is now set at Rs.22 billion, or \$600 million more than the original estimates. The foreign exchange component has accordingly risen from \$1.7 to \$2 billion, or about \$400 million a year. Under the Plan, output of commodities that can be sold in foreign markets will be increased by restricting domestic consumption and by providing incentives to exporters. Control will continue on foreign exchange expenditure on imports, although some relaxation of import controls can be anticipated to introduce flexibility into the allocation of foreign exchange. Imports of essential consumer goods are expected to be maintained, including imports of consumer goods on government account.

Imports of raw materials, fuels and spare parts will continue. It has been estimated that Rs.1.3 billion (approximately \$260 million) will meet the requirements for these commodities during the next five years. The Plan allocates Rs.4 billion (about \$800 million) for imports required for government-financed development projects and Rs.2.5 billion (approximately \$500 million) for similar needs for the private financial program. Because foreign exchange will be needed for 50 per cent of these imports, Pakistan's foreign exchange earnings will not be adequate and a considerable portion will have to come from outside financial aid.

These developments will offer many opportunities to Canadian exporters to increase their share of the Pakistan market. But it will remain a difficult market because of import control regulations and fierce competition from European and Far Eastern countries. ●



Two Ceylonese villagers winnow paddy rice in the traditional way. Though this is a rice-growing country, some is imported, particularly from Burma.

Ceylon Alters Its Trade Policy

Large increases in the tariff and tighter import restrictions are affecting market for certain Canadian products. But stress laid on local industrial development should improve chances to sell our raw materials, engineering services and equipment.

I. V. MACDONALD,
Commercial Secretary, Colombo.

CEYLON'S economic problems, even though they were somewhat overshadowed by political events, were a source of increasing concern both to the Government and the business community during 1960 and early 1961. The year 1960 opened with a caretaker government in power. This was succeeded by the conservative United National Party minority government, which in turn was replaced by the Ceylon Freedom Party Government of Mrs. Bandaranaike, widow of the former Freedom Party leader. The new Government took steps almost immediately to halt the rapid decline in Ceylon's foreign exchange reserves through higher taxes, tariff increases, import control on some products, and measures designed to attract foreign investment in certain fields. On January 25, 1961, the Ceylon Government announced further drastic import restrictions, including widespread tariff increases and extension of import licensing.

The recent tariff increases affect adversely Canadian exports to Ceylon of automobiles, newsprint, motor spares, refrigerators, synthetic textiles, men's shirts, beer and ale, and other finished products. Increasing import restrictions, where they stimulate local production, however, should improve the Ceylon market for Canadian raw materials—for example, asbestos fibre and semi-fabricated aluminum manufactured in third countries from Canadian ingot.

Canadian Exports

Excluding gift shipments of flour under the Colombo Plan, Canadian direct exports to Ceylon declined about 6 per cent during 1960, despite increased sales of asbestos fibre, drugs, synthetic piecegoods, beer, smoked salmon, fishing gear, files and rasps, outboard motors, plastic laminates and rolled oats. Shipments of newsprint, Canada's most important commercial export to Ceylon, declined slightly during

CANADA'S TRADE WITH CEYLON

(excluding gift flour)

	1958	1959	1960
Canada's exports to Ceylon	\$ 1,669,182	\$ 1,651,913	\$ 1,528,678
Ceylon's exports to Canada	12,869,236	15,139,589	15,555,731

Source: DBS.

MAIN COMMERCIAL EXPORTS FROM CANADA

	1958	1959	1960
	\$	\$	\$
Malt	10,389	10,705	19,007
Canned fish	30,613	7,858	4,994
Wood pulp		15,449	
Newsprint	324,345	575,975	449,436
Files and rasps	68,406	97,654	99,965
Automobiles	33,653	84,666	44,655
Auto spares	95,315	86,373	45,346
Aluminum, semi-fabricated	8,479	23,574	14,873
Clocks and parts	29,887	36,386	27,008
Sparkplugs	72,718	100,467	138,112
Asbestos fibre	114,895	217,621	263,021
Medicinal preparations	9,859	9,955	4,646
Synthetic resin manufactures	10,300	9,267	33,878
Drugs and chemicals	6,382	54,280	27,536
Fountain pens	34,184	51,951	14,246
Rolled oats	23,888	15,569	24,619

the year, as did shipments of malt, medicines, autos and spares, sardines, pens, clocks and tires. The composition of future Canadian exports to Ceylon will depend to a large extent on the new Ceylon Government's policy on tariffs and indirectly on the future policy on taxation, private enterprise, government participation in trade and industry, and the establishment of new industries in Ceylon.

Markets and Suppliers

During 1960, as a result of the restrictions imposed in August, Ceylon's total imports declined slightly to \$392 million. The country's chief supplier during the year was the United Kingdom, although the total value of British shipments decreased by about \$12 million compared with 1959. On the other hand, imports from India increased by \$4 million, from Japan by \$3.5 million, from the Union of South Africa by \$800,000, and from West Germany by \$900,000.

Imports into Ceylon from Communist countries remained small and declined from 1959, with the exception of those from the Soviet Union and Yugoslavia. Ceylon's chief trading partner in the Communist Bloc is Communist China, but its offers of rice are meeting increasingly stiff competition from non-Communist suppliers in South East Asia.

Exports rose from about \$338 million in 1959 to approximately \$355 million in 1960. Exports to the United Kingdom rose to \$79 million and exports to Australia, South Africa, Japan, Canada and the United States also increased. Shipments to the Communist Bloc countries totalled only \$32 million, of which \$20 million consisted of exports of rubber to Communist China under a special agreement.

Trade Agreements

Ceylon signed new trade agreements during 1960 with Poland, Yugoslavia and Communist China, bringing the total number to 23. The majority of these agreements do not provide for quotas nor for the exchange of specific commodities, but aim chiefly at the avoidance of possible discrimination and the facilitation of inter-governmental discussions of trading problems. Where the exchange of specific products is required (as in the agreements with Communist China, Burma and Russia), Ceylon has agreed to deliver rubber and (to a lesser extent) coconut oil and tea against supplies of rice; and in the case of the Soviet, industrial machinery. Despite their number, bilateral trade agreements have not yet become a significant influence on Ceylon's overseas trade.

Import restrictions of various kinds have been imposed by the Ceylon Government for the purpose of increasing revenue, conserving foreign exchange, and protecting local industry. These restrictions culminated in the widespread import controls and tariff increases announced on January 25, 1961. Special controls have been placed on imports of alcoholic beverages following recommendations several years ago by a Prohibition Commission. Some consumer goods are subject to high rates of duty. However, imports of industrial raw materials and of equipment for industry, agriculture and fisheries are admitted either duty-free or at nominal rates.

In addition to these controls, private traders are not permitted to import several important commodities including flour, rice and sugar.

Industrial Development

Concurrently with the 1960-61 budget, the Minister of Finance announced that the Government wished to encourage private investment in Ceylon both from domestic and overseas sources. Recently the Minister of Industries also gave assurance that new overseas investors in Ceylon would be guaranteed the right to transfer dividends and repatriate capital without hindrance. Among the incentives offered by the Government are tax concessions, tariff protection, loan funds, and provision of factory sites. The fields in which private investment is to be permitted are somewhat limited because new investment in such industries as cement, textiles, iron and steel, chemicals and leather footwear, among others, is at present reserved for the public sector. Further obstacles to large-scale foreign investment in Ceylon are the high rates of taxation (which do not apply initially to new approved projects), the relatively small size of the market, growing state ownership, government controls, and the

—concluded on page 22



Advertising Abroad

In Pakistan, visual advertising is essential because of the low literacy rate; large movie audiences make film slides and shorts a valuable medium. Local agencies should be used to ensure effective campaign.

JOHN B. McLAREN, *Assistant Commercial Secretary, Karachi.*

ADVERTISING in Pakistan presents many problems peculiar to the area and the wise advertiser will study them thoroughly before launching a campaign. Here we have a two-part country, separated by the great breadth of India, and with a distinct language in each of the two wings. An advertising approach to this market of over 80 million people must employ visual aids as much as possible because the literacy rate is comparatively low. Pictures of women must be discreet, liquor advertising is prohibited, and ads depicting mosques and traditional Muslim scenes are not appreciated. Translation of English copy should be done by Pakistani experts and the approach should be simple and direct—lengthy copy will not be read. The right media for individual commodities and services can be selected through local advertising agencies, several of which are associated with well-known international organizations.

Newspapers and Periodicals

Extensive advertising is done here in daily, weekly, biweekly and monthly periodicals. Most important among these are the daily newspapers. English-language dailies are distributed in both wings of the country but to reach some sections of the population, advertisers should consider the use of Urdu-language publications in West

Pakistan and Bengali in East Pakistan. Magazines and periodicals are more limited in circulation but sometimes prove useful for prestige purposes or to reach certain important groups, such as government officials.

Film Slides and Shorts

Pakistanis are movie-minded and advertisers have found that film slides and shorts are a very successful medium. Transparencies or colour slides made by hand are available in the country. There are studio facilities, plus local artists, script-writers and directors competent to produce short commercial films. These are usually one minute long and in English, with Urdu and Bengali dubbed in where necessary. Full-length commercial films are out of the question as very few cinema operators would show them.

Other Media

Television has not been introduced into Pakistan and there is no commercial radio. However, many advertisers use Radio Ceylon, to which a large percentage of the population listens. Outdoor advertising is popular and good sites are available for yearly rental. Billboards are made up in three sizes: 12 by 8, 20 by 10, and 45 by 15 feet; double-sided displays are often employed. Plexiglass neon signs, with flashers if desired, are manu-

factured locally at reasonable rates. Posters and point-of-sale cards are nicely done in any language or colour by the offset process and are used extensively. Direct mail advertising is an effective medium and can reach all parts of the country. The only limitation is that there are no mailing houses as we know them, so the job has to be done on a hit-and-miss basis by the advertising agency. Transportation advertising has a limited appeal for local firms and is seldom used by international companies.

Advertising Agencies

We recommend that any advertising campaign in Pakistan be channelled through agencies in the country. Advertising material supplied from abroad is accepted for newspaper publication but unless the theme is a local one, it will not be fully effective. Several international agencies have branch offices in Karachi and there are many local agencies, a few of which maintain a high standard. The agencies are all accredited to the newspaper associations and their 15 per cent fee is paid by the medium, not by the client. Nominal charges are made for creative design and market research. Local agencies seldom have a research branch but some will prepare a questionnaire, distribute it with casual labour, and interpret the results.

The Commercial Counsellor's office in Karachi can provide further information on advertising in Pakistan, such as circulation of periodicals, distribution, rates, etc. Officers will also be glad to arrange introductions to local agencies, or this can be done through your advertising agency in Canada. ●

Institutions Engaged in Overseas Credit and Financing Operations

J. D. BLACKWOOD, *Assistant Commercial Secretary, Washington, D.C.*

Every exporter should be familiar with the international financing agencies and the principal characteristics of each. Here is a useful chart that you may want to retain for reference.

IMF, IBRD, IDA, IFC, IADB, DLF, ICA . . . This is not a code. These initials represent important international and United States development credit and export financing agencies. Every exporter of capital goods and associated services should be familiar with their world-wide activities.

Of greatest interest to Canadian businessmen are the international lending institutions. These funds finance projects the procurement of goods and services for which is subject to international competitive bidding, open to the Canadian exporter. The chart on the following pages summarizes briefly each institution, its purposes and activities.

Also shown on the chart are the United States Government agencies active in the often overlapping spheres of foreign aid, development credits and exporters' credits. All these agencies are now restricted to United States sources of supply. The Export-Import Bank has, since its creation, only financed procurement of domestic supplies. In the past 18 months, the United States Government, in a major policy shift, has also enjoined both DLF and ICA to tie financing to U.S. purchases, in an effort to alleviate the United States balance-of-payments problem. However, as the tools used by potential competitors, these U.S. agencies should be well known to all exporters. (The new Canadian Government arrangements for financing long-term exports were explained in an article on page nine of the March 25, 1961, issue of *Foreign Trade*.)

A. International Financing Institutions

1. *International Monetary Fund*—Although the IMF makes an important indirect contribution to economic development in the nations assisted, it does not become involved directly in projects or import programs. It offers a second line of monetary reserves to member countries.

2. *International Bank for Reconstruction and Development*—IBRD is the leading international finance agency

and a major source of funds for borrowers who wish to purchase through worldwide procurement and who can repay in convertible currencies. Loans are directed to helping member countries build the foundations for economic growth, mainly in the fields of power, transportation, agriculture and basic industry. These loans are either made to member governments or are guaranteed by them.

3. *International Finance Corporation*—The IFC is a small affiliate of the World Bank intended to encourage the growth of productive private enterprise in underdeveloped member countries. Government guarantees are not required.

4. *International Development Association*—The IDA is the newest affiliate of the World Bank; it will be able to offer loans on more flexible terms, bearing less heavily on the balance of payments of the recipient country than IBRD loans do. In essence, it is the "soft loan" department of the World Bank and will be administered by the Bank's staff. It has not yet announced its first loan.

5. *Inter-American Development Bank*—The IADB, a newcomer in international finance, will specialize in Latin America. Membership is restricted to members of the Organization of American States.

6. *UN Special Fund*—Established to carry out projects of a size and duration beyond the scope of the UN technical assistance program. It concentrates on development projects designed to bring about better utilization of the natural and physical resources of a country, and on training institutes. It does not contribute funds to capital investment projects but emphasizes those that will lead to new capital investment.

B. Bilateral U.S. Aid and Credit Agencies

1. *Export-Import Bank*—The Eximbank is the normal U.S. source of lending where the foreign borrower wishes to purchase goods and services in the United States and has the capacity to repay in dollars. It offers credits to foreign governments and firms to finance procurement in the U.S. It also offers medium-

—continued on page 22

	International Monetary Fund (IMF) ¹ Currencies of member countries—gold and dollars	International Bank (IBRD) Currencies of member countries—principally dollars	International Finance Corp. (IFC) Dollars	International Development Assn. (IDA) Currencies of member countries	Inter-Development (ICA) Current member principles
<i>Purpose</i>	Promote international monetary co-operation and encourage stability by providing resources to meet short-term balance-of-payment problems and by other means.	Aid the development of productive facilities and resources in member countries.	Further economic development by encouraging growth of productive private enterprise in member countries, especially in less developed areas.	Promote economic development in member countries by providing finance on terms not possible under IBRD, of which IDA will be an affiliate.	Contribute to process of economic development in member countries.
<i>Resources</i>	Resources consist of members' subscriptions which aggregate \$14.044 billion. The Canadian quota is \$550 million.	Capital subscriptions of member countries and issues of Bank's securities (approx. \$2 billion outstanding). \$1.9 billion of capital is paid in, \$16 billion is callable to meet defaults on Bank's securities, of which Canada's share is \$750 million.	Capital subscriptions of member countries of \$93.7 million, and proceeds of sale of investments. Canada has subscribed \$3.6 million.	Total proposed subscriptions of \$1 billion. Canada's subscription is \$37.83 million.	Authorized total of \$1 billion of which "Ordinary Operations" (primary operations) is \$750 million. Provision for callab defaults on Bank's securities.
<i>Nature of Loans</i>	Take the form of a member's purchase from the Fund of the currencies of other members for an equivalent amount of the member's own currency. A member's purchase of currency from the Fund must be repaid by repurchases.	Loans to member governments, and to other public or private entities if guaranteed by a member government.	Investments in productive private enterprises only, but may not subscribe to their capital stock; guarantee of member government not required.	Loans to member governments or political subdivisions of such members and to public or private entities in territories of a member.	Making, or direct loans to member governments and private enterprises in those countries.
<i>Nature of Guarantees</i>	Not applicable.	Full or partial guarantees of loans by private lenders for purposes noted above, if such loans are guaranteed by a member government. Guarantee authority has not been exercised.	Not applicable.	Full or partial guarantee of securities in which IDA has invested and, in special cases, of loans from other sources.	May guarantee part loans by member governments.
<i>Relationship to Other Sources of Financing</i>	Co-operates with and acts through member countries' treasuries, Central Banks, stabilization funds, or similar fiscal agencies.	Cannot lend where private capital available on reasonable terms.	Cannot invest where private capital available on reasonable terms.	Cannot lend where private capital available on reasonable terms or where financing could be provided by loan of type made by IBRD.	Co-operates with other sources of financing. Take into account borrower's terms on loans on terms Bank's opinion taking into account factors.
<i>Maturity of Loans</i>	Members undertake to repurchase (repay) within a period not exceeding 3 to 5 years.	Generally 15-25 years.	Generally about 10 years.	May be very long term.	Generally 10-15 years.
<i>Currency of Repayment</i>	Gold or convertible currency.	Currency loaned, mainly U.S. dollars.	Currency invested—usually U.S. dollars.	Currency lent, currency of borrower, or other currencies, as appropriate.	For "Ordinary Operations" in which currency of country is located.
<i>Interest rate or fee</i>	Service charge of $\frac{1}{4}$ of 1 per cent plus interest charge of 2 per cent per annum and up, depending on period money purchased is returned.	6 per cent currently—based on cost of money to Bank plus 1 per cent commission and $\frac{1}{4}$ per cent for administrative expenses.	Currently about 7 per cent plus contingent interest, stock options, or other benefits.	Probably will be flexible.	Expected to be based on Bank for "Ordinary Operations".
<i>Where proceeds of loans must be spent, including guaranteed private loans</i>	Worldwide.	Generally in member countries.	Generally in member countries.	Generally in member countries.	Procurement determined.
<i>Decision Making Body</i>	Board of Governors or, as delegated, the Board of Directors.	Board of Governors or, as delegated, the Board of Directors.	Board of Governors, or, as delegated, the Board of Directors.	Board of Governors or, as delegated, the Board of Directors.	Board of Governors or, as delegated, the Board of Directors.
<i>Legal Authority</i>	Articles of Agreement and Bretton Woods Agreement Act.	Articles of Agreement and Bretton Woods Agreement Act.	Articles of Agreement and International Finance Corporation Act.	Articles of Agreement and International Development Association Act.	Agreement and Inter-American American Development Act.
<i>Level of Activity</i>	\$504 million in 1960.	29 loans totalling \$658.7 million in 1960.	\$18.6 million in 1960.	First loan not yet made.	Plans to loan \$1 billion in 1961.

¹ IMF's contribution to economic development, while important, is indirect rather than direct.

² ICA primarily extends grant assistance to foreign governments. Shown here are only its foreign currency lending and private investment guarantee programs. In special cases interest at 3½ per cent to 4½ per cent. For fiscal year 1961, the U.S. appropriated \$675 million for Defence Support (mostly used for commodity imports), \$150 million for Technical Assistance.

	Export-Import Bank (Eximbank)		Development Loan Fund (DLF)		International Cooperation Administration (ICA) ²	
	Dollars	Foreign currencies (Cooley loans)	Dollars	Foreign currencies	Foreign currencies	Investment guarantees
proment	Assist in financing and facilitate U.S. imports and exports.	Assist foreign economic development and expansion of markets for U.S. surplus agricultural commodities.	Aid in developing economic resources and productive capabilities of less developed countries.		Encourage multilateral trade and economic development.	Encourage and facilitate U.S. private investment in underdeveloped countries—especially in equity and licensing arrangements.
bil- s for \$150 cial ordi- mil- nnet i).	\$7 billion, of which \$1 billion capital stock subscribed by Treasury; \$6 billion borrowing authority.	Up to 25 per cent of proceeds of sales of surplus agricultural commodities.	Annual appropriations (\$1.95 billion to date), plus loan repayments.	Loan repayments and certain foreign currencies arising from surplus commodity sales and Mutual Security loans.	Part of proceeds of sale of surplus agricultural commodities.	Authorization issue \$1 billion of guarantees; with borrowing authorized from Treasury of \$200 million.
in, s in	1. Project loans—i.e., to foreign gov'ts and private enterprises (U.S. and foreign) for purchases of U.S. goods and services for development projects abroad 2. Exporter credits.	Loans to (1) private U.S. companies only, including their subsidiaries and affiliates abroad; (2) U.S. or local private companies for expanding markets for U.S. agricultural commodities abroad.	Loans to foreign governments and loans or investments in private enterprises (U.S. or foreign) for projects or programs contributing to economic development.		Loans to governments of countries receiving U.S. surplus agricultural commodities for development projects.	Not applicable.
r in ors.	Full or partial guarantees of loans by private lenders for purposes noted above.	Not applicable.	Full or partial repayment guarantees of loans by private lenders for purposes noted above, with reserve of not less than 50 per cent of DLF's liability.		Not applicable.	Guarantees of private U.S. investors against inability to convert foreign currency earnings or capital into dollars, and losses from confiscation, nationalization or war.
ces hall y of ate the ble, nent	Cannot compete with private capital, and does not loan where private capital available on reasonable terms.	None.	Cannot compete with private capital, and must take into account whether financing obtainable on reasonable terms from free world sources—including Eximbank or IBRD.		None.	None.
	Generally up to 7 years on exporter credits; up to 20 years on project loans.	Up to 10 years.	Up to 30 years.	Undetermined.	Up to 40 years.	Not applicable (guarantee limited to 20 years).
' in per- cur- sive	U.S. dollars.	Foreign currency loaned.	U.S. dollars, and/or foreign currencies.	Foreign currency loaned.	Foreign currency loaned, with option to pay in dollars.	Not applicable.
orld tra-	Current rate 5½-6 per cent.	Related to prevailing local rate.	3½ per cent for basic governmental projects; 5½ per cent for profit-earning type projects.	4 per cent and up depending on nature of projects.	4 per cent.	½ per cent per annum of ICA liability for each risk covered.
ster-	Generally in United States.	In country whose currency is loaned.	United States.	In country whose currency is loaned, unless that country agrees otherwise.	Principally in country whose currency is loaned.	Not applicable.
tele- s.	Board of Directors, with advice of National Advisory Council on International Monetary and Financial Problems (NAC).		Board of Directors, subject to supervision and direction of President, foreign policy guidance of Secretary of State, and advice of NAC.		Director of ICA, with advice of NAC.	
the ter- ank	Eximbank Act of 1945, as amended.	Sec. 104(e) of Public Law 480 (Cooley amendment).	Title II of Chapter II of Mutual Security Act of 1954, as amended.	Same, plus Sec. 104 (g) of Public Law 480, and Section 505 of Mutual Security Act.	Section 402 of Mutual Security Act of 1954, as amended; and Sections 104 (d) and (g) of Public Law 480.	Section 413 (b) (4) of Mutual Security Act of 1954, as amended.
in	\$499.6 million in fiscal year 1960.	\$84 million since commencement in 1957.	\$521 million in fiscal year 1960.	Counterpart funds equivalent to \$473 million.	Counterpart funds equivalent to \$748 million.	\$53 million in fiscal year 1960.

tends dollar loans to foreign governments for defence support and special assistance (\$57 million to four countries in fiscal year 1959) with repayment in dollars or local currency, nce, and \$231.5 million for Special Assistance directed to 22 countries not receiving Defence Support aid.

term credit facilities and short-term political risk insurance to U.S. exporters.

2. *Development Loan Fund*—The DLF can and does offer liberal repayment terms (often in local currency) and therefore concentrates on countries requiring U.S. assistance but with the least capacity to repay in dollars. DLF finances basic development projects of high priority—such as power, transportation, communications, irrigation, reclamation and industries.

3. *International Co-operation Administration*—The ICA administers the Defence Support, Technical Assistance and Special Assistance programs. The largest

activity, Defence Support (for which \$675 million was appropriated in FY 1961) is grant assistance and mostly finances commodity imports into certain underdeveloped nations which have a defensive alliance with the United States. Counterpart funds generated locally by this aid are used to maintain armed services and to finance some development projects. Technical Assistance is designed to train foreign students and maintain U.S. experts abroad. Special Assistance includes economic aid for the purpose of maintaining political and economic stability in countries which do not receive significant military or defence support assistance. ●

Ceylon Alters Its Trade Policy *(continued from page 17)*

lack of knowledge on the part of potential investors concerning possible industrial opportunities in Ceylon.

Investment planned for the public sector in the near future includes expansion of cement production, establishment of a steel rolling mill, a fertilizer plant, a tire and tube factory and a company to distribute petroleum products. Two sugar mills and several large sawmills have recently been completed by the Government and construction of a leather footwear factory is now under way. The Government is also building a 25,000 kw. thermal electricity plant in Colombo and plans to undertake much larger hydroelectric development schemes in the near future. It is doubtful whether any major hydro project will be begun during the present fiscal year. Industrial and public utilities development in Ceylon offers to Canadian consultants and contractors opportunities to participate in the growth of this eastern Commonwealth market where Canada is held in high regard.

Nationalization Influences Policy

Following independence, Ceylon has given increased expression to the desirability of greater participation in commerce and industry by

Ceylonese. One result has been the "Ceylonization" regulations which channel certain imports through Ceylonese companies; another has been the movement to nationalize certain existing industries. To date only the Port of Colombo and Public Road Transport have been nationalized but the Government has announced that life insurance will be in the near future and a bill has been prepared by the Minister of Commerce which would enable the Government to take over certain privately owned oil-distribution facilities when required.

Outlook Promising

Assuming stability and continued satisfactory export earnings, Ceylon's international buying power should be well maintained during 1961. Total volume and value of imports will probably decrease sharply compared with 1960 because of the higher tariffs and import controls imposed during last year and early this year. These new restrictions will alter the pattern of Ceylon's imports while at the same time stimulating local production, for which increased imports of capital goods, raw materials and skills will be required. Where the Ceylon market is sufficiently large and well protected, local industrial-

ists believe that joint manufacturing ventures with overseas companies could well make a substantial contribution to economic progress. The Ceylon Government welcomes foreign participation in a large number of fields and is prepared to award concessions to new investors in approved industries.

The prospects for Canadian exports to Ceylon have been obscured by the new import restrictions but will depend largely on future Ceylon Government import policy, on the growth of per capita income, and on the establishment of local manufacture or assembly of consumer goods.

Favourable factors are the growing demand in Ceylon for Western-type products, rising incomes, and the increasing variety of Canadian goods which have been offered recently on the Ceylon market. There are uncertainties about the fiscal and balance-of-payments problems that the country faces, and about the rate of economic development. However, the recent announcement by Ceylon's Minister of Trade and Commerce on increasing imports from countries which are themselves good markets for Ceylon produce seems to augur well for exports of Canadian consumer goods as well as capital goods and services. ●

Burma Diversifies Economy

Canadians may find better sales opportunities in Burma as the economy expands and industry grows. In 1960 for the first time we sold in this market aluminum in primary forms, asbestos fibre, milk powder, and certain types of paper.

E. H. MAGUIRE, *Trade Commissioner, Singapore.*

THE popularly elected government of Burma which took over from the caretaker government in April 1960 is energetically fostering the economic growth of the country. It has announced a Second Four Year Plan and has balanced the financial budget. Prices have not risen unduly, even though most price controls have been removed. Foreign exchange reserves have fallen steadily from the peak reached in June of last year, but this causes no concern because the sale abroad of this year's surplus rice crop, the main foreign exchange earner, is assured. However, commerce and industry still operate under numerous controls and private business must compete with state-owned organizations. The Government is following a more liberal import policy but bilateral trade and payment agreements hamper the free flow of trade. Canada's trade with Burma remains small, though prospects for an increase improve as the country's economy expands.

Rice production continues to be Burma's main industry. Exportable rice surpluses account for about 75 per cent of foreign exchange earnings. The area under cultivation is one-fifth below the prewar total but more efficient growing methods have boosted production to the prewar level of six to seven million tons. Rice exports in 1960 reached 1.75 million tons and nearly all the 1961 surplus (of about the same amount) has already been sold. Traditional customers are Pakistan, India and Indonesia. A new customer, Communist China, has con-

tracted to buy 350,000 tons of the 1961 crop. The State holds a monopoly on the export of rice and makes all sales on a government-to-government basis.

Diversification the Aim

The Government recognizes the over-dependence of the Burmese economy on rice and is encouraging diversification of agriculture and greater activity in the mining and timber industries. It has achieved some success in raising output of peanuts and sugar cane and the new crop, jute. Four thousand tons of good-quality jute were produced last year and 10,000 tons or more are expected this year. The Government hopes for increases in production of rubber, tea, coffee, cotton, pulses and tobacco. Teak log and timber production has almost reached prewar levels (Burma is the world's leading supplier of this type of wood). In 1960, teak output rose to 333,000 cubic tons, an increase of 40 per cent over the previous year. Teak exporting is also a state monopoly: only authorized agents may sell it. Shipments of minerals such as tin, wolfram, lead and zinc are still only half the prewar figures. Petroleum production is increasing but not fast enough to take care of requirements. Petroleum reserves are dwindling and a U.S. firm has been licensed to carry out exploration.

The Government supports a policy of allowing more scope to private enterprise but state-owned firms are continuing to expand. For example, the Defence Services In-

stitute, the army's economic branch, has been successfully operating 25 enterprises, including a department store, cannery, poultry farm, bank, shipping line, and the businesses of two large European trading firms. Last month Parliament passed a bill turning over the management of 17 of these firms to a new state entity, the Burma Economic Development Corporation; the Government did this because it feels that the army cannot properly engage in commercial enterprise. Foreign firms jointly own the remaining seven firms but the Government will also turn them over to the new corporation as soon as it solves the problem of takeover.

Import Trade Nationalized

The "Burmanization" of the import trade, announced early last year, came into effect on June 1, 1960. Regulations stipulate that all goods imported under licence must come through Burmese commission agents, except for goods imported direct from foreign suppliers by Burmese purchasers. Some 1,500 Burmese firms, many of them newly formed for the purpose, have registered as commission agents. Goods of United Kingdom origin are exempt from the regulations pending negotiations between the governments.

Foreign exchange reserves reached a peak of \$179 million in June 1960 but declined to \$140 million by the end of the year, mainly because of seasonal influences. Latest available Burmese statistics show that exports during



—IBRD Photo.

To get away from over-dependence on rice, the Government is encouraging Burmese farmers to try other crops, such as sugar cane. These workers are stripping dry leaves from various types of cane, grown experimentally at a State Central Farm.

the first ten months of 1960 reached the equivalent of \$201 million and imports \$219 million. Imports during the closing months of 1960 and the early months of 1961 have greatly exceeded exports, but the imbalance is expected to correct itself when the rice shipping season gets into full swing.

Burma's Trade Partners

Burma's main suppliers during the 10-month period in 1960 were Japan \$49.6 million (22 per cent); United Kingdom \$30.8 million (14 per cent); Communist China \$22.4 million (10 per cent); India \$18.2 million (8 per cent). In 1959, the U.K. had 19 per cent of the market, India 13 per cent, and Communist China only 7 per cent. China's

share is bound to rise further in 1961 as a result of the trade agreement signed with Burma in October. Japan's exports to Burma are inflated by reparation payments made principally in the form of goods. United States exports to Burma are low; discrimination against dollar goods did not end until July 1959 and it is taking time to establish U.S. goods in the market. The United States has shipped cotton and other agricultural commodities to Burma under PL480, and also some capital goods bought with aid funds.

Canada's Trade with Burma

According to DBS figures, Canadian exports to Burma in 1960 totalled \$805,000 and imports

from Burma into Canada totalled \$85,000. These figures changed little from the previous year. Aircraft and wheat, which were shipped under the Colombo Plan, were the main export items. In 1959, Canada sold no aircraft in this market but made larger shipments of wheat. That year we exported 80 farm tractors valued at \$250,000. In 1960, for the first time, we shipped to Burma aluminum in primary forms, asbestos fibre, milk powder, book printing and lithograph paper. The accompanying table shows the totals for Canadian exports to Burma in 1959 and 1960, and the principal export commodities.

Burma is not an exciting market for Canadian exporters because the country is still in the early stages of development. Japanese reparation goods and goods from countries with which Burma has clearing agreements make up a good portion of her relatively small volume of imports. She does not discriminate

CANADIAN EXPORTS TO BURMA

	1959	1960
	(in Can. dollars)	
Aircraft		320,601
Wheat except seed, n.o.p.	412,200	174,095
Aluminum in primary forms		63,232
Asbestos milled fibres		39,003
Milk powder, whole milk		36,007
Bookkeeping, calculating machines and parts	4,663	28,356
Radio wireless apparatus, n.o.p.	3,053	23,377
Aircraft parts	56,006	23,311
Book printing and lithograph paper		15,860
Automobile parts	1,471	13,833
New passenger automobiles over \$1,000	7,177	12,978
Fountain pens, including sets		11,506
Asbestos shorts		9,546
Senega root		3,790
Scales and weighing beams		3,514
Medicinal preparations	1,615	3,484
Pens, pencils and parts		3,220
Others	335,014*	19,857
Total	821,199	805,570

*Including agricultural tractors \$250,000.

against dollar goods and import licences are being issued more freely for goods that Canadian firms can supply.

Among items that may be imported under Open General Licence are printers' ink, agricultural implements, vegetable and flower seeds, plastic moulding powder and pellets, strained baby foods, fishing nets and twines, educational toys,

wire nails, and sporting goods.

Some of the recently issued import licences for all countries covered the following commodities of interest to Canada: tires and tubes, general hardware goods and building materials, textiles, newsprint, vehicle parts, and chemicals; opportunities are increasing for sales of many types of commodities. The Burmese economy will probably

continue to expand; the recently announced Second Four Year Plan (details have not yet been made public) calls for an annual increase of 5 per cent in the gross national product. This will be achieved by an annual investment of the equivalent of \$200 million. The proposed new rate compares with an annual growth rate of 4.6 per cent over the past four years. ●

Import and Exchange Regulations in Burma, Ceylon, India and Pakistan

BURMA

Import trade is carried on either by the joint venture corporations owned by the Government or by registered private traders. Of the eleven joint venture corporations, two import industrial equipment for general distribution and the other nine deal in textiles, foodstuffs, building materials and hardware. Importers are registered with the Directorate of Imports and Exports and classified according to the size and grade of business. No firm or individual who has not been granted registration by the Board may import goods into Burma. Importers are required to renew their registration every year. An over-all amount of exchange is approved for the import of specified commodities and is allocated to individual traders according to their registered grade.

With the exception of imports by the Government, all goods imported into Burma are subject to licence. There are several Open General Licences under which specified goods may be brought into Burma freely from any country. Individual import licences are issued with an eye to the availability of foreign exchange and the best advantage of the country. Basic economic products, such as capital goods and essential commodities in short supply, are given a higher import priority than luxury goods and non-essentials. Import licences, when issued, are valid for from five to six months and the period may be extended under special circumstances. They are subject to a licence fee of 5 per cent. When an importer is in possession of an import licence, he is automatically authorized to buy foreign exchange.

CEYLON

The deterioration in Ceylon's balance of payments and consequent pressure on foreign exchange reserves necessitated an intensification of import controls during 1960 and early 1961. Individual import licences are now required for an extensive list of items formerly under Open General Licence. Nevertheless, with dollar discrimination removed, Canadian goods should continue to have ready access to this market.

Import controls have been used to encourage Ceylonization of local trading firms through provision of more favourable licensing treatment to firms having a majority of Ceylonese directors or owners. A number of former expatriate companies have taken the necessary steps to "Ceylonize" but some well known firms have not as yet and are consequently restricted in their handling of overseas lines. Import licences are not issued for certain commodities such as flour, import of which is reserved to the Government, nor for products of certain industries established in Ceylon. Licences for a number of "regulated products" are conditional upon the importer purchasing designated quantities of his requirements locally.

INDIA

India continues to maintain a rigorous import trade control policy as the Third Five Year plan gets under way with foreign exchange reserves at a dangerously low level. Such capital goods, components, raw mate-

rials and foodstuffs as can be considered essential to India's planned development are licensed. Most consumer goods, and many items now produced in India, are not. Licences to established importers depend on base period performance; those to actual users are granted on an ad hoc basis according to proven requirements. Increasing emphasis is being put upon actual user licences. Special types of licences are issued under the Export Incentive schemes and for government purchases. Licences are usually valid for six months to a year. Shipment must be made within the period specified.

Issuance of a licence generally carries with it the right to foreign exchange which is now available without dollar discrimination. Capital equipment is generally licensed on a deferred payment basis, or as part of an overseas firm's equity in an Indian joint venture, an increasingly popular type of participation in the Indian market. An important portion of India's large annual imports are obtained from countries with which she has rupee payments agreements or from which she receives tied loans or grants.

PAKISTAN

The generally improved trading position in Pakistan in the past two years has permitted some liberalization

of import controls. Nevertheless, industrial and consumer goods continue to be licensed according to the country's essential requirements and its current reserve position. Some 186 commodities are now on the licensible list. These include 62 items on automatic licensing for the six-month period beginning January 1961, compared with 29 for the last half of 1960. Included are a number of items of interest to Canada (see *Foreign Trade* of February 25, 1961) which now may be freely imported by an importer holding a category licence, obtainable as the goods are required.

Importers' categories are determined by performance during a base period, with the share of the category adjusted at the beginning of each licensing period. Licences to industrial users are issued on an ad hoc basis. An Export Bonus Licensing Scheme enables exporters of certain manufactured articles to obtain special licences for the import of a range of over 200 commodities to the extent of their export performance. Import licences usually carry the right to foreign exchange which is available without discrimination, apart from certain imports tied to bilateral payments agreements.

—*International Trade Relations Branch.*

Foreign Tariffs and Trade Regulations

Ceylon

IMPORT DUTIES RAISED—The Government recently announced heavy increases in import duties on a wide range of goods, and a general 5 per cent increase on all imports, excluding food and items which have been allowed duty-free entry in the past. The main items on which duties have been increased are chinaware, cinema films, electrical goods, glassware, hosiery, chocolates, sewing machines, motor spares, musical instruments, paper, newsprint, photographic material, rubber tires and tubes, wireless goods and apparatus, and cloth. Import control regulations were also tightened with a view to reducing imports in general and luxury goods in particular. A wide range of goods has been brought under import control. In future, permits will be required for the import of such goods from any source.

Further details of these controls may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa, or from the Commercial Secretary, Office of the High Commissioner for Canada, P.O. Box 1006, Colombo, Ceylon—Colombo.

Japan

IMPORT CUSTOMS TARIFF REVISED—A new Japanese Customs import tariff is expected to become effective on June 1, 1961. The tariff now in use dates from 1899, although it has been revised many times. The current tariff is broken down into some 17 groups or categories of goods. The tariff schedule contains 941 rates of duty, of which 764 are ad valorem, nine specific, and 168 items are exempt from duty; 110 are combined or alternative ad valorem and specific rates.

From the unofficial translation of the proposed revision, the new tariff appears to be based upon the Brussels Nomenclature. It is divided into some 21 groups of categories, which are in turn sub-divided into 99 classifications. Under this distribution of commodities there are some 1,100 different tariff items. These tariff items are further distributed into some 2,174 rates. Of these rates 1,805 are ad valorem, 57 specific, 273 are exempt from duty, and 29 are combined or alternative ad valorem and specific rates.

Further details will be available when the official text of the new tariff is received.

SHIPPING SERVICES FROM CANADA TO CEYLON, INDIA AND PAKISTAN

FROM

TO:	Pacific Coast	Great Lakes	St. Lawrence and Atlantic
Ceylon	<p>Java Pacific & Hoegh Lines <i>(Dingwall Cotts and Co., Vancouver)</i></p> <p>P & O Orient Lines <i>(Union Steamship Co. of New Zealand, Vancouver)</i></p>	<p>Orient Mid-East Great Lakes Service <i>(Montoro Shipping Corpora- tion Ltd., Toronto)</i></p>	<p>Canada India Pakistan Line <i>(McLean Kennedy Ltd., Montreal)</i></p> <p>Orient Mid-East Great Lakes Service <i>(Shipping Ltd, Montreal)</i></p> <p>Orient Mid-East Lines <i>(Ex: Halifax) (North Ameri- can Shipping Agency, Montreal)</i></p>
India	<p>American Mail Line <i>(Canadian Blue Star Line Ltd., Vancouver)</i></p> <p>Java Pacific & Hoegh Lines</p> <p>Marchessini Lines <i>(Oceanways Agencies Ltd., Vancouver)</i></p> <p>P & O Orient Lines</p> <p>Scindia Steam Navigation Co. Ltd. <i>(Canada Shipping Co. Ltd., Vancouver)</i></p> <p>Splosna Plovba Line <i>(Sea Freight Ltd., Vancouver)</i></p>	<p>Crescent Line <i>(March Shipping Agency Ltd., Toronto)</i></p> <p>Hellenic Line <i>(Furness, Withy & Co. Ltd., Toronto)</i></p> <p>Nedlloyd Line <i>(Montreal Shipping Ltd., Toronto)</i></p> <p>Orient Mid-East Great Lakes Service <i>(Montoro Shipping Corpora- tion, Ltd., Toronto)</i></p>	<p>Canada India Pakistan Line</p> <p>Crescent Line <i>(March Shipping Agency Ltd., Montreal)</i></p> <p>Hellenic Line <i>(Furness, Withy & Co. Ltd., Montreal)</i></p> <p>Nedlloyd Line <i>(Montreal Shipping Ltd., Montreal)</i></p> <p>Orient Mid-East Lines</p> <p>Orient Mid-East Great Lakes Services</p>
Pakistan	<p>American Mail Line</p> <p>Java Pacific & Hoegh Lines</p> <p>Marchessini Lines</p> <p>Splosna Plovba Line <i>(Sea Freight Ltd., Vancouver)</i></p>	<p>Crescent Line <i>(March Shipping Agency Ltd., Toronto)</i></p> <p>Hellenic Line <i>(Furness, Withy & Co. Ltd., Toronto)</i></p> <p>Nedlloyd Line <i>(Montreal Shipping Limited, Toronto)</i></p> <p>Orient Mid-East Great Lakes Service</p>	<p>Canada India Pakistan Line</p> <p>Crescent Line</p> <p>Hellenic Line</p> <p>Nedlloyd Line</p> <p>Orient Mid-East Great Lakes Service</p> <p>Orient Mid-East Lines</p>

NOTE: The agent for each shipping line is shown in italics below the name of the line where it first appears.

Japan Announces Import Budget

Need for larger imports of raw materials and capital goods has resulted in bigger foreign exchange budget for first half of 1961 fiscal year. Further liberalization of imports expected during this period.

N. W. BOYD, *Assistant Commercial Secretary, Tokyo.*

THE Japanese Government announced on March 31 a record foreign exchange budget for the first half of the 1961 fiscal year covering the period April 1-September 30, 1961. The budget has been set at \$3,991 million, an increase of 13 per cent over the budget for the second half of the 1960 fiscal year (\$3,530 million) and 22 per cent over the first half 1960 fiscal year budget (\$3,268 million). This record budget reflects the increasing need for imported raw materials to support the rapidly expanding Japanese economy. It also provides for larger imports of capital investment equipment to rationalize and modernize Japanese industry and to pave the way for the fulfilment of the import liberalization program.

The foreign exchange budget is divided into two sections—visible and invisible imports. Table I compares the amounts provided under the various headings in the new budget for visible imports with those in the two half-years of fiscal 1960.

The budget for visible imports totals \$3,172 million, of which

\$1,272 million has been allotted for Foreign Exchange Allocation items and \$100 million for Automatic Fund Allocation items. (Imports of Foreign Exchange Allocation items are subject to quantitative import restrictions according to the amount of foreign exchange that has been allocated for each individual commodity. No foreign exchange limitations are imposed on Automatic Fund Allocation items, but government approval is required for such imports.) Excluding reserves of \$200 million, the remainder of the budget for visible imports (\$1,600 million) has been established for Automatic Approval items—that is, liberalized items on which no quantitative import restrictions are imposed. Table I reveals that the value of the A.A. import items has steadily increased both in real and relative terms over the period of the last three budgets. This is particularly significant because it represents the degree of Japan's implementation of import liberalization, which now stands at about 57 per cent, including the A.F.A. items and excluding the reserves.

TABLE I—VISIBLE IMPORT BUDGET

Item	First half of	Second half of	First half of
	fiscal 1961	fiscal 1960	fiscal 1960
	(in thousands of U.S. dollars)		
Foodstuffs	217,696	199,112	212,462
Government monopoly goods (tobacco and salt)	9,210	26,455	10,133
Coal (including coke)	80,636	60,140	55,297
Metals (including ores)			
Non-ferrous metals	99,000	83,000	101,000
Petroleum	241,990	240,666	192,098
Medical supplies	8,194	7,051	5,054
Machinery	430,000	365,000	300,000
Miscellaneous	185,274	498,576	547,956
Automatic fund allocation	100,000	50,000	30,000
Sub-total:	1,372,000	1,530,000	1,454,000
Automatic approval	1,600,000	1,100,000	970,000
Reserves	200,000	170,000	200,000
GRAND TOTAL:	3,172,000	2,800,000	2,624,000

TABLE II—INVISIBLE IMPORT BUDGET

Item	First half of	Second half of	First half of
	fiscal 1961	fiscal 1960	fiscal 1960
	(in thousands of U.S. dollars)		
Transportation	111,000	118,000	130,700
Insurance	800	800	100
Overseas travel	10,000	12,000	17,500
Profits of foreign investments in Japan	12,800	15,500	7,300
Expenses in connection with trade	80,000	62,200	47,000
Payments for technical assistance	8,300	7,100	4,900
Other services	47,600	42,000	35,400
Barter trade	1,100	600	700
Long-term capital transactions	97,000	70,500	42,600
Short-term capital transactions	6,000	5,100	400
Commodity transactions	4,400	3,200	2,400
(a) Total Allocation items	379,000	337,000	289,000
Current transactions	328,000	299,000	230,000
Capital transactions	62,000	61,000	75,000
(b) Total Automatic Approval items	390,000	360,000	305,000
Reserves	50,000	33,000	50,000
(c) TOTAL:	819,000	730,000	644,000

Imports Liberalized

The A.A. and A.F.A. items in the budget for the first half of this fiscal year, beginning April 1, total \$1,700 million, up by \$550 million over the preceding six months. Most of this increase has resulted from the liberalization of imports of raw cotton and wool, two substantial imports for Japan's textile industry. As of April 1, there are altogether 530 new A.A. items of which 120 were previously on the A.F.A. list, and 310 new A.F.A. items. (Details of these newly-liberalized items will be published shortly in *Foreign Trade*.) More commodities are expected to be liberalized later, but during the half-year under review and after additional tariff protection has been provided through the revision of the Japanese customs tariff which is now under way. As a result, Japan's ratio of liberalized imports is expected to reach 65 per cent by the end of September 1961.

Invisible Trade Budget

Table II shows the amounts allocated for invisible trade payments under the principal headings, com-

pared with those for the first and second halves of fiscal 1960.

The above makes plain that the appropriation of \$819 million for invisible trade has been expanded by 12 per cent and includes \$379 million for controlled items (Allocation), \$390 million for liberalized items (Automatic Approval), and \$50 million as reserves.

Balance-of-Payment Prospects

In the course of preparation of the budget, it has been estimated that between April and June the current account will record a deficit balance of between \$40-\$50 million a month. However, it is expected that after June raw material inventories will be larger and imports will decrease somewhat. For the entire period April to September, the estimated deficit in the current account is \$90 million. This will be more than compensated by a credit balance of \$120 million in the capital account. Consequently, based on these estimates, the overall balance of international payments will be \$30 million in the black as a result of operations over the first half of the 1961 fiscal year. ●

Canada Buys Egyptian Peanuts

DURING the past year Canada began for the first time to purchase peanuts from the Egyptian Region of the United Arab Republic. Our 1960 imports of peanuts totalled 40,370 tons, of which about 6.8 per cent came from Egypt.

The demand for peanuts in Canada is based on four uses:

1. Those sold shelled or unshelled, by the pound, for direct consumption.
2. Those sold to confectioners for use in such products as chocolate bars.
3. Those used to make peanut butter.
4. Those used to produce oil for such products as margarine.

Egyptian peanuts are particularly suited to the first two uses, which require the highest quality peanuts that command top prices. Egypt's chief competitors in the Canadian market are the United States, Mexico and India.

In Egypt peanuts are grown in sandy soil beside the better cotton and other crop land of the Nile River and Delta. Because of their leguminous nature, peanuts are often used as a first crop on land newly reclaimed from the desert; in addition, the roots, vines and leaves add humus to the soil. Of the 36,000 acres planted with peanuts last year, some 10,000 acres have been reclaimed since 1952. Production is estimated at 35,000 tons; exports in 1960 totalled 10,158 tons in the shell and 2,750 tons shelled, for a gross value of £E1,280,000. This places peanuts fourth in importance among export crops, after cotton, rice, and onions.

Before the Canadian sales, Egypt's best customers were Switzerland, Czechoslovakia, the Netherlands, Austria and West Germany. In 1961 Canada will probably head the list. Because we demand more shelled peanuts of a higher quality than Egypt's traditional customers, the proportion of shelled to unshelled exports may be nearly reversed. This change in proportion has meant some production delays until new handling methods are put into effect. However, Egypt has purchased cleaning, sorting and grading machinery, has set about training labour, and has adopted numerous measures to fulfill her obligations.

This new business will alleviate Egypt's scarcity of foreign exchange and also help to correct her deficit in trade with Canada.

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

Markets in Brief

UNION OF SOUTH AFRICA

Area: 472,685 square miles.

Population: 14,929,000 (1960 estimate).

Climate: varies from temperate to sub-tropical; some areas semi-arid.

Language: English and Afrikaans.

Currency: new currency introduced on February 14, 1961. Main unit is the rand: R.1.00=100 cents=10 shillings sterling currency=Can.\$1.40 approximately.

Capitals: administrative, Pretoria; legislative, Cape Town; judicial, Bloemfontein.

Chief ports: Cape Town, Port Elizabeth, East London, Mossel Bay, Durban. Lourenco Marques in the Portuguese Province of Mozambique (Portuguese East Africa) acts as a port of entry and exit for much of the heavy traffic to and from the industrial area and the northern section of Transvaal Province.

Chief importing centres: Johannesburg (population) 1,052,600; Cape Town 729,200; Durban 634,400; Pretoria 343,400; Port Elizabeth 247,900; Germiston 217,000; Bloemfontein 147,900; Benoni 144,100; Springs 131,200; East London 108,200; Pietermaritzburg 90,500; Kimberley 81,800.

Economy: mainly primary; principal products: wool, Indian corn, fruits, diamonds, base minerals, hides and skins, timber, fisheries, coal. Gold production important.

Total South African imports: 1960—Can.\$1,556 million; 1959—Can.\$1,368 million.

Chief imports: automobile and truck chassis and parts; railway material and equipment; wheat; tea; clothing; textile piecegoods; industrial (including electrical) material and equipment; gasoline, crude petroleum, lubricating oils; uncut diamonds; rubber; lumber; paper.

Chief suppliers: 1959 (in per cent)—United Kingdom 31.0, United States 17.1, West Germany 10.1, Canada 4.0, Iran 3.6, Japan 3.2, Netherlands 2.5, Federation of Rhodesia and Nyasaland 2.4.

Value of imports from Canada: 1960—Can.\$52,655,472; 1959—Can.\$51,242,840.

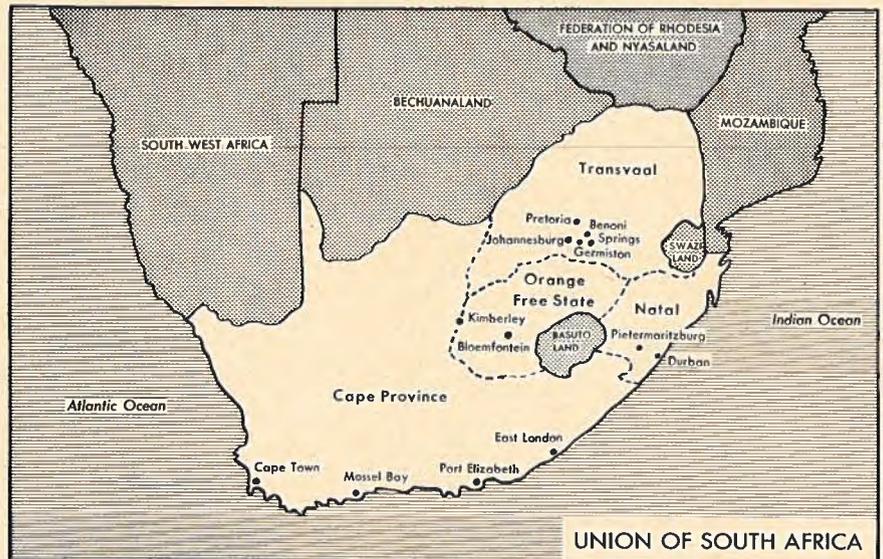
Chief imports from Canada: wheat, automobile chassis and parts, newsprint and other paper, lumber, aluminum ingot, leather, drugs and chemicals, tallow.

Total South African exports: South African produce (excluding gold sales), 1960—Can.\$1,105 million; 1959—Can.\$1,090 million. Gold sales: 1960—Can.\$803 million, 1959—Can.\$678 million. Re-exports: 1960—Can.\$120 million, 1959—Can.\$109 million.

Chief exports: wool, uranium, cut and uncut diamonds, fresh and canned fruit, base metal and mineral ores, asbestos, copper bar and ingot, ferro-alloys, unmanufactured and semi-manufactured iron and steel, hides and skins, Indian corn, fishmeal, pilchards, mining machinery.

Chief markets: (in per cent) 1959—United Kingdom 28.2, Federation of Rhodesia and Nyasaland 13.6, United States 9.1, Belgium 4.3, West Germany 4.2, France 3.3, Italy 3.2, Japan 3.1.

Value of Canadian purchases: 1960—Can.\$11,481,676; 1959—Can.\$6,631,912.



Chief Canadian purchases: Indian corn, peanuts, asbestos, tungsten carbide inserts, industrial diamonds, fresh and canned fruit, brandy and wines, wool, peanut oil.

Dollar exchange: freely available against valid import permit where necessary.

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

Samples: enter free when of no commercial value; deposit required when of commercial value. Deposit is refunded on re-export within 12 months. No import permit required for samples furnished free of charge.

Trade agreements: Canada-South Africa Preferential Agreement, signed at Ottawa in August 1932, provides for preferences on a few items entering South Africa from Canada. Canada receives most-favoured-nation treatment on all items other than those receiving preferences under the Canada-South Africa Agreement. South Africa is a contracting party to the GATT.

Import controls, documentation, customs tariffs, marking and labelling: most goods are subject to import controls but the control system is non-discriminatory in relation to country of supply. As applied, the controls discourage import of commodities the same as or similar to those made in the Union. For further information consult the International Trade Relations Branch.

Canadian banks: no Canadian banks maintain branches in South Africa but all South African banks are correspondents.

Correspondence: use airmail for all correspondence; letters 25 cents each half-ounce.

For detailed information on this market write to:

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

or

Canadian Government Trade Commissioner
P.O. Box 715
Johannesburg

or

Canadian Government Trade Commissioner
P.O. Box 683
Cape Town

M. R. M. DALE, Trade Commissioner in Cape Town, is now touring business centres across Canada. In this article, written before he left his post, he outlines the business situation in South Africa from the Canadian point of view, points out the growing emphasis on industrial self-sufficiency, and the import trend to raw and semi-finished materials, industrial machinery and equipment.

The South African Market

SOUTH AFRICA, soon to be a republic outside the Commonwealth, has the potential for rapid economic growth—abundant raw materials and a large labour force. Cheap power is available throughout the country, and there is some ready capital and knowhow. South African production exceeds the demands of the fast growing population and there are potential markets for the surplus.

Taxation in South Africa is moderate and non-discriminatory. Salaries and wages, including those paid to non-Europeans, are showing a tendency to rise; employment is steady. National income for the white population stands at \$1,140 per head, and even the average national income for the total population of \$330 compares favourably with many older nations.

There has been a tremendous industrial development in South Africa since 1945. In many respects this agricultural-mining economy has been transformed into a predominantly industrial economy. Today, the manufacturing industries contribute about one-quarter of the national income, more than either mining or agriculture.

Trade Grows

South Africa has become an important trading nation. In 1960, its imports stood at approximately \$1,556 million, an increase of 14 per cent over the 1959 figure. Exports that year reached \$1,105 million, and when gold sales of \$803

million are included the total shows an increase of 18 per cent over 1959 sales. This gave South Africa a favourable balance of trade of \$352 million in 1960, only slightly lower than that for 1959.

Apart from gold, the main exports last year were hides and skins \$34.4 million; wool \$135.3 million; maize \$28.5 million; preserved pilchards \$18.5 million; other fish and fish products \$31 million; fresh, dried and preserved fruit \$96 million; asbestos \$36 million; rough and uncut diamonds \$65.5 million, and cut and polished diamonds \$31.1 million. Exports of prescribed material under the Atomic Energy Act (uranium) amounted to \$136.5 million.

SOUTH AFRICAN IMPORTS 1959

	(\$000's)
Animals, agricultural and pastoral products	13,401
Foodstuffs	68,998
Ales, spirits, wines and beverages	5,891
Tobacco in all forms	5,522
Fibres, textiles, yarns and apparel	255,828
Metals, metal manufactures, machinery and vehicles	704,696
Minerals, earthenware and glassware	58,666
Oils, waxes, resin, paints and varnishes	143,690
Drugs, chemicals, and fertilizers	74,222
Leather, rubber and manufactures thereof	42,098
Wood, cane, wicker and manufactures thereof	37,229
Books, paper and stationery	66,186
Jewellery, timepieces, and musical instruments	23,514
General	56,011
Total imports	1,555,952

South Africa imports a wide range of commodities; 1959 purchases are listed in the accompanying table under the main class headings.

Opportunities for Canadians

Canada, which now ranks as South Africa's fifth source of supply, is shown as exporting goods valued at \$54.2 million to South Africa and importing \$9.5 million of its produce. This appears to put the trade balance heavily in favour of Canada, but these figures (taken from recent South African statistics) do not include all South African exports that reach Canada. Estimates of actual purchases by Canada of diamonds, wool and karakul (Persian lambskin) through indirect routes bring our total purchases to approximately \$15 million.

The climate is good for expansion of Canadian trade in South Africa, but the pattern has become progressively more complex. Canadian suppliers need to study and understand this market; they should pay close attention not only to developing business with South Africa, but to following up their opportunities once they have succeeded in entering the market. Sales are lost through neglect and this has a cumulative effect. Canada does sell a wide range of commodities to South Africa and, more important, we receive inquiries for many more, all the way from textiles and lumber to cattle and hardware, electric

organs and agricultural machinery, most of which we are unable to offer competitively. I strongly recommend that exporters visit this country and personally investigate the potential demand and the existing competition. In most instances, Canadian business visitors have successfully increased their sales and obtained new business.

Emphasis on Industry

It is likely that South Africa's imports in the future will fall more and more into the categories of raw and semi-finished materials and industrial machinery and equipment needed for its own expanding industries. Some of the items South Africa has been looking for include:

Specialized mining machinery
 Testing and recording equipment for mines
 Geophysical survey and mineral exploration equipment
 Inserted tooth saws and teeth
 Waterproof clothing for lumbering operations
 Railway communication instruments
 Automotive transmission gears
 Machine tools
 Selected chemicals and ethical drugs
 Medical/surgical testing equipment (electronic)
 Laboratory equipment
 Capacity and induction meters
 Plug-in relays
 Air pollution and dust-collecting instruments
 Steam generators
 Materials handling and sorting equipment (electronic)
 Pulp, sulphate and sulphite
 Tape recorders

This swing away from consumer items is the direct result of the South African Government's determination to strengthen and expand industry. Government policy is directed towards the stimulation of industries which can produce commodities formerly imported. Already this policy has affected the paper, lumber, textile, chemical, copper fabricating, fish canning, and automobile industries.

South Africa will require considerable foreign capital for the further development of her industries and every encouragement is given to foreign companies to open branch plants in the Union. Canadian capital and knowhow are welcome. ●

GENERAL NOTES

Australia

WAGES—A new statistical survey of wages in Australia has been released by the Bureau of Statistics. The survey comprises a sampling of actual wages received by some 530,000 adult male employees, taking into account payments over and above basic wages, remuneration for overtime, commissions, etc. It reveals that only 5 per cent of the work force receives less than \$35 a week (2.7 per cent in retail trade.) At the other end of the scale, one worker in five receives at least \$66 a week. The survey emphasizes the importance of overtime and other earnings to the average wage-earner, particularly in the building, manufacturing and mining industries. Commissions and other incentives make up, in general, 8 to 10 per cent of earnings in all industries except mining and quarrying where the proportion is 17 per cent of total earnings—Sydney.

India

CHEMICAL AND MACHINERY IMPORTS—An incentive scheme is in effect for the export of vanaspati and hydrogenated oil from January to June 1961. Under the scheme, licences will also be issued to manufacturers of these products to import the chemicals and machinery spare parts required for the manufacture of vanaspati, if the licence is approved by the Directorate of Sugar and Vanaspati, and the Development Wing of the Ministry of Commerce and Industry,

New Delhi. These licences will cover approximately 5 per cent of the f.o.b. value of vanaspati exported—Bombay.

METRIC SYSTEM—The Indian Government intends to fully establish the metric system in measurements of weight, capacity and length by 1966. It has taken initial steps to introduce the system in measurements of weight on an optional basis until April 1962, and in capacity on an optional basis until April 1963. Some time later it will apply the metric system to lengths.

Although it is desirable that overseas firms conform to these changes as soon as possible, they are at liberty, under Ministry of Commerce and Industry Notice No. 11-ITC(PN)/61, to use British units in their invoices and shipping documents and there is no cessation date for this privilege. However, it will facilitate matters if Canadian exporters or importers endeavour to use the metric system—New Delhi.

New Zealand

FORESTRY INDUSTRIES—New Zealand will need another million acres of forest by the end of this century, it is estimated. A review of forestry's contribution to the Dominion's overseas income demonstrates the desirability of expanding forest resources and indicates how the country's prosperity is becoming increasingly

related to forest industries. During 1959 the total value of such exports was £8.2 million, made up as follows: timber £2.2 million, pulp £2.9 million, paper and paper board £3.1 million.

The forecast of the probable export value of New Zealand's forest products in 1965 has been given as £12 to £15 million; in 1939 it was a mere £200,000—Wellington.

Philippines

HIGHER EXPORTS—The Philippine Bureau of the Census and Statistics reports that exports from the Republic in 1960 were 5.43 per cent higher than in 1959; they totalled Pesos 1.07 billion (Can.\$356.4 million) compared with Pesos 1.01 billion (Can.\$336.7 million) the previous year.

Over half the total was made up of oilseeds, nuts and kernels, and sugar, followed by wood products, metal scrap, textile fibres, gold, silver, gems and jewellery, clothing, vegetable oils and fats, and fruits and vegetables—Manila.

Portugal

CREDIT FOR REFINERY—One of the most important loan or external credit operations under the Second Development Plan has been arranged through a bankers' syndicate headed by Kredietbank S.A. of Luxembourg. A loan of \$10 million will be made in two stages of \$5 million each to a Portuguese oil refinery, the Sociedade Anónima Concessionária da Refinacao de Petróleos em Portugal (Sacor). It will be floated in five countries: Belgium, the Netherlands, Luxembourg, Switzerland and West Germany. To protect the investor from currency devaluation, the loan is to be paid back in terms of gold—at present dollar value. The money is being borrowed at 5.75 per cent repayable over 17 years—Lisbon.

Spain

TOURISTS—The final figures for 1960 show that 6,113,255 tourists visited this country last year, an increase of 45.7 per cent over the 4,194,686 of 1959. The increase is a record since the 1959 figure, for example, was only 16.7 per cent higher than the 1958 total.

Canadian tourist traffic to Spain is steadily increasing and during 1960, 29,847 Canadians visited the country, compared with 18,031 during 1959.

Tourist earnings in 1960 amounted to more than \$300 million and paid for almost half Spain's imports last year. Tourists came principally from France (2,553,922), the United Kingdom (624,057), the United States (492,165), Portugal (350,721), and West Germany (328,137). As a result of an intensive publicity campaign, Spain has succeeded in attracting

a steady stream of visitors during the off season; the number of visitors during November 1960 was 66.1 per cent higher than in November 1959—Madrid.

Sweden

INDUSTRIAL OUTPUT—The volume of Sweden's industrial production in 1960 reached a new peak, up 8 per cent from 1959. This is the largest increase for any year in the past decade and compares with a rise of 3.7 per cent in 1959, 1.8 per cent in 1958 and a previous peak of 6 per cent in 1955. Average annual increase over the past ten years is 3.4 per cent. The 1960 increase was composed of a 9 per cent rise in capital goods and a 5 per cent rise in consumer goods. The paper industry showed the largest relative increase over 1959, up 18 per cent. Iron-ore output rose by 17 per cent, pulp by 14 per cent, timber 12 per cent, steel and other metal manufactures 9 per cent. Employment in the engineering industry rose by 7 per cent. A slower rate of increase was noted in the textile and food industries; leather and shoe production dropped.

According to the preliminary national budget forecast presented in January, industrial production in 1961 is expected to rise by 4 per cent. The shortage of skilled labour, the fact that several industries have reached capacity level, and uncertainties about exports in 1961 were given as the principal reasons for the anticipated slow-down this year—Stockholm.

ORE PROSPECTING IN YEMEN—The Boliden Mining Company has concluded an agreement with Yemen, under which the Swedish company is granted the right to undertake ore prospecting in that country and to exploit the finds. No mining activities on an industrial scale are at present being carried on in Yemen. An expedition headed by the Boliden geologist, Dr. Hans Zweifel, has gone to Yemen to make preliminary investigations expected to last four to five months. A Yemenite, Ahmed Barakat, is working with the Boliden group—Stockholm.

PULP MILL—Four Swedish industries will equip a new sulphate mill to be built by Sociedade Industrial de Celulose (Socel) in Lisbon. The plant will go into operation toward the end of 1962 and an output of 220 tons of pulp per day is planned, using eucalyptus as raw material.

The value of the Swedish equipment is estimated at about Kr.12 million (\$2.4 million). Sunds Verkstäder, Sundsvall, is to deliver a complete bleaching plant with a capacity of 150 tons a day and two filter installations, each with a capacity of 120 tons. Rosenblads Patenter will supply the evaporation and heat-recovery plants, and Svenska Maskinverken a soda-recovery plant. Svenska Fläktfabriken has obtained an order for one of its specialties, a dryer with airborne pulp line, and for an electro-filter plant. The wet part of the

mill will be supplied mainly by Myrens Verkstäder, Oslo, a shareholder in the Kamyrr company—Stockholm.

Venezuela

GALVANIZING PLANT—A galvanizing plant is to be installed in the State of Zulia at a cost of some

Bs.8 million, 40 per cent of the capital being provided by a United States company and 60 per cent by local investors. Installation is expected to begin early this year and within one year the plant will be capable of galvanizing some 36,000 tons of tubing a year. Some of the machinery is to be imported from Germany—Caracas.

TRADE COMMISSIONERS ON TOUR

In Canada



F. B. Clark



M. R. M. Dale



J. G. Ireland

F. B. CLARK, Commercial Secretary in Mexico City:

Toronto—May 23-30	Windsor—June 8
Fergus, Kitchener—May 31	Winnipeg—June 13-14
Guelph, Galt—June 1	Regina—June 16
Brantford—June 2	Saskatoon—June 19
Hamilton—June 5	Edmonton—June 22
St. Catharines, Welland— June 6	Calgary—June 26
London—June 7	Vancouver—July 3-7

M. R. M. DALE, Trade Commissioner in Cape Town, South Africa:

Galt, Kitchener—May 23	Toronto—June 5-16
Guelph, Fergus—May 24	Peterborough—July 3
Hamilton—May 25	Ottawa—July 4-14
St. Catharines—May 26	Montreal—July 17-28

J. G. IRELAND, Assistant Commercial Secretary in Rome, Italy:

Montreal—May 23-26 Winnipeg—June 5-6
Toronto—May 29-June 2

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

In Territory

G. E. BLACKSTOCK, Vice Consul and Assistant Trade Commissioner in New Orleans, will visit Greenville in South Carolina, and the Winston-Salem, High Point, Greenshore triangle of North Carolina from May 22-27. From May 29-June 3, he will visit Charlotte in North Carolina, and Columbia and Charleston in South Carolina. If necessary, Mr. Blackstock can be reached through the Chambers of Commerce in these cities.

R. M. DAWSON, Vice Consul and Assistant Trade Commissioner in Manila, Philippines, will visit Tapei, Republic of China (Taiwan), from June 13-23.

C. M. FORSYTH-SMITH and **C. J. SMALL**, Trade Commissioners in Hong Kong, will visit the following cities in Communist China from the middle of May to the first week in June: Canton (they will attend the Spring Fair), Peking, Tientsin, and Shanghai.

T. F. HARRIS, Consul and Trade Commissioner in New Orleans, will visit Houston, Texas, during the third week of May.

R. F. RENWICK, Commercial Secretary in Port-of-Spain, Trinidad, will visit Antigua from June 12-14.

R. L. RICHARDSON, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Georgetown, British Guiana, from July 14-17.

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. Blackstock and Mr. Harris at New Orleans, Mr. Dawson at Manila, Mr. Forsyth-Smith and Mr. Small at Hong Kong, Mr. Renwick and Mr. Richardson at Port-of-Spain.

COMMODITY NOTES

Aniline

FRANCE—State-owned Houilleres du Bassin de Lorraine and Compagnie Francaise des Matieres Colorantes, the latter controlled by the chemical concern Ets. Kuhlmann, have formed a new company, Lorraine Aniline, to produce aniline. Production, scheduled to start by 1963, will reach 6,500 tons of aniline and 2,700 tons of byproducts per year—Paris.

Boats

AUSTRALIA—A craft which takes 90 seconds to assemble, 30 seconds to pack, and is light enough to be carried by hand is one of Australia's more successful exports. Hundreds of the plywood Foldabout, built in Sydney, have been exported to the United Kingdom, South Africa, the United States, Hong Kong and Pacific islands in recent months. The boats are being used for fishing, duck shooting, flood rescue work, and as yacht tenders; they have also been adopted as light assault craft by the Australian Army. A 12-foot craft, capable of carrying five or six people, it can be folded into a package 12 feet by 18 inches by 4 inches—Sydney.

Cellophane

COLOMBIA—A large British company plans to invest U.S.\$9.5 million in a new transparent cellulose film plant in Barranquilla. Production will meet all domestic requirements, and is expected to provide an excess for export—Bogotá.

Chemicals

WEST GERMANY—Foreign producers sold \$695 million worth of chemicals to West Germany last year—one-third more than in 1959—according to the German Chemical Industry Association. Exports rose by 14 per cent to \$1,550 million. Organic raw materials as well as plastics, inorganics and synthetic fibres were the leading imports. Exports of plastics, pharmaceuticals and aniline dyes were higher, but nitrogen fertilizer sales dropped—Bonn.

Codfish

SPAIN—Three thousand tons of codfish (already cured and packed) are being shipped from La Coruña in northwest Spain to the Portuguese market. The fish has been prepared in the La Coruña factory of the fishing company PEBSA, and is valued at some 50 million pesetas. It comprises the surplus remaining to this firm after supplying the local market. During 1960, PEBSA unloaded at La Coruña some 19,000 tons of

codfish valued at approximately 280 million pesetas, and it expects to increase its operations this year. As a result, Spain, traditionally an importer of this fish, has become a codfish exporter—Madrid.

Condensed Milk

CEYLON—The National Milk Board, in association with the New Zealand Milk Marketing Board, will set up a factory to manufacture condensed milk. The \$360,000 factory is to be located at Tamenkaduwa, one of the best cattle rearing districts on the Island. At present, Ceylon imports about \$3 million worth of condensed milk annually, principally from the Netherlands, Denmark, Australia, Czechoslovakia and the United Kingdom—Colombo.

Enamel

AUSTRALIA—A Sydney firm has developed a formula for the world's first water-thinned gloss enamel. Aquanamel dries in less than half an hour, is lead-free and non-inflammable, and there is a complete absence of paint odour. Only two coats are needed for a perfect finish, and climate variations will not affect outside painting time. Thoroughly investigated by independent testing authorities, it has been recommended for inside and outside surfaces—Sydney.

Fluoride

UNITED STATES—Construction of a \$1.4 million aluminum fluoride plant is expected to begin in mid-1961 at the Kaiser Aluminum & Chemical Corporation works, Gramercy, La. The plant will provide a major portion of the aluminum fluoride requirements of Kaiser plants and is due for completion in the third quarter of 1962.

Raw material used in the production of aluminum fluoride—fluorspar and sulphuric acid—will be transported to Gramercy by ship and barge. Special alumina hydrate will be supplied from the corporation's alumina plants—New Orleans.

Metals

WEST GERMANY—West German metal foundries produced 275,000 tons of metal castings in 1960, (compared with 220,535 tons in 1959) of which 150,000 tons (1959, 117,543 tons) were of light metal and 125,000 tons (1959, 102,992 tons) of heavy metal. The increase in production of light metal castings was above the previous annual average of 25 per cent, and that of heavy metal castings somewhat below. Of the light metal castings produced, approximately

127,000 tons (1959, 98,698 tons) were of aluminum and 23,000 (1959, 18,845 tons) of magnesium—Hamburg.

Paper

FINLAND—Finland has been rapidly expanding its paper production capacity, according to *Brusewitz Nordisk Papperskalender*, one of Sweden's main business dailies. With 1940 as a base of 100, the 1960/61 index of paper production capacity in the three countries of Norway, Sweden and Finland is 151.92, 208.33, and 265.14 respectively. As a result of this growth, Finnish capacity nearly equals that of Sweden. The total three-country capacity for the year 1960/61 was 4.5 million tons. Norway's share was 17.5 per cent, Sweden's 41.5, and Finland's 41.0.

In recent years the increase in Finnish capacity has been even more imposing. From 1953, Finland's increase in capacity has been 122 per cent, compared with 63 per cent in Sweden and 52 per cent in Norway—Stockholm.

Polyethylene

FRANCE—The newly established Société Petroplastique de Paris is planning to build near Le Havre a \$12 million polyethylene plant with a capacity of 20,000 metric tons a year. Jointly owned by Société El Paso France-Afrique, the French affiliate of El Paso Natural Gas Products Company, and Compagnie Française de Raffinage, the new company has been set up to manufacture and sell polyethylene resins and all plastic materials derived from ethylene—Paris.

SWEDEN—A joint company called Uni-Kemi AB will be formed by Stockholms Superfosfat Fabriks AB and Union Carbide Corporation of the United States, for building and operating a polyethylene factory at the planned petrochemical works at Stenungsund on the Swedish west coast. The factory will have an initial capacity of 13,500 tons of high-pressure polyethylene a year.

The new company will have share capital of Kr.40 million (\$7.7 million), half of it to be contributed by each group. Union Carbide's contribution will consist of technical knowhow and methods plus deliveries of polyethylene. This will make it possible to start sales on the Scandinavian market before the factory goes into operation; construction will start this year—Stockholm.

Potato Flakes

REPUBLIC OF IRELAND—The Irish Sugar Company has announced the establishment of a potato flake plant at Tuam, Co. Galway. The plant will be in operation in time to handle the 1961 crop and some 5,000 tons will be processed the first year of operation.

Through use of a process patented by the United States, the flakes will give a high-grade mashed potato by the mere addition of hot water, milk and butter—Dublin.

Steel

BRAZIL—Anticipated production of steel ingot in Brazil this year is estimated at 2.7 million tons, of which the National Steel Company at Volta Redonda will produce about 50 per cent. Consumption is estimated at slightly over 3 million tons, the deficit to be made up mainly by imports of special alloy steels—Rio de Janeiro.

Tea

INDIA—Production of tea in India during 1960 is expected to approximate 696 million pounds, compared with 716 million in the previous year. A substantial decline in output in Northeast India more than offset a 15-million-pound increase in South India. Ceylon, Indonesia and Africa are all reported to have produced more tea in 1960 than in the preceding year—Bombay.

Tunny

SOUTH AFRICA—Fishing interests in Cape Town that sent experimental consignments of tunny to Italy and America earlier this year have received small repeat orders from both countries. The Italian firm is reported to have offered more than the world price for the second order. The tunny fishers have been using pilchard boats but are now considering equipping boats with refrigerated storage space so that two or three days can be spent at sea instead of one. If these interests decide to develop this export market, they would anticipate orders of 1,000 tons each and hope for an annual trade worth £1 million—Cape Town.

Whisky

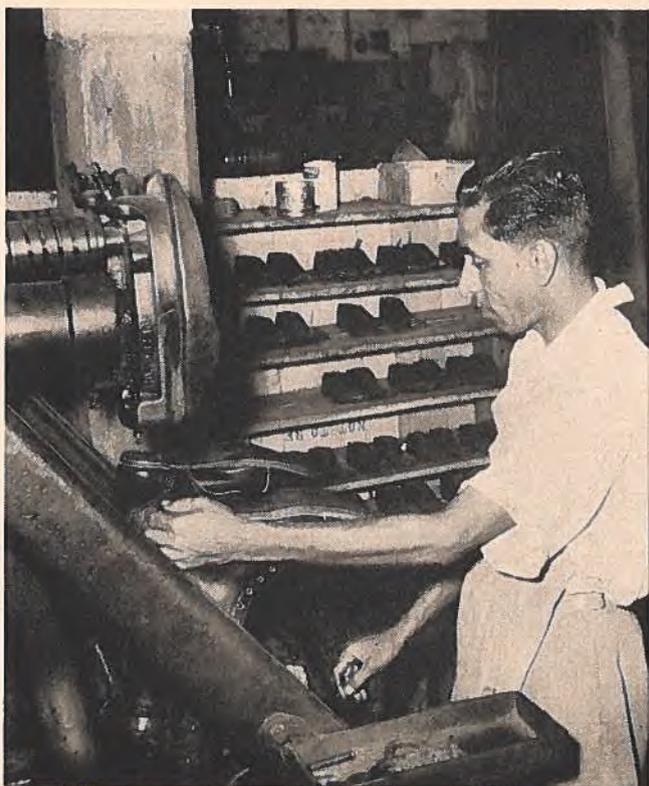
AUSTRALIA—United Distillers Pty. Ltd., producers of Australia's largest selling whisky, have launched an attack on the world's whisky markets with a specially distilled whisky. The new Black Gold whisky is 76 proof, and the first sales target is the United States where there is a rapidly increasing demand for blended whiskies. The export program has been described as the Australian industry's biggest step forward in its 100 years' history—Sydney.

Wool

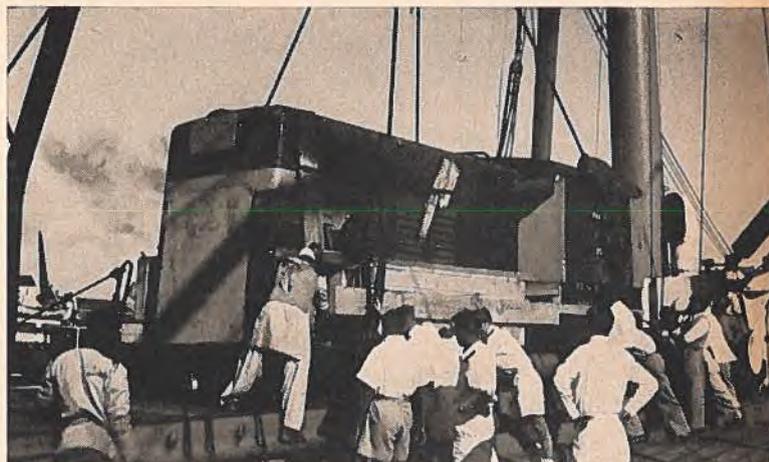
NEW ZEALAND—The statutory levy which wool-growers pay on each bale for world promotion and research will increase from four to five shillings, starting October 1. The increase is the first needed to cover the greatly expanded promotion program announced by the International Wool Secretariat last year. The Secretariat is sponsored by Australian, New Zealand and South African growers—Wellington.

Canada in Foreign Markets

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



In Ceylon—Canada supplied the sole leather for these boots being made in the Government Leather Factory at Mattakuliya. This pair is being levelled, the final stage of manufacture.



In India—An Indian chemical and fertilizer company ordered this 50-ton diesel shunting locomotive from Canada. Here a floating crane is used to unload it and swing it onto the dock.



In Malaya—A Canadian line of cleaning liquids, bleach and starch is selling successfully here. The company took space in a Kuala Lumpur trade fair to make its products known.



In India—From the chute of a freight car in Bombay, bulk fertilizer imported from Canada is poured into bags while the workers wait to send it on its way to the Indian buyers.

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 1.01266.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent May 8	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01193	83.82	(1)
Austria	Schilling		.03787	26.41	
Australia	Pound		2.2090	.4527	
Bahamas	Pound		2.7613	.3621	
Belgium and Luxembourg	Franc		.01969	50.79	
Bermuda	Pound		2.7613	.3621	
Bolivia	Boliviano	Free	.00008643	11,570.08	
British Guiana	Dollar		.5753	1.74	
British Honduras	Dollar		.6903	1.45	
Brazil	Cruzeiro	Free	.003644	274.42	(2)
		Special Category	Auctions suspended temporarily	Auctions suspended temporarily	
		Official selling			
Burma	Kyat		.2074	4.82	
Ceylon	Rupee		.2071	4.83	
Chile	Escudo	Free	.9387	1.06530	(3)
Colombia	Peso	Certificate	.1474	6.78	
Congo, Republic of	Franc		.01969	50.79	
Costa Rica	Colon	Official	.1759	5.68	
		Controlled free	.1486	6.73	
Cuba	Peso		.9875	1.01266	tax 2%
Czechoslovakia	Koruna		.1371	7.29	
Denmark	Krone		.1427	7.01	
Dominican Republic	Peso		.9875	1.01266	
Ecuador	Sucre	Official	.06584	15.19	
		Free	.05333	18.75	
Egyptian Region, United Arab Rep.	Pound	Official	2.8357	.3526	
		Export account selling			
El Salvador	Colon		.3950	2.53	
Fiji	Pound		2.4877	.4020	
Finland	Markka		.003086	324.04	
France, Monaco, etc.	New Franc		.2015	4.96	(4)
Franco-African Republics, etc.	Franc		.004030	248.14	(5)
French Pacific	Franc		.01108	90.25	(6)
Germany	D Mark		.2487	4.02	
Ghana	Pound		2.7613	.3621	
Greece	Drachma		.03291	30.38	
Guatemala	Quetzal		.9875	1.01266	
Haiti	Gourde		.1975	5.06	
Honduras	Lempira		.4938	2.02	
Hong Kong	Dollar	Free*	.1709	5.85	*April 28
		Official	.1726	5.79	
Iceland	Krona	Official	.02599	38.48	(7)
India	Rupee		.2071	4.83	
Indonesia	Rupiah	Official	.02194	45.57	(7)
Iran	Rial		.01304	76.71	
Iraq	Dinar		2.7650	.3617	
Ireland	Pound		2.7613	.3621	
Israel	Pound		.5486	1.82	
Italy	Lira		.001591	628.53	
Japan	Yen		.002743	364.56	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent May 8	Units per Canadian dollar	Notes (See below)
Lebanon	Pound	Free	.3102	3.22	
Mexico	Peso		.07900	12.66	
Morocco	Dirham		.1975	5.06	
Netherlands	Florin		.2748	3.64	
Netherlands Antilles	Florin		.5236	1.91	
New Zealand	Pound		2.7613	.3621	
Nicaragua	Cordoba	Effective buying	.1496	6.68	
		Official selling	.1400	7.14	
Nigeria	Pound		2.7613	.3621	
Norway	Krone		.1380	7.25	
Pakistan	Rupee		.2071	4.83	
Panama	Balboa		.9875	1.01266	
Paraguay	Guarani	Official	.007806	128.06	
Peru	Sol		.03681	27.17	
Philippines	Peso	Free	.3292	3.04	
		Official	.4938	2.02	
Portugal & Colonies	Escudo		.03446	29.02	(8)
Singapore and Malaya	Straits Dollar		.3222	3.10	
Spain and Dependencies	Peseta		.01646	60.76	
Sweden	Krona		.1912	5.23	
Switzerland	Franc		.2281	4.38	
Syrian Region, United Arab Rep.	Pound	Free	.2762	3.62	
Thailand	Baht	Free	.04671	21.41	(7)
Tunisia	Dinar		2.3799	.4202	
Turkey			.1097	9.11	(7)
Union of South Africa	Rand		1.3807	.7243	
United Kingdom	Pound		2.7613	.3621	
United States	Dollar		.9875	1.01266	
Uruguay	Peso	Free	.08957	11.29	(9)
Venezuela	Bolivar		.2950	3.39	(10)
West Indies Fed.	Dollar		.5733	1.74	(11)
	Pound		2.7613	.3621	(12)
Yugoslavia	Dinar	Official	.001317	759.30	

*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. For imports of wheat, newsprint and petroleum, the exchange is fixed at Cr.200 to U.S. dollar.
3. 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 Jan. 1, 1960, one escudo equals 1,000 pesos.
4. New franc is also used in Algeria, French Guiana, Guadeloupe and Martinique.
5. Chad, Central African Republic, Congo, Dahomey, Gabon, Ivory Coast, Mali, Islamic Republic of Mauritania, Niger, Senegal, Upper Volta, Camerouns, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Pierre and Miquelon.
6. New Caledonia, New Hebrides, French Polynesia.
7. Additional rates are in effect.
8. Portugal: approximately same rate for Portuguese territories in Africa.
9. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
10. Effective Nov. 8, 1960, Venezuela imposed exchange controls. Exchange at the official rate is available for specified purposes. Otherwise, it must be purchased on the free market at fluctuating rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

Assistant Trade Commissioners Posted

Seven young men are completing the last half of their head office training and are looking forward to their first posting abroad as Assistant Canadian Trade Commissioners. Successful candidates in a nation-wide competition, they represent five Canadian provinces—New Brunswick, Quebec, Ontario, Saskatchewan, and British Columbia, and seven Canadian universities—Mount Allison, Dalhousie, Montreal, Toronto, Ontario Agricultural College, Western, and British Columbia.

Each new group of Assistant Trade Commissioners spends about 16 months learning the work of various branches of the Department of Trade and Commerce, visiting other government departments, and touring industry across Canada. The 1960-61 group began their tour last fall in Eastern Ontario and travelled throughout the four Maritime Provinces and Quebec. During June and July they will complete their coverage of the Canadian business scene from Ontario to B.C.



Douglas I. Campbell

Born: Guelph, Ontario.

Educated: Ontario Agricultural College, B.Sc. (Economics) 1960.

Posting: Caracas, Venezuela, as Assistant Commercial Secretary.

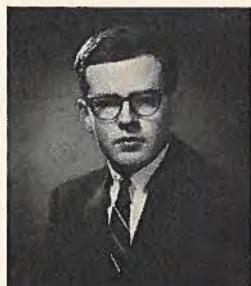


Edmond E. Price

Born: Montreal, Quebec.

Educated: University of British Columbia, B. Comm. (Marketing) 1959; University of Western Ontario, M.B.A. 1960.

Posting: Sydney, Australia, as Assistant Trade Commissioner.



James A. Elliott

Born: London, Ontario.

Educated: University of Western Ontario, B.A. (Economics and Political Science) 1959.

Posting: Karachi, Pakistan, as Assistant Commercial Secretary.



Paul A. Theberge

Born: Saint-Eleuthère, Quebec.

Educated: University of Montreal, B.A. 1957, M.Comm. 1960.

Posting: Accra, Ghana, as Assistant Commercial Secretary.



Wendell E. Fulton

Born: Lakeville Corner, New Brunswick.

Educated: Mount Allison University, B.A. 1955; Dalhousie Law School, LL.B 1960.

Posting: Oslo, Norway, as Assistant Commercial Secretary.



Norman L. Williams

Born: Toronto, Ontario.

Educated: University of Toronto, B.A. (Political Science and Economics) 1960.

Posting: Cape Town, South Africa, as Assistant Trade Commissioner.



J. Clark Leith

Born: Brandon, Manitoba.

Educated: University of Toronto, B.A. (Political Science and Economics) 1959; University of Wisconsin, M.S. (International Economics) 1960.

Posting: Ciudad Trujillo, Dominican Republic, as Assistant Commercial Secretary.

Roger Duhamel
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DEPARTMENT OF TRADE AND COMMERCE
CANADA

FOREIGN TRADE SERVICE

OTTAWA, May 12, 1961.

Mr. I.M. White,
President,
Clean-All Limited,
Hamilton, Ontario.

Dear Mr. White:

Thank you for letting us know, in your letter of May 9, of the considerable interest you found in your cleaning paste in the New York market. I am glad you were able to follow through on the plans to explore export markets for your product which we discussed during the Export Trade Promotion Conference, and I am sure that this will be of real benefit to your company.

The careful study you gave to the value for duty problem before beginning your sales campaign has undoubtedly paid off. Without this preliminary study, a most promising product can run into unforeseen and serious difficulties. I am enclosing another copy of the yellow booklet on U.S. Customs valuation procedure which you asked for, and which covers this subject in detail.

I am glad to hear that you were able to substitute for that coal tar derivative in your original mix. It is now confirmed from Washington that, as we had expected, this will change your classification from paragraph 28 (a) of the U.S. Tariff Act of 1930, which is subject to a duty of 7 cents per pound plus 45 per cent ad val., to paragraph 13 at 6 per cent. You will probably agree that this ruling was worth waiting for.

You also asked whether it would be worth your while to visit other parts of the United States to investigate export opportunities there. I would highly recommend that you do so. If you wish to advise our Trade Commissioners at the various United States posts in advance, they would be pleased to make appointments for you with potential buyers. You will find their names and addresses in "Foreign Trade", to which you subscribe. Alternatively, at your choice, we would be glad to write on your behalf to the Canadian Trade Commissioners at the posts you wish to visit.

Yours faithfully,

G.A. Browne
G.A. Browne,
U.S. Division,
International Trade Relations Branch.

Encl.

How will
U.S. tariffs
affect
my sales...

Trade and Commerce Can Help You