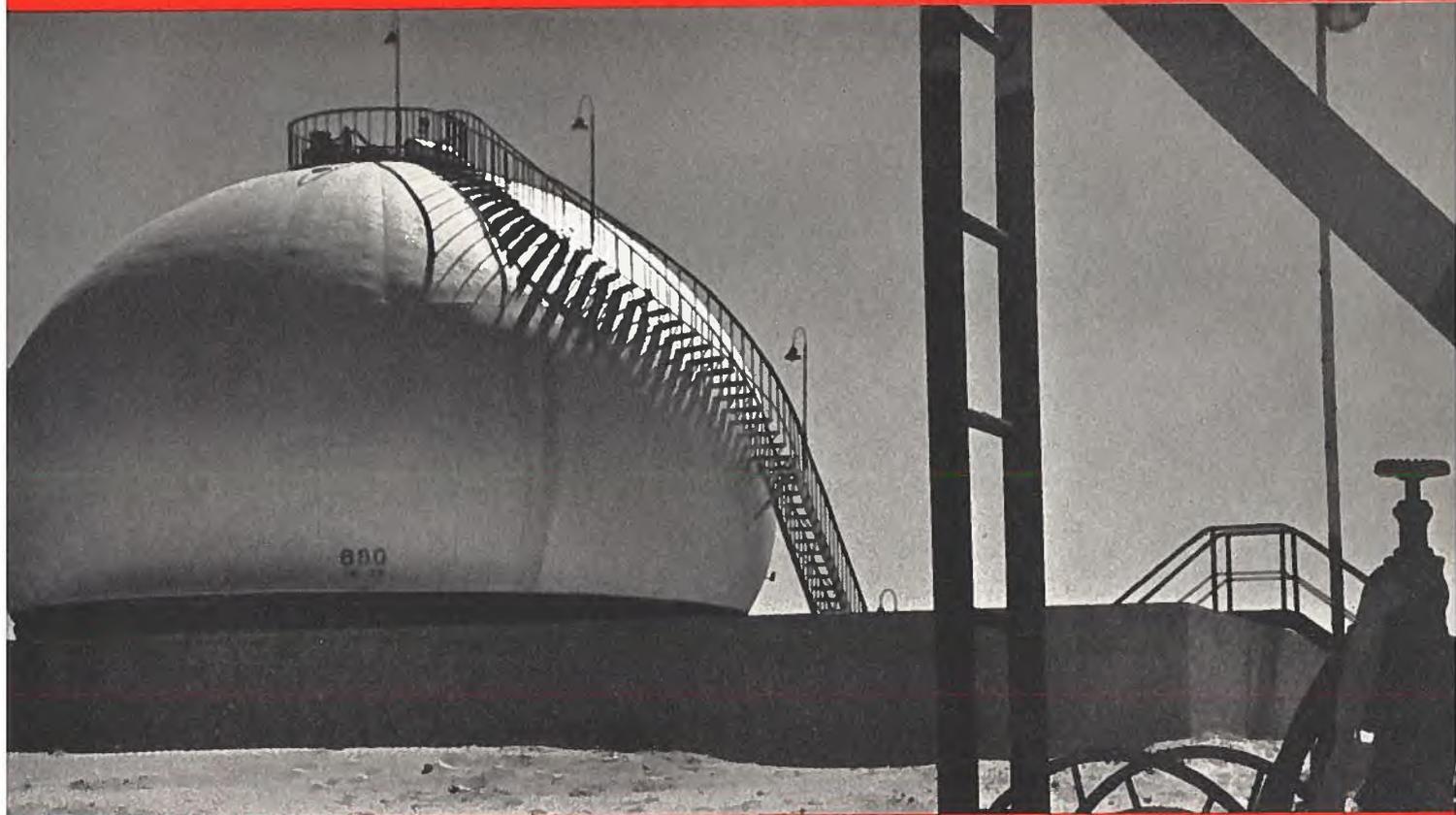


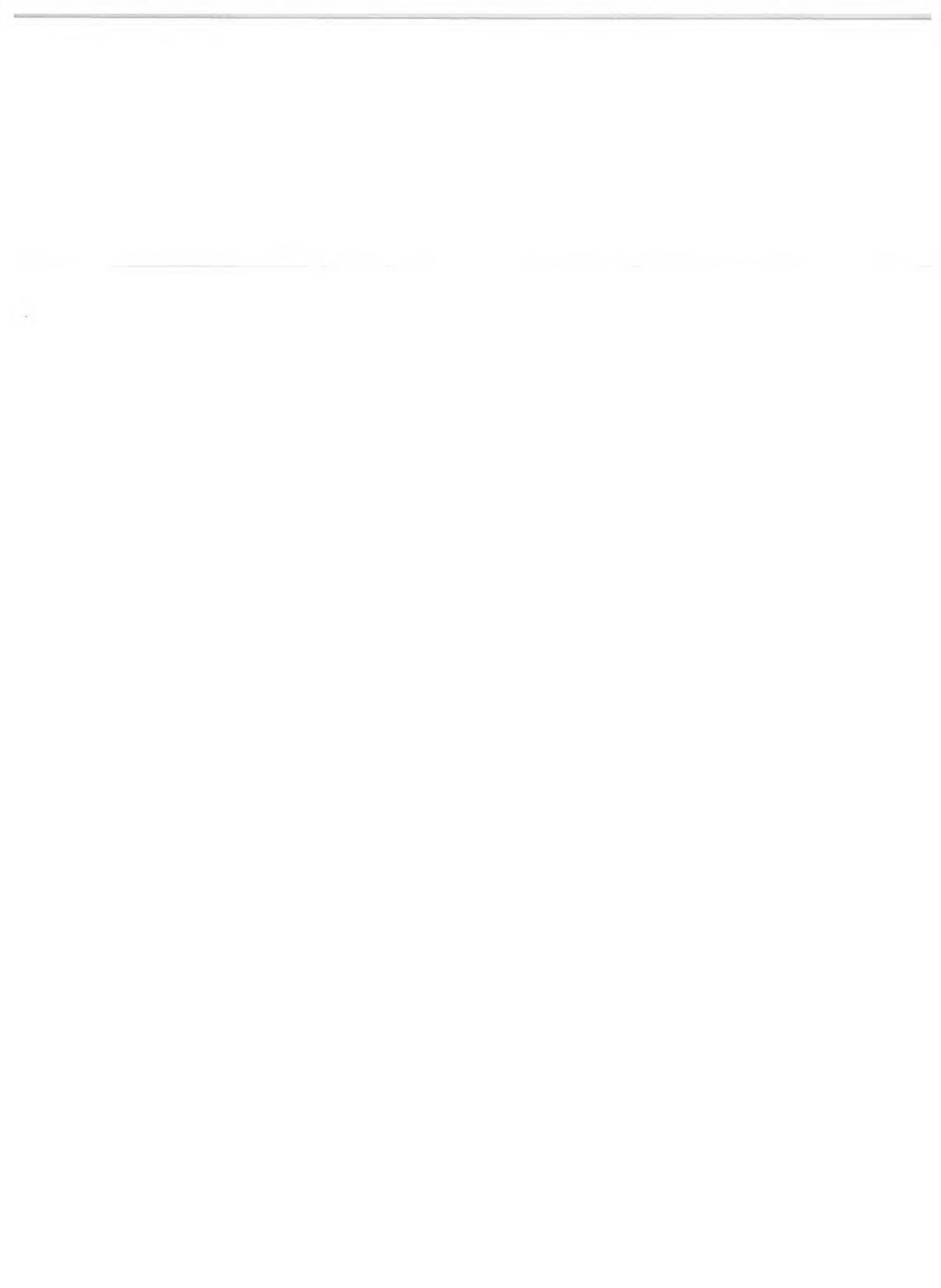
Development and Trade in the Middle East (pages 2 to 30)



FOREIGN TRADE

DEPARTMENT
OF TRADE AND
COMMERCE
OTTAWA

FEB. 25. 61



FOREIGN TRADE

DEPARTMENT
OF TRADE AND
COMMERCE
O T T A W A

Established in 1904

FEBRUARY 25, 1961

Volume 115, Number 4

COVER Oil, symbolized by this spherical storage tank in arid Saudi Arabia, continues to dominate the Middle Eastern economy; was by far the largest element in Canada's imports of \$84 million from these countries in the first ten months of last year. For reports on current conditions and trade in the Middle East, see pages 2 to 30.

2 **Canada's Trade with the Middle East . . . opportunities for Canadian exports are increasing, though prospects vary from country to country.**

5 **The Middle East in 1960 . . . four offices of the Trade Commissioner Service analyze progress and trading patterns in ten countries in this area.**

5 **From the Athens Office:**

6 **Turkey**

10 **From the Cairo Office:**

11 **United Arab Republic (Egyptian Region)**

13 **Saudi Arabia**

14 **Sudan**

16 **From the Beirut Office:**

17 **Iraq**

22 **Jordan**

20 **United Arab Republic (Syrian Region)**

25 **Kuwait**

26 **Bahrain**

27 **From the Tehran Office:**

28 **Iran**

30 **Shipping Services from Canada to the Middle East**

32 **Import and Exchange Regulations in the Middle East**

40 **Canada in Middle East Markets**

38 **Foreign Exchange Rates**

37 **Trade Commissioners on Tour**

34 **Foreign Tariffs and Trade Regulations**

Published fortnightly by the Department of Trade and Commerce.

The Hon. GEORGE HEES, Minister.

JAMES A. ROBERTS, Deputy Minister.

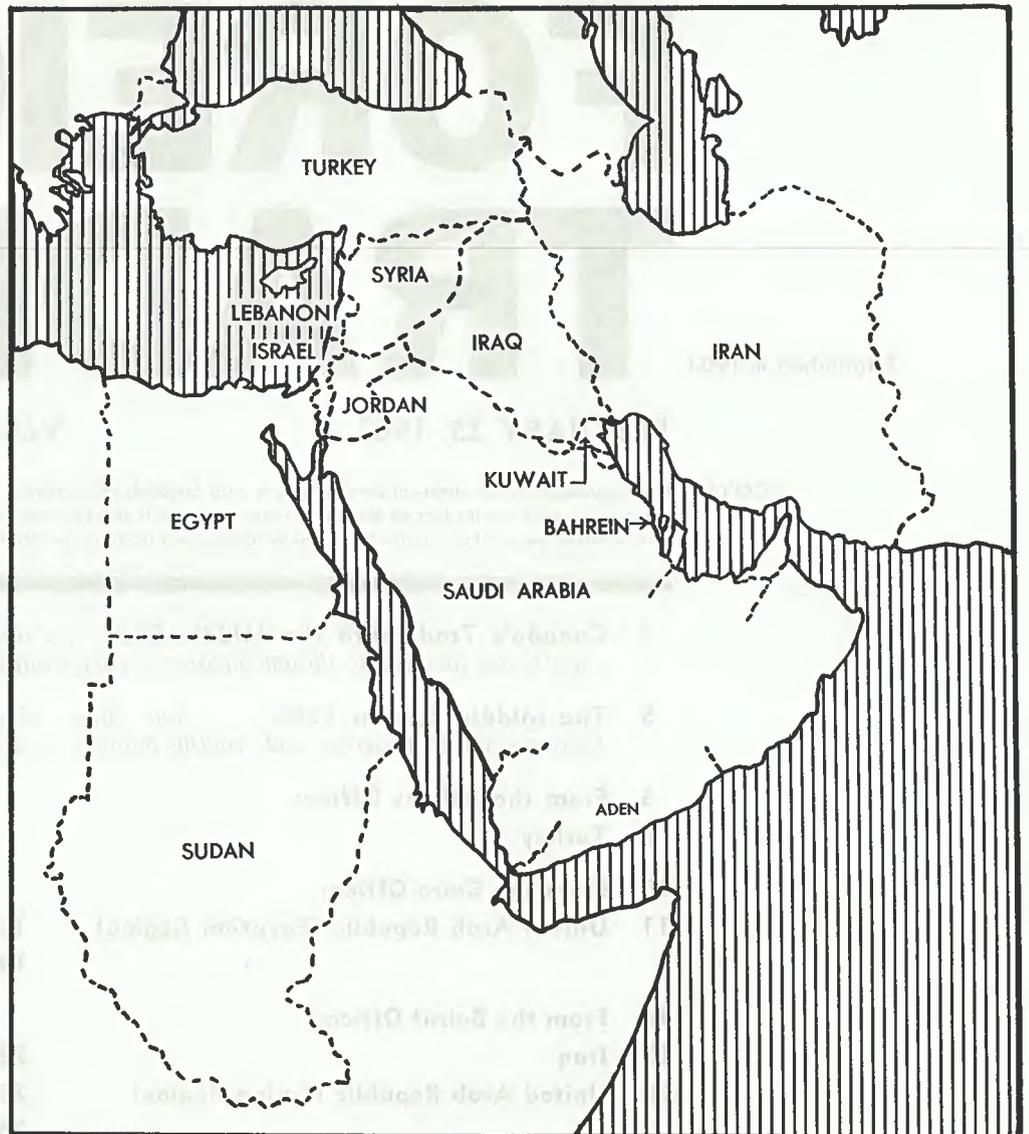
Please forward all orders to:

Price: \$2.00 a year in Canada; \$5.00 abroad

Queen's Printer, Government Printing Bureau, Ottawa.

Single copies: 20 cents each.

Material appearing in this magazine may be freely reprinted, preferably giving credit to "Foreign Trade".



Canada's Trade with the Middle East

J. R. DOWNS, *Chief,*
Asia and Middle East Division.

THE Middle East is an important commercial and economic region. Located where three continents meet, it stretches from the eastern Mediterranean southeasterly to the Arabian Sea, an area of more than four million square miles.

Some 130 million people inhabit this region and conduct a growing international trade. In 1959, the combined exports of the Middle Eastern countries were valued at nearly U.S.\$5.0 billion and their combined imports at about U.S.\$4.2 billion. These figures represent an increase of about 23 per cent over 1955. Trade totals of these countries in recent years are shown in Table I.

Canadian sales to this area rose 14 per cent in 1960; totalled a record \$24 million. Trading opportunities should increase as economic development and diversification proceeds.

The Middle East is the world's main oil-exporting area and contains a major part of the world's known reserves of petroleum. The trade and revenues of such countries as Iran, Iraq, Saudi Arabia and Kuwait are strongly underpinned by petroleum exports. In recent years, these exporting countries have encountered increasing competition in the supply of petroleum to world markets from various sources, though their sales of oil continue to be large.

The export trade of other countries in the Middle East is also concentrated on relatively few commodities. Cotton accounts for about 70 per cent of Egyptian merchandise exports, about 45 per cent of Syrian, over 65 per cent of Sudanese, and about 15 per cent of Turkish exports. Tobacco accounts for 35 per cent of Turkey's exports and citrus fruit and diamonds together account for 60 per cent of Israel's shipments.

The countries in this region have sources of foreign exchange earnings other than merchandise exports—for example, the Suez Canal revenue of the United Arab Repub-

lic and the earnings of several countries from the tourist trade. In general, however, a high proportion of foreign exchange earnings of each country in the region depends upon the volume and price of sales abroad of relatively few products.

For this reason as well as others, the Middle East countries are striving to develop and diversify their economies and their trade. The bulk of their imports consists of machinery and equipment for development, vehicles, metal manufactures, and cereals (depending on local crop conditions). There are, however, some interesting outlets for various types of consumer goods.

Exports Up in '60

Although there were naturally variations as between particular countries, the export trade of the Middle East as a whole in 1960 was buoyed up by prosperous conditions in the United Kingdom and Europe (the main export markets), as well as in Japan. These favourable circumstances more than offset a tendency for exports to the United States to decline moderately. In the first five months of 1960, Middle East exports to Britain totalled \$433 million (\$421 million, same period 1959); to the Common Market countries \$927 million (\$851 million, same period of 1959); and to the United States \$189 million (\$211 million in five months of 1959). In the first two months of 1960, the region's exports to Japan

TABLE I—TRADE OF THE
MIDDLE EAST*

(millions of U.S. dollars)

Year	Exports (f.o.b.)	Imports (c.i.f.)
1955	3,968	3,443
1956	4,170	3,572
1957	4,497	3,842
1958	4,854	3,955
1959	4,990	4,184

*Based on IMF statistics. Countries or territories included in the above totals are Aden, Egyptian Region, U.A.R., Ethiopia, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Saudi Arabia, Sudan, Syrian Region, U.A.R., Turkey, and others in the Persian Gulf region.

TABLE II—EXPORTS FROM CANADA TO THE MIDDLE EAST

	(thousands of Canadian dollars)			
	1957	1958	1959†	1960†
Bahrain	*	*	*	112
Iran	1,717	1,657	2,242	2,499
Iraq	1,070	970	4,310	2,425
Israel	5,050	4,641	4,557	6,184
Jordan	98	159	72	131
Kuwait	*	*	*	1,091
Lebanon	1,116	2,242	3,182	3,443
Saudi Arabia	1,664	2,020	2,878	2,905
Sudan	213	186	368	335
Turkey	483	1,479	693	2,014
United Arab Republic				
Egypt	1,221	1,207	1,601	2,010
Syria	812	767	1,067	674
Total above	13,444	15,428	20,970	23,823

*Before 1960, the statistics for Saudi Arabia included Bahrain and Kuwait.

†Published export totals for 1959 and 1960 exclude non-commercial items which are included in the totals shown for the earlier years. Thus although the 1959 figures above are shown on the same basis as the 1960 figures, the totals for these two years are not strictly comparable with those shown for earlier years.

TABLE III—IMPORTS INTO CANADA FROM THE MIDDLE EAST

	(thousands of Canadian dollars)				
	1957	1958	1959	1959	1960
				(9 months)	
Bahrain	*	*	*	*	
Iran	546	920	11,961	7,644	21,605
Iraq	435	1,559	1,111	665	10
Israel	1,587	1,813	2,505	1,890	1,884
Jordan	4	5	2	1	1
Kuwait	*	*	*	*	17,323
Lebanon	43	81	27	3	29
Saudi Arabia	34,317	68,023	70,729	52,812	27,459*
Sudan	45	80	441	390	32
Turkey	841	529	913	652	636
United Arab Republic					
Egypt	330	271	281	181	517
Syria	242	200	189	52	64
Total above	38,390	73,481	88,159	64,290	69,560

*Before 1960, Saudi Arabia total included Bahrain and Kuwait.

reached \$72 million, compared with \$55 million in the same period of 1959.

Canada-Middle East Trade

Canadian exports of commercial items to the Middle East rose by about 50 per cent in 1959 to \$21.0 million (then a record), and grew by a further 14 per cent in 1960,

to a level of \$24.0 million. Export statistics are presented in Table II.

Exports to most countries in the region increased and thus more than offset a drop in sales of wheat to Iraq in 1960. In 1959, wheat shipments to Iraq were stimulated by a succession of crop failures. Important commodities in our export trade with this region include wheat,

asbestos, agricultural equipment, drugs and chemicals, aluminum, cars and parts, stoves, lamps and washing machines.

Crude oil accounts for about 94 per cent of our imports from the Middle East; important products apart from oil are fruit, dates, nuts, diamonds and carpets. Because of greater purchases of oil, imports from the Middle East have expanded considerably in recent years. Import totals are shown in Table III.

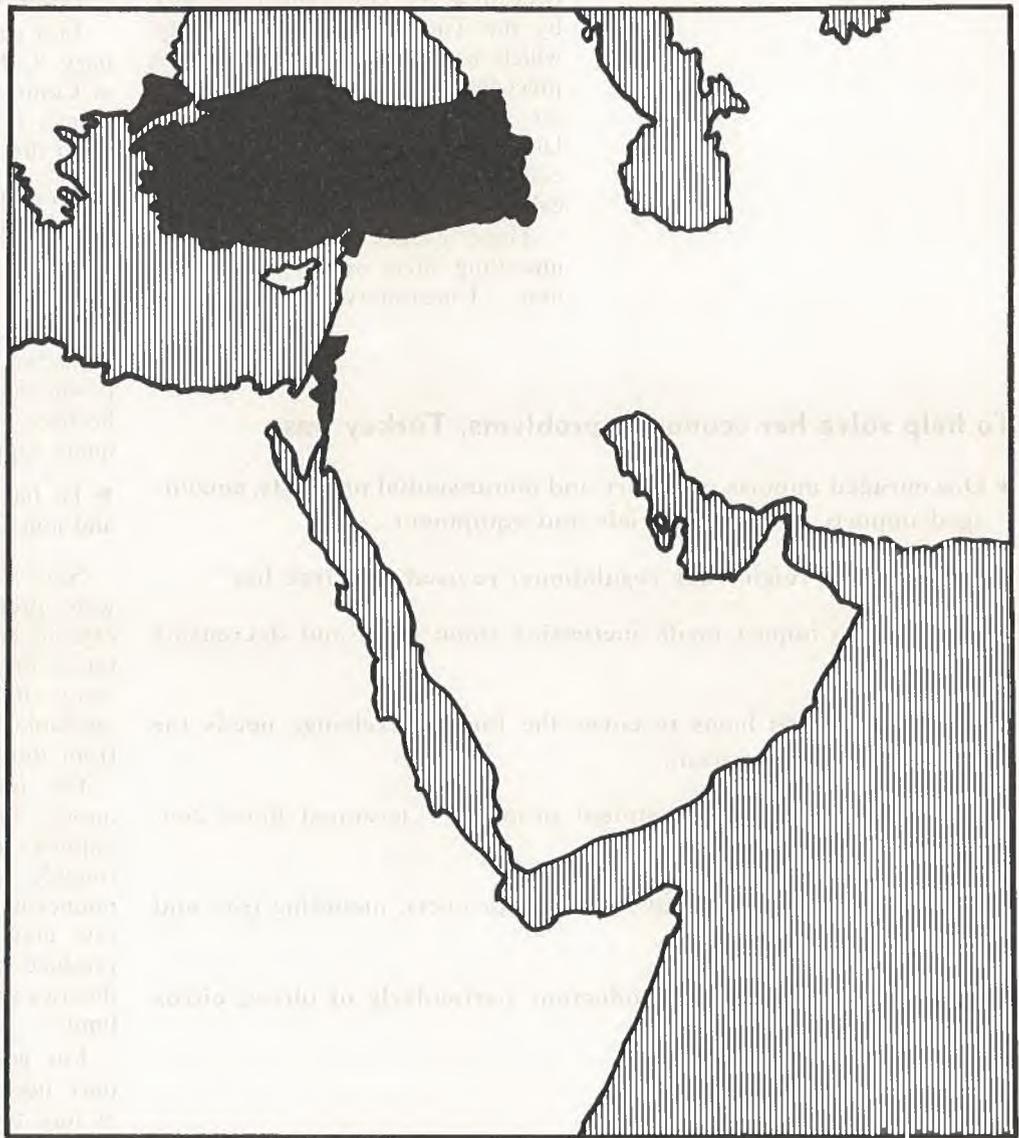
Export Prospects

The income and trade of Middle Eastern countries is bound to grow in the long run with the progress of economic development, and the area should become of increasing interest to Canadian exporters.

At the Export Trade Promotion Conference held in Ottawa last December, Canadian businessmen showed a good deal of interest in opportunities for promoting exports to Middle Eastern countries. The three Trade Commissioner posts concerned wholly with countries in this region (Beirut, Cairo and Tehran) conducted some 340 interviews with businessmen from eight provinces. In addition, the Athens post, which also covers Israel and Turkey, carried out a large number of interviews, many of which were related to trade promotion in those two countries. A continuing study and follow-up by exporters of products that this varied region must import should be of value.

Business opportunities vary considerably from country to country, especially in the short run. The articles on particular countries in this issue are worthy of study by interested exporters who may find it profitable, in consultation with the Trade Commissioner, to plan a visit to one or more of these countries at some time. Business opportunities are related not only to the amount of foreign exchange earned by Middle East exports, but also to the number and size of development projects for which outside capital is available from various sources. ●

The Middle East



the Athens office reports

Turkey

THE year 1960 was a difficult one for Turkey. In May a military group led by General Cemal Gursel overthrew the Government, headed by the Turkish Democratic Party, which had been in power for the preceding ten years. General Gursel set up a Committee of National Unity which has since governed the country through an 18-member cabinet.

These events had naturally an unsettling effect on business conditions. Uncertainty descended on

discussed in the following paragraphs.

Foreign Trade Regulations

In a statement broadcast on January 3, Mehmet Baydur, Minister of Commerce, outlined the Government's import policy. He made it plain that the policy is designed:

- To ensure maximum use of existing manufacturing capacity by favouring imports of essential raw materials and equipment.

- To encourage existing and new industries and domestic agricultural production by refusing import licences for goods that are in adequate supply from home sources.

- To bar the import of all luxury and non-essential goods.

New foreign trade regulations were promulgated in the Turkish *Official Gazette* on January 4. So far as can be judged from a quick study of the informal translations available, they do not differ greatly from those previously in force.

For imported goods subject to quotas, import licences have to be applied for by a specified date, roughly one month after the announcement of the quota. Industrial raw materials and other essential products required by domestic industries are not subject to this time limit.

For goods on the free list, import licences may be applied for at any time and for any amount; they are not subject to a time limit.

Applications for quota licences must be accompanied by a guarantee of 10 per cent of the Turkish lira equivalent of the dollar value of the application and a pro-forma invoice or firm offer from the intended supplier. No single application may cover more than 20 per cent of the total allocation for the item or items concerned.

The payment terms permissible for both quota and free list imports include letter of credit, cash against documents and cash against goods.

To help solve her economic problems, Turkey has:

- Discouraged imports of luxury and non-essential products, encouraged imports of raw materials and equipment.
- Issued new foreign trade regulations; revised the "free list".
- Revised the import tariff, increasing some rates and decreasing others.
- Obtained foreign loans to cover the foreign exchange needs for the 1961 import program.
- Reviewed industrial investment proposals; scrapped those considered impractical.
- Pushed ahead with several industrial projects, including iron and steel mill at Erigli.
- Encouraged agricultural production, particularly of olives, citrus fruit and hard wheat.

most of the many enterprises and projects launched by the previous government and the trading community adopted a wait-and-see attitude.

In a message to the nation on New Year's Eve, General Gursel said: "The year 1961 will mark the establishment of the Second Turkish Republic" that "will be founded on justice and virtue, necessary to Turkish development and progress."

Within the next few days a whole series of momentous steps were announced or actually taken. The economic measures announced are

BRUCE A. MACDONALD,
Commercial Counsellor, Athens.

For both free list and quota items, when payment is to be made cash against documents or against goods, the 10 per cent guarantee mentioned above, plus a further deposit of 50 per cent of the Turkish lira equivalent of foreign exchange applied for, shall be deposited with an authorized bank before the import licence is issued.

Letters of credit must be opened within one month of the date of the licence and will be valid for five months. Cash against documents payments must be made within five months of the date of issue of the import licence. Payments on the basis of cash against goods must be made within six months of clearing the goods.

Global Quota and Free List

Under authority of the new regulations and on the same date, the Minister of Commerce announced the Sixth Global Import Quota and Free Lists. These are valid for six months and together cover imports to a total value of between \$280 and \$290 million. Details were given in *Foreign Trade* of February 11, 1961.

The Sixth lists apply only to imports from hard currency countries, including the European Monetary Agreement Area. Imports from "clearing account" countries (i.e., U.S.S.R., Bulgaria, Poland, East Germany, Hungary, Rumania, Czechoslovakia, Yugoslavia, Israel, Finland, Iran, Egypt and Brazil) are to be made within the values shown on the lists of exchanges agreed upon with the individual countries.

Among the additions to the free list are chemicals, rubber, hides, agricultural machinery, special purpose vehicles, iron and steel sheets, and zinc. For a list of the quota items of special interest to Canada, see "Foreign Tariffs and Trade Regulations" in the February 11, 1961, issue of *Foreign Trade*.

It is understood that imports of agricultural implements and tractors are to be subject to special approval

by the Ministry of Agriculture, which has laid down the procedure to be followed in applying for covering import licences. Details are not yet available.

Use of ICA Funds

An appreciable part of the foreign exchange made available from United States ICA funds allocated to Turkey, mainly from the Development Loan Fund, has for some time past been available for imports from a number of third countries, including Canada. These funds have, in fact, made possible the sale of substantial quantities of Canadian goods which the Turkish Government or private firms would otherwise probably have been unable to buy. The fact that the change in its balance-of-payments position has led the U.S. Government to restrict the use of ICA funds will doubtless affect imports from Canada to some, but at present an unknown, extent.

It is reported that the U.S. and Turkish authorities are negotiating a list of products that will be eligible for (or perhaps reserved for) import from the United States against payment from ICA funds. This list is expected to be made public in the near future.

Turkish Tariff Revised

The revised import tariff, promulgated under Law No. 146 and published in the *Official Gazette* of Jan-

uary 7, came into force on that date. It is understood that the rates on some 400 items are affected, either upward or downward. The revision is frankly protectionist in character. Rates on raw materials have generally been decreased and those on goods manufactured or to be manufactured within the country have in numerous cases been increased.

The Minister of Customs and Monopolies is reported, however, to have stated that the over-all effect of the revision is to bring the average ad valorem rate down from 39.5 to 37.4 per cent.

Foreign Exchange Problems

On August 22, 1960, the official rate of the Turkish lira was officially altered, with the concurrence of the International Monetary Fund, to a

Along the Aegean Coast of Turkey, grapes, figs and olives flourish in the hot, dry summers and the mild winters. Here Turkish girls gather in the grape harvest. Turkey also produces a large proportion of the world's sultana crop.



ratio of nine Turkish liras to one United States dollar, from the old official rate of T£2.80 to U.S. \$1.00. This was merely a de jure recognition of a de facto devaluation which had taken place in August 1958.

It is understood that Turkey's accumulated foreign indebtedness on both government and commercial account totals about \$1.4 billion. Although final figures are not yet available, it is estimated that the exchange deficit on trading account in 1960 compared with 1959 was:

	1959	1960
	(millions of U.S.\$)	
Imports	\$463	\$443
Exports	315	355
Deficit	\$148	\$ 88

These figures do not include imports on defence account nor "invisibles", which increase the deficit substantially—by as much as \$100 million a year according to one authority.

On December 24, 1960, the Minister of Finance stated that the foreign exchange needed to cover the 1961 import program, totalling the equivalent of U.S.\$515 million, had been assured. It is understood that the estimated exchange shortfall amounted to about \$200 million but that agreement to cover it was reached with the following lenders for the amounts stated: DLF \$130 million (to cover the foreign exchange part of the cost of the new steel mill at Erigli); IMF \$37.5 million, and \$50 million through OEEC arrangements.

West German and Turkish experts were to meet before the end of January to discuss the amount and terms of a loan (said to be about DM100 million) that West Germany is considering extending.

Among other measures designed to close the foreign exchange gap are continued vigorous exploration for oil, encouragement of domestic industry, increased agricultural production (particularly of olives, citrus fruit and hard wheat), and the establishment of an Export Promotion Bureau.

The Bureau is charged with studying means of increasing the sales of Turkish industrial and agricultural products in foreign markets; with watching the trend of world supply and demand affecting commodities of interest to Turkey, and with preparing special reports as required by Turkish trade associations, co-operatives and government departments.

Industrial Progress

The new government has set up a Central Planning Organization to review present investment projects, and hundreds of the old ones have been scrapped. It is expected that a comprehensive Five Year Plan for economic development will be agreed upon in the course of the current year and put into effect at the beginning of 1962.

The Organization consists of one division for economic and one for social planning, plus a third for co-ordination. It is headed by an Under-Secretary of State for Planning and is responsible to a High Planning Council consisting of the Prime Minister and three other Ministers.

Some New Industries

Meanwhile several important new industries are being established in advance of the over-all plan. These include a tire plant to be built in 1961/62 by Pirelli near Istanbul with an initial production of 120,000 tires a year, increasing eventually to 250,000, and an insecticide and chemicals plant to be established at Izmit, about 30 miles east of Istanbul. The latter is expected to produce 8,150 tons of caustic soda a year, 3,000 tons of DDT, 3,000 tons of BHC, and 740 tons of hydrochloric acid from local raw materials such as salt, ethyl alcohol and benzol. The foreign exchange component of the cost of the plant, some \$2.8 million, is being supplied by the Development Loan Fund. The plant is expected to save the country some \$3 million a year in foreign exchange.

The most important new project is the iron and steel plant to be constructed at Erigli on the Black Sea coast, at a total cost equivalent to \$245 million. The agreement was signed in Ankara on January 9 by the Minister of Industry and the director of the DLF, which is supplying a credit of \$130 million; it is said to be the largest credit DLF has ever extended for a single industrial undertaking. It is understood that repayment is to be over a period of 20 years at 5½ per cent; all but \$31 million will be repayable in Turkish lira.

The plant is to be directed and controlled by the Erigli Iron and Steel Corporation. Although the Turkish Government will invest the equivalent of \$23 million, the corporation will be a private enterprise. It is reported that the remaining finance will be supplied as follows: \$15 million by a U.S. construction consortium (Messrs. Koppers Inc., Blaw-Knox, and Westinghouse International); \$15 million by U.S. banks headed by the Chase International Investment Corporation; the equivalent of \$20 million on long-term credit from European suppliers of equipment, and the remainder by private Turkish participants, including the Karabuk Iron and Steel Corporation and the Sumer Bank.

The plant will unquestionably be a landmark in the modernization of Turkey. It will produce the first rolled steel, employ over 3,000 workers directly and many others indirectly, and ultimately effect a huge saving in foreign exchange. It will produce 470,000 tons a year, which can be raised later to one million tons. Construction starts this coming June and is to be finished before the end of 1964.

Harvest Is Disappointing

Earlier hopes that the new administration would be helped in its task of restoring economic order by exceptionally good crops have not been entirely realized. Record crops of tobacco (140,000 tons estimated) and of figs (40,000 tons

estimated) are in prospect but sultana production, although better in quality than in 1959, is expected to be down 25 per cent to 75,000 tons.

The latest estimate for filberts (hazelnuts) is 25,000 to 28,000 tons, as against over 40,000 tons in 1959. At one time it was hoped that olive production would reach 100,000 tons, but this figure has been cut to 65,000 tons—still somewhat above the ten-year average. Estimates of the cotton crop vary between 135,000 and 170,000 tons compared with 165,000 in 1959.

The latest available estimates for the 1960 cereal crop (the 1959 actual production figures are given for comparison) are:

	1959	1960
	(metric tons)	
Wheat	7,852,000	8,600,000
Barley	3,300,000	3,700,000
Rye	665,000	700,000
Oats	479,000	500,000
TOTAL	12,296,000	13,500,000

Wheat production was disappointing. Earlier in 1960 the hope was that 300,000 tons of durum would be available for export, but there was little or none, and 450,000 tons of wheat will probably have to be imported before the next crop arrives. All of this will come from the United States under PL 480. One PL 480 contract for 120,000 tons was signed on October 22, 1960, and a second for a further 200,000 tons on January 11, 1961.

Trade with Canada

Canada and Turkey have not hitherto been important trading partners but the possibility of a much greater movement from Canada to Turkey should not be dismissed.

Since World War II Canadian sales to Turkey have ranged between \$500,000 (1957) and \$1,500,000 (1958) a year. Figures for twelve months of 1960 are not yet available but for the first eleven

they total \$1,538,000 as against \$858,000 for the same period in 1959. It is probable that they will reach at least \$1,800,000 for the full year as against \$1,127,000 in all of 1959. The substantial increase resulted mainly from larger sales of aluminum products.

MAIN CANADIAN EXPORTS TO TURKEY

	1959	1960
	(eleven months) (in Can. \$)	
Total (eleven months)	883,289	1,625,875
Of which:		
Aluminum, semi-fabricated (high tension cable)		814,928
Aluminum primary forms	454	33,115
Machinery and parts, n.o.p.	7,230	119,947
Sheet and strip, steel, n.o.p.		73,027
Plates, sheets and strips, steel	7,439	
Ploughs and parts, n.o.p.	51,239	38,138
Pneumatic tires for trucks and buses	123,111	65,531
Pulp, sulphite bleached, paper grades		49,866
Plastics, synthetic rubber, not shaped, n.o.p.		33,297
Drugs and chemicals, n.o.p.	135,293	36,135
Nitrogen fertilizer, n.o.p.		29,500
Manufactures of iron, n.o.p.	266	46,628
Autos, passenger, new, over \$1,000	6,299	16,782
Motor vehicles, n.o.p. and parts		18,651
Engines, aircraft and parts	3,578	15,327
Radio wireless apparatus	142,951	14,502
Whisky	44,668	65,316
Stoves, n.o.p., heating apparatus	10,700	22,971
Cattle hides, raw		32,230
Pneumatic tires for tractors	7,820	24,880

Canada's purchases from Turkey are, unfortunately, relatively small; they have ranged in recent years from about \$500,000 (1958) to \$900,000 (1959) a year. During the first nine months of 1960 they totalled \$636,000 as against \$661,000 in the same period of 1959

and consisted of a handful of agricultural commodities, as the following table shows:

	1959	1960
	(nine months)	
Total imports	\$661,495	\$636,408
Of which:		
Walnuts, shelled	287,593	46,646
Tobacco, Turkish, unstemmed	162,430	129,511
Filberts, shelled	83,894	334,711
Figs, dried and fig paste	71,609	7,258
Cotton linters and fibres	33,280	75,101
Wool washed or scoured		16,314

Canada has bought some Turkish chrome ore in certain years—21,000 tons valued at \$88,000 in 1958—but this movement seems to be spasmodic.

Statistics are not yet available for all of 1960 but the table on the left shows exports of Canadian products to Turkey during the first eleven months of 1960, compared with the same period in 1959.

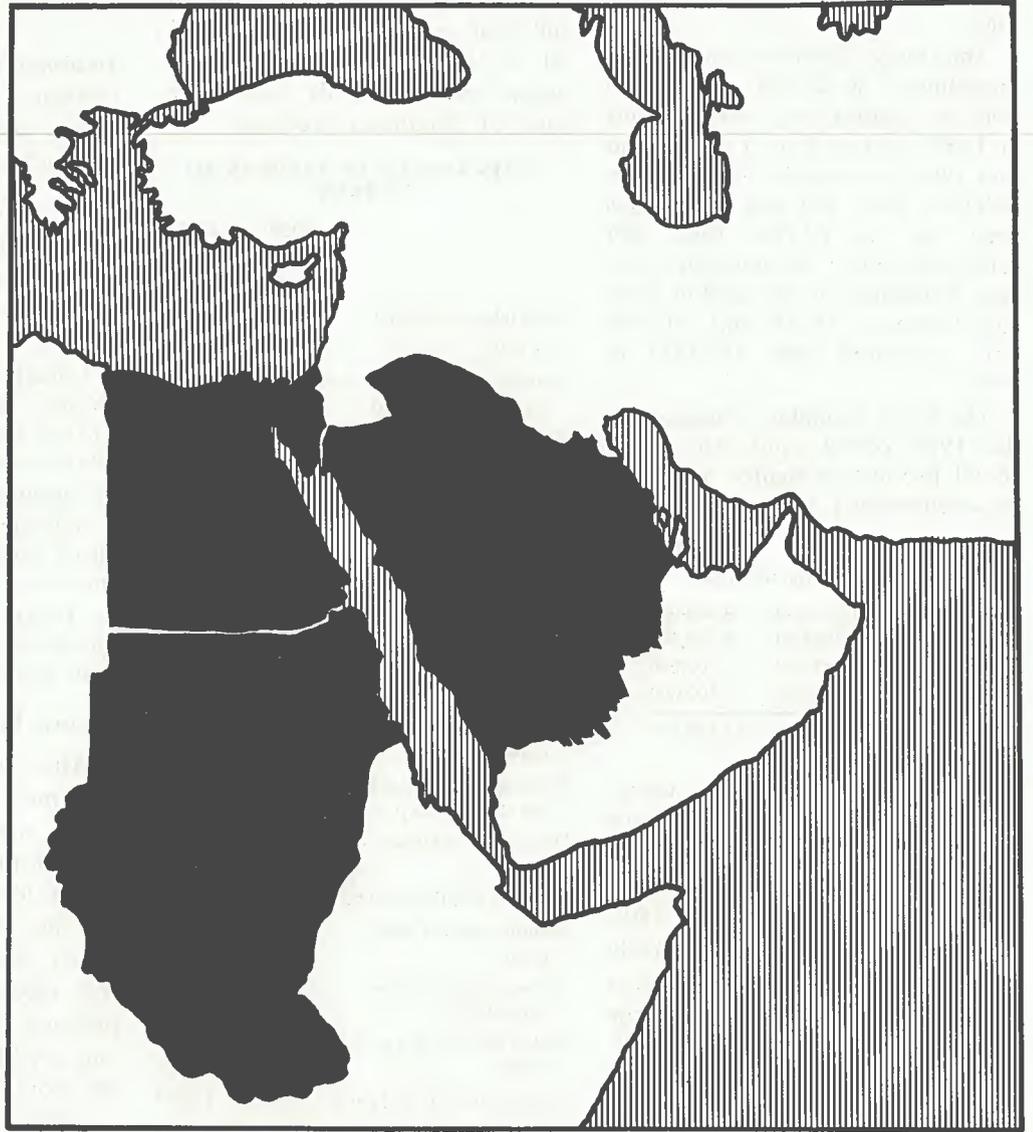
Future Prospects

Although Turkey, in common with most of the vast continent on whose western frontier she stands, faces formidable problems in her efforts to modernize her economy, she has definitely made a start. Given peace, adequate administrative efficiency, and the fertilizing presence of long-term venture loans and credit, the modernizing process should continue and prosper. In so doing it should present real opportunities to Canadian, as well as to other foreign, industrialists and traders who are prepared to accept some risks in an exotic and beautiful area of the world.

Reports on Israel and Cyprus

B. A. Macdonald, Commercial Counsellor in Athens, Greece, plans to visit Israel and Cyprus shortly and we expect to publish his reports on these two countries soon after his return to Athens.

The Middle East



the Cairo office reports

United Arab Republic

Egyptian Region

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

WHEN the 1960 trade statistics are finally collated, they will probably show that it was one of the best years for foreign trade and invisible exports in Egypt's history. More cotton was sold at better prices and more sales were made to the West for convertible foreign currencies than in any recent year. Similarly, other exports such as rice, cotton yarn and cloth, onions, potatoes, peanuts, sugar, citrus fruits and petroleum enjoyed a successful year. The tourist industry set new records and for the first time extended into the summer hot season. And Suez Canal revenue rose, not from a greater number of ships but from increased tonnage carried by fewer and larger vessels.

Despite the improvement in earnings, Egypt maintained its severe import restrictions and foreign exchange controls. The fact is that reserves of foreign exchange have dropped to a critically low level because sizable payments have been made for nationalized British properties, for the Suez Canal, and to the Sudan. In addition, there were repayments on loans and credits extended by various Western countries and institutions. Economists claim that these purchases of capital assets from foreign owners are good in the long run but the immediate effect is to strain financial resources severely.

Development Plan Begun

Last year the Second Five-Year Development Plan began. This comprehensive plan covering all phases of the economy is expected to cost

£E295 million. Industrial development, followed by communications, transportation and storage are the two major sectors. The funds required will come from local sources (mainly public but some private)

and from foreign loans and credits. Of the latter, Egypt now has available a total of £355 million although not all of this is in foreign currency and most of it is tied to specific projects and/or specific donor countries and agencies. These include the World Bank (for the Suez Canal), the U.S.S.R. (for the Aswan High Dam and various industrial projects), West Germany, East Germany, Japan, Yugoslavia, Italy, Czechoslovakia, the United States, the Netherlands and Switzerland. Canada has not participated in Egypt's development plans, with one small but notably successful exception—consulting engineering services in the pulp and paper field.

The year 1960 brought a number of nationalization measures in

Egypt. In February the National Bank of Egypt and the Banque MISR group came under complete government control. The former acted as a central bank and the latter was a wholly Egyptian-owned industrial and financial complex, the largest of its kind in the Middle East. The nationalization of the press included one paper which was some 80 years old. In the third quarter, the drug and pharmaceutical importing and distributing trade, certain bus companies, and the tea

Last year Egyptian traders . . .

- Increased their exports by an estimated £E47 million.
- Raised their imports by about £E4.3 million.
- Boosted their sales to North and South America by £E13 million.
- Carried on a record trade with the Communist countries.
- Bought from Canada goods worth \$351,000 more in first three quarters of 1960 than in the same period of 1959.

importing, packing and distributing trade came under government control. In December, all Belgian interests (including the successor to the famed *Shepherds Hotel*) were nationalized. These moves, particularly the nationalization of the Banque MISR group, gave the Government complete and centralized control of the economy.

Foreign Trade

Egypt's official foreign trade policy includes continued efforts to find foreign markets and sources of supply in as many and diverse countries as possible, to avoid dependence on any one group of countries. The present policy of attempting to conduct trade between individual countries by exchanging

commodities on a reciprocal basis within agreed quotas will also continue. To this end, licences for imports are issued with an eye to the trade balance and West Germany and the United Kingdom, where some licences have been issued, have been specifically excluded as sources.

Points in the accompanying table of Egypt's foreign trade worth comment are:

1. The unfavourable balance of trade is likely to be considerably lower than in previous years because of a hold-the-line policy on imports and a successful year for exports.
2. Sales to Communist countries will probably reach a record value; this results from exports of commodities other than cotton, which declined in volume.
3. The favourable trade balance with the Communists cannot be used to offset the imbalance with the West because the currency is not convertible.
4. The unfavourable trade balance with North and South America results mainly from Egypt's purchases of wheat and flour under PL480 (800,000 tons in 1959/60 and 900,000 tons in 1960/61) which are paid for in local currency.
5. In addition to wheat and other surplus agricultural commodities supplied by the United States, there was a sizable increase in trade be-



An Egyptian peasant works the land in the primitive way; helps to raise the farm products, including cotton, so prominent in his country's foreign trade.

tween Egypt and Cuba in Egyptian cotton yarn and cloth, rice and onions in exchange for Cuban sugar. The United States also purchased a fair quantity of Egyptian yarn and grey cloth.

Trade with Canada

Canadian exports to Egypt showed a modest increase of \$351,000 for the first eleven months of 1960 compared with the same period in 1959. This was almost

CANADA'S TRADE WITH EGYPT

(in Canadian dollars)

	Exports to	Imports from
1958	1,207,344	271,235
1959	1,958,399	281,329
1960 (9 months)	1,556,657	516,631

DBS figures.

entirely accounted for by a sale of tire fabric, although there were slight increases in metals, engines and parts, radio, electrical and scientific apparatus. Discounting exports which can be classed as aid—supplies for Canadians in the United Nations Emergency Force, gifts to Palestine refugees and children's relief, etc.—Canadian exports may reach \$1.7 million, almost double the comparable 1959 figure.

What are future prospects for Canadian trade? Egypt's bilateral trade policy and her success in getting credits and loans from other countries have lessened our opportunities. Exports in recent years have been confined to a limited range of raw materials which are essential and unobtainable elsewhere. Recently, however, there has been a marked increase in our purchases from Egypt of agricultural commodities other than cotton. A contract has been signed for 6,000 tons of peanuts valued at \$1.75 million, which is five or six times our average imports in the last few years. It is to be hoped that this will mean a greater interest in Egypt in what we have to offer than has been the case in the past.

FOREIGN TRADE OF EGYPTIAN REGION, UNITED ARAB REPUBLIC

	Imports from			Exports to			Balance of Trade		
	1958	1959	1960 est.	1958	1959	1960 est.	1958	1959	1960 est.
	(millions of £E)								
Arab League	10.2	9.5	7.7	15.0	12.0	12.9	+ 4.8	+ 2.5	+ 5.2
Communist Bloc	84.7	58.5	60.1	81.6	72.6	100.0	- 3.1	+14.1	+39.9
Western Europe	102.2	98.2	88.5	42.5	44.8	38.3	-59.7	-53.4	-50.2
Asia, Africa and Australasia	19.5	13.3	19.3	21.6	13.6	25.9	+ 2.1	+ 0.3	+ 6.6
North and South America	21.6	31.6	39.8	3.7	3.8	16.8	-17.9	-27.8	-23.0
TOTAL	238.2	211.1	215.4	164.4	146.8	193.9	-73.8	-64.3	-21.5

Articles on Egypt appearing in *Foreign Trade* last year included one on the changing Egyptian market (June 4), on land reclamation (October 8), on the cotton industry (December 17), and on industrial expansion (December 31). The market for wheat in Egypt was analyzed in the April 23 number and for paints and varnishes on November 19.

FOREIGN TRADE

Saudi Arabia

Imports into Saudi Arabia from Canada continue to grow, with seed wheat in the lead. Two years of austerity have brought economic improvement but more development needed.

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

AT the turn of the year, merchants in Saudi Arabia were asking "where do we go from here?". It is something of a paradox that although economic and financial conditions improved markedly during 1960, business conditions have remained stagnant. It is even more of a paradox that Canadian sales increased when imports generally ran at a much lower rate than in previous years. The explanation of these paradoxes is simple but requires reaching back into recent history; it also has a bearing on changes in the Royal Cabinet last December, the most important of which was the resignation of Prince Faisal and the assumption of his responsibilities as Prime Minister and Minister of Finance by King Saud and Prince Tallal.

Effects of Austerity

Between 1952, when oil production reached significant proportions, and 1958, when a financial crisis brought Prince Faisal in as Prime Minister, Saudi Arabia indulged in overspending and heavy borrowing. This led to inflation, rising prices, and a high level of business activity on a "go now, pay later" basis. The Government, with the help of experts from the International Monetary Fund, instituted an austerity program and within two years inflation was stopped, debts paid, and currency values stabilized. The cost of living was held in check, partly by subsidizing basic commodities, and for the first time a budget was adopted that clamped down on public works projects.

The swing from free spending to austerity brought unemployment

and depressed business conditions. Many merchants who found money tight and turnover slow felt that the program had been carried too far; critics argued, for instance, that deflation had resulted in an overvalued rial (the Saudi currency unit). A flight of capital last year to Egypt, Lebanon and Europe is said to have taken place because of lack of confidence. Yet there have been few bankruptcies and the country is overstocked with subsidized foodstuffs.

The experts realized that to bring economic order out of chaos was only the first step. The Governor of the Saudi Arabian Monetary Agency (which acts as a central bank) told me last year: "To rest where we are now is liable to bring another period of chaos. We must divert the dynamism that we have built up in our austerity program to economic development." Economic development requires expert planning, which in turn takes time and after that, funds must be made available to execute the program. Though Saudi Arabia has had the benefit of a World Bank survey, there has not been sufficient time nor budgetary provision to make much headway.

Although the bottom has dropped out of the building boom, there has been some activity in road construction and port development. Roads are being built between Riyadh, the capital, and Dammam, the principal Persian Gulf port, and on the Red Sea side between Mecca and Taif and between Tabuk and Medina. The ports of Jizan and Yenbo, both on the Red Sea, are being developed. An agreement drawn up in

1955 with Jordan and the Syrian Region of the United Arab Republic to rebuild the Hejaz Railway of World War I vintage has been ratified. To increase agricultural land, 10,000 acres of swamp are to be drained at Qatif, an oasis near the Persian Gulf.

Oil Output Rises

Oil production by Aramco, the country's largest producer, averaged 1.2 million barrels per day, an increase of 13 per cent over 1959. The Getty Oil Company, operating in the Kuwait-Saudi Arabian neutral zone, also stepped up its production to between six and seven million barrels. The Japanese Arabian Oil Company discovered oil in its offshore concession and expects to produce at the rate of 6,000 barrels a day. Increased oil production has more than offset the cut of 6 per cent in posted prices that took place last August. A refinery with a capacity of 20,000 barrels a day is to be built at Jeddah by a U.S. engineering firm for a locally owned company.

Trade with Canada

Canadian trade figures for 1959 and 1960 are not strictly comparable because of a statistical reclassification put into effect last year.

EXPORTS FROM CANADA TO SAUDI ARABIA

	Jan.-Nov. 1959*	Jan.-Nov. 1960
(Can. dollars)		
Canned and prepared food	18,497	4,643
Wheat, flour, barley	1,729,039	2,313,144
Autos, trucks and parts	638,588	156,077
Clothing	15,228	1,404
Domestic appliances	35,916	45,516
Clocks, watches, pens, pencils	69,122	54,830
Engines, hardware, iron and steel products	22,929	25,297
Radios and electrical apparatus	2,919	20,450
Drugs and chemicals	17,239	2,318
Total	2,549,477	2,623,679

*Before January 1, 1960, figures for Saudi Arabia included Bahrain and Kuwait.

Nevertheless, there was an obvious increase in Canadian sales, as the accompanying table illustrates. Although there are some 90 items listed in Canadian export statistics, seed wheat is by far the most important. Last year Saudi purchases

of Canadian seed wheat went up 33 per cent, because the Government instituted a subsidy scheme for essential food imports which gave importers the impression that they would be paid to import. The result, of course, was overbuying

by merchants who were new to the trade. It is questionable whether, in the light of the large stocks on hand, Canadian sales will continue in 1961 the rate of increase achieved during the last five years or more. ●

Sudan

Brisk cotton sales at high prices, sound trading policy, foreign loans have brought economic recovery. Gradual relaxation of import controls is opening up long-closed market to Canadians.

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

THE recovery that began in the Sudan in 1959 continued throughout 1960 and today the economy is healthy. In both years, a substantial surplus in trade and payments was achieved. A deficit in the balance of trade in 1958 of £S16 million was turned into a favourable balance of £S9.7 million in 1959 and may exceed that figure in 1960. Foreign exchange reserves have been increasing at an average of £S3.5 million a month and at the end of August stood at £S60 million. The Government has succeeded in keeping ordinary and development expenditures stable and has at the same time increased revenues, thus keeping inflation in check.

Factors in Recovery

The reasons for this remarkable recovery following three years of decline were first and foremost a successful cotton-marketing policy. Because cotton accounts for two-thirds to three-quarters of Sudan's exports, it is the key to prosperity. The second reason was the policy of restricting imports for both the general market and for government account. The third was assistance received from abroad in the form of loans, credits and outright grants.

For example, aid from the United States during 1959/60 totalled \$13.3 million and the International Bank for Reconstruction and Development granted a loan of \$15.5 million to the Managil extension of the Gezira cotton area, to be used for ginning factories, railway equipment, tractors, and so on. Now that the Sudan and the United Arab Republic have reached agreement on the sharing of Nile waters, the World Bank is considering an application for a loan to help finance the building of the Roseires Dam on the Blue Nile.

Cotton Sales Satisfactory

At the cotton auctions, sales were maintained at a satisfactory rate throughout the year and prices received were considerably higher than in 1958/59. Exports of 680,000 bales were better than average, although less than the 792,000 bales disposed of in the previous year when a large carryover was added to the normal crop. Earnings from cotton last year exceeded £S40 million. The United Kingdom maintained its traditional position of largest cotton buyer, followed by India, Communist China, Russia, Italy, West Germany, France and Japan. No sales were made to Can-

ada this year, presumably because the price was too high. In 1959 when the price was competitive a small purchase proved eminently satisfactory to Canadian mills. Canada regularly buys from the Sudan gum arabic, the country's second most important export, accounting for 10 per cent of her sales abroad.

Development Projects

Economic development on a scale tailored to suit the Sudan's resources is proceeding steadily. An eight-year program to cost £S250 million has been drawn up. In addition to the Roseires irrigation and hydro-electric scheme and the Managil extension (both mentioned previously), plans are being made to resettle 20,000 citizens of Wadi Halfa, a town near the Egyptian border that will be inundated by the Aswan High Dam reservoir. It is expected that they will be moved to Kashemel-Girba on the Atbara River, a tributary of the Nile in northeastern Sudan. Another multi-purpose dam will be built and partly financed by compensation from the United Arab Republic. The Government is currently studying proposals for this project.

Other projects under construction or planned are a 60,000-ton-per-year sugar mill being built by West German interests, a pharmaceutical plant by the Italians, two oil refineries by Italian and British groups, a flour mill by the Italians, a second cement plant by the

Japanese and an extension of the first cement plant to produce 180,000 tons per year.

Import Controls Relaxed

With the improvement in economic conditions, the Sudan has adopted as its import policy the controlled relaxation of restrictions. In July 1960, 26 items of importance to the business community were put under Open General Licence and imports last year rose substantially above those of 1959. In addition, the Sudan has reduced import duties on food, building materials, and agricultural and industrial machinery.

The trade and payments agreements negotiated with certain Communist countries and the United Arab Republic when the Sudan was hard pressed for foreign exchange have not proved popular. There is

a desire to get away from bilateral and barter trade but thus far it has not seemed possible to dispense with them altogether. Thus the agreement with Russia has been renewed at the modest figure of £S2.56 million and with several additional commodities which Russia is to supply—fertilizers, machinery, manufactured goods, cement and sugar. Similarly the agreement with the U.A.R. was extended to June 1961 at the same figure—£S6 million.

Trade with Canada

Canada's trade with the Sudan has never totalled more than a few hundred thousand dollars in both directions, partly because the Sudan is not a large market and for the last 25 years has restricted imports of dollar goods. Improved domestic conditions and the convertibility of

CANADIAN TRADE WITH THE SUDAN

(in Canadian dollars)

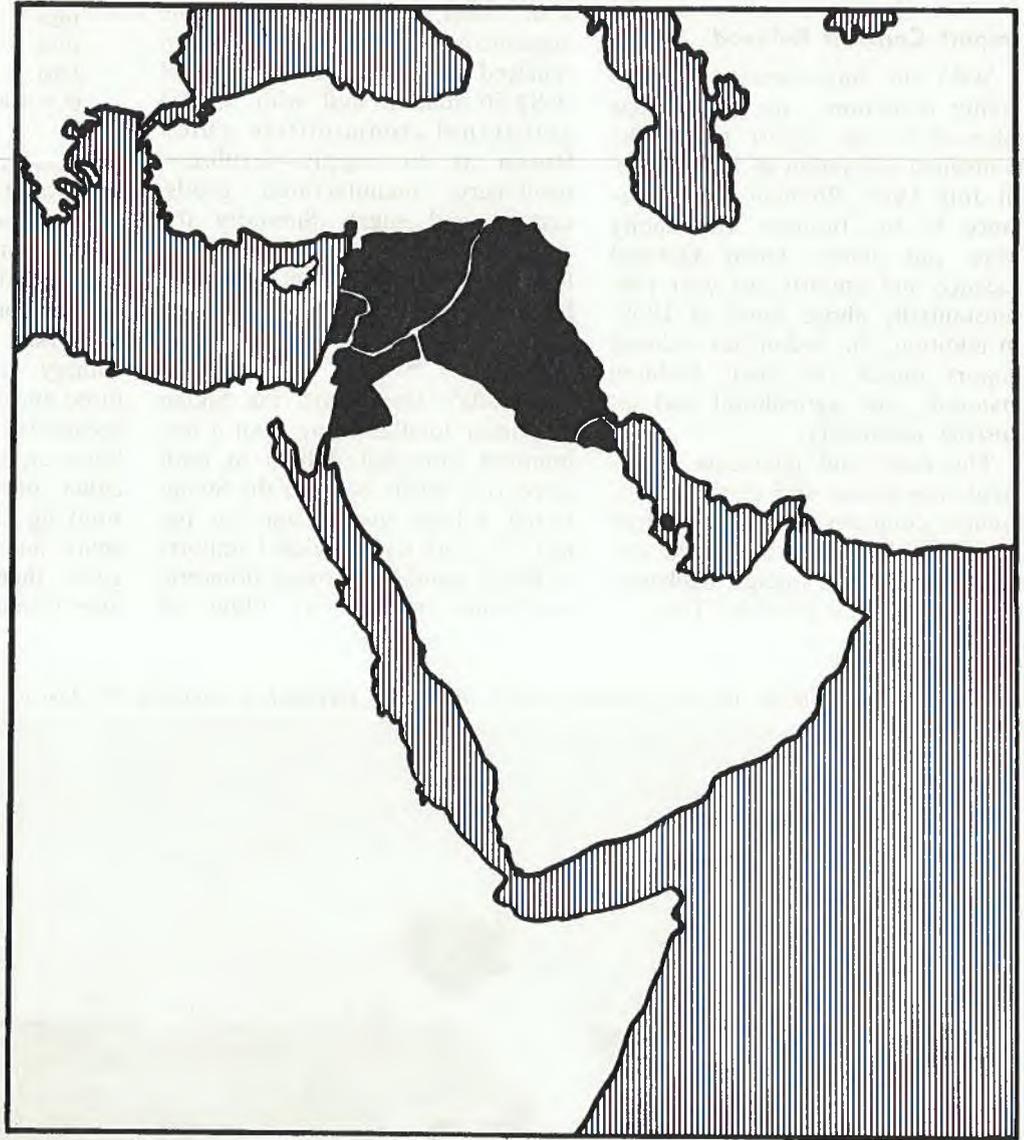
	Exports to	Imports from
1958	185,613	80,058
1959	368,239	441,107
1960 (9 months)	267,157	31,816

all Western currencies mean that opportunities for Canadian trade are now appearing. In the almost total absence of a history of trade with Canada, it is not easy to suggest specific commodities that might find a market in the Sudan, but machinery and equipment, manufactured and consumer goods are good prospects. It must be remembered, however, that other suppliers have either been doing business in or studying the Sudanese market for years, and the knowledge so gained gives them an initial advantage over Canada. ●

A farmer in the Gezira irrigation district, now being extended, is adjusting the flow of water to his land.



The Middle East



the Beirut office reports

Iraq

Developments in Trade

1. Government Purchases Administration set up, to help dispose of Iraqi products in foreign markets, ensure adequate supplies in local market.
2. Three successive poor harvests have made large grain imports necessary; need continues.
3. Consumer goods from Western countries again replacing those from Eastern Europe.
4. Licensing program for 1960 more liberal, with no discrimination against dollar goods.
5. Agencies now restricted to Iraqi nationals or companies with major Iraqi participation, with a few exceptions.

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

DURING the past year, the economy of Iraq recovered a good deal of its former stability. The Government of Prime Minister Abdel Karim Kassem has been making strenuous and largely successful efforts to develop both commerce and industry to a greater degree. In the last half of 1960, business activity improved and the large and regular issue of import licences for certain types of consumer goods helped to stabilize prices. The steadily rising demand for manufactured products was reflected in increased customs receipts, which during the first seven months of 1960 rose ID4 million above the same period in 1959.

A Government Purchases Administration was set up at the end of 1959. This non-profit organization, which has a nominal capital of ID250 thousand, is designed to assist in disposing of Iraqi products in foreign markets and to ensure adequate supplies in the local markets. It may import goods ordered by government or semi-government agencies but will not compete with private trade, except when it is

necessary to ensure price control and dispose of surplus production. It also assists in the implementation of trade agreements.

Four Year Plan Progressing

The Economic Development Board established during the monarchy has been replaced by an Economic Planning Council attached to a new Ministry of Planning. The four-year ID400 million Economic Development Plan became law in December 1959. It has allocated funds as follows:

Projects	Number	Value (millions of ID)*
Agriculture	86	47.94
Industry	109	38.73
Communications	274	100.83
Housing	174	76.41
Public building	122	50.48
Health		24.6
Culture		39.19
Projects under the Iraqi-Soviet Economic and Technical Co-operation Agreement		10
Reserves		4
Total		392.18

*ID1=1,000 fils=£1=U.S.\$2.80.

Expenditure is planned as follows:

Financial year	millions of ID
1959-60	80.15
1960-61	143.94
1961-62	99.56
1962-63	47.72

This temporary four year plan will probably be absorbed into a permanent seven year plan later.

International Aid Offered

In August 1960, the Government ratified two agreements with the United Nations covering the UN Special Fund and the Special Accord on Technical Assistance. Under these agreements, the United Nations will extend assistance to further social progress and raise the standard of living. This will make the technical aid of organizations such as ILO, FAO, ICAO, WHO, and UNESCO available to Iraq.

The Government recently approved a project for establishing an institute of technology with aid from UNESCO. The Iraq contribution will be ID100,000; UNESCO will give ID342,000 for machinery, salaries of experts and the cost of training Iraqis abroad. Moreover, an institute for veterinary research is to be established with the co-operation of the UN Special Fund. The latter will make a grant of \$355,500 and Iraq will contribute \$320,850 as its share of the cost.

In June 1960 Iraq, which is a member of the International Monetary Fund, agreed to raise its contribution from \$8 million to \$15 million. It has also decided to subscribe to the International Development Association of the World Bank, making a contribution of \$760,000.

Cereal Crops Disappointing

Iraq normally grows enough wheat for its own needs but has had three successive poor harvests because of drought, damage by locusts and, to some extent, the agrarian reform. The final estimates for the 1959-60 wheat crop are 760,000 metric tons compared with

757,000 in 1958 and 1.1 million in 1957. Barley estimates for 1959-60 are 730,000 tons and some barley may be available for export. As domestic consumption of wheat runs up to a million metric tons a year, wheat was imported in 1959 and again in 1960. Although official statistics are not available, it is understood that Iraq bought approximately 310,000 metric tons of wheat in 1959, of which 55,000 were from Canada, 225,000 from Australia, and 30,000 from Turkey. Wheat purchases to the end of August 1960 totalled 85,000 metric tons, with Australia providing 43,000, the U.S.S.R. 30,000, and Canada 12,000. The outlook for the 1960 harvest is not promising and wheat imports for 1960 and in early 1961 may reach 400,000 to 500,000 metric tons.

Foreign Trade

Soon after the July 1958 revolution, Iraq's economic orientation towards Eastern Europe became clearly discernible. However, her traditional trade and financing contacts with Western countries, particularly the United Kingdom, remained important. The pendulum now appears to be swinging back towards centre. Iraqi importers who bought large quantities of consumer goods from Eastern Europe and Communist China soon found themselves overstocked and consumer demand declined. The higher quality of Western goods to which the Iraqi consumer was accustomed placed the products of Eastern European countries (with the exception of Czechoslovakia) in an unfavourable light. Now consumer goods from the United Kingdom, United States, Denmark, West Germany, Sweden, Australia, etc., are once again being sought.

Exports in 1959 (excluding oil) totalled \$32.1 million, down from the 1958 figure of \$39.9 million. Exports to the United Kingdom exceeded \$4.2 million, the United States and Kuwait each took more than \$2.8 million, and shipments to



These palm groves near Basra in southern Iraq yield one of its main exports, dates. With some 20 million date palms, Iraq ranks as the world's number one producer.

Lebanon, India and the U.S.S.R. reached about \$2.8 million each. Exports to the Soviet bloc rose from practically nothing in 1958 to \$6.1 million in 1959.

Exports Rise

Crude oil exports rose to 38.9 million long tons in 1959, up from the 1958 figure of 33.3 million. Oil revenues received by the Government as its share of petroleum exports totalled \$223.7 million in 1958, \$242.5 million in 1959, and \$196 million in the first nine months of 1960. The principal markets in 1958 were Italy, the United Kingdom, West Germany, France, Indonesia, Aden, the Netherlands, Japan and Spain.

Iraq's main exports apart from petroleum are dates, cereals, raw cotton, raw wool, live animals, raw hides and skins. The table below gives details on Iraq's exports in two recent years. Note the drop in date exports.

Commodity	EXPORTS	
	Value	
	1957	1958
	(millions of ID)	
Dates	3.45	2.86
Cereals	3.22	5.17
Raw cotton	.96	1.3
Raw wool	1.49	.92
Live animals	.42	.64
Raw hides and skins	.36	.34

N.B. Export statistics for 1959 by commodity and country are not yet available.

According to the Iraqi Ministry of Planning, imports in 1959 totalled \$326.2 million compared with \$307.4 million in 1958 and \$341.6 million in 1957. The main products imported and their approximate values are as follows:

Commodity	Value		
	1957	1958	1959
	(millions of ID)		
Iron pipes	2.9	6.5	9
Sugar and grain	11.2	8.2	6
Artificial silk piecegoods	6.2	5.3	5
Rails and profiles			4
Cotton piecegoods	3	2.8	4
Electric generators and motors	1.8	2.4	3
Wood and wood materials	3.1	2.8	3
Internal combustion engines	4.1	2.1	2.25

Iraq's principal suppliers during 1959, in order of importance, were:

Country	Value of Goods Shipped to Iraq		
	1957	1958	1959
	(millions of ID)		
United Kingdom	34.9	30.2	36
United States	17.7	15.2	12
West Germany	11.9	12.6	10
Japan	8.9	8.6	8.5
Ceylon	6.6	5.7	6.5
Belgium	5.8	6.8	5.5
Netherlands	3.1	3.3	4
Australia	1.9	1.1	3

Imports from the Soviet bloc increased to \$18.8 million in 1959, compared with \$5.9 million in 1958.

Trade Regulations

A law regulating the formation of agencies was passed on January 28, 1960. Under its terms, only Iraqi nationals, or Iraqi companies with a majority of Iraqi national participation, may hold agencies. Export agencies and certain others requiring special technical experience are exempted from the scope of the bill.

Import licences and foreign exchange permits are required for all imports into Iraq. The 1960 licensing program, which was in the same

basic form as the 1959 one, classified imports into three categories, regardless of source: (a) first category commodities, limited by allocations and licensed against quotas at selected times during the year; (b) second category commodities, which are prohibited; (c) third category—all other commodities for which there is no quota and for which import licences may be requested at any time.

A licence normally entitles the holder to the necessary foreign exchange. Import licences for hard currency goods are valid for one year; those for soft currency goods are valid for four months.

First category commodities include: textile piecegoods, motor cars, cigarettes and cigars, ready-made clothing and accessories, textiles, carpets, chocolates, biscuits, macaroni, salt, alcoholic beverages, fruit juice, concentrated tomato juice, footwear, leather, jewellery and toys, shaving soap and perfumes, chewing gum, playing cards, etc.

Second category commodities include: wooden furniture, woollen blankets, lining leather and half-tanned skins, tobacco, cement, edible vegetable oil, lubricating oil, beer, nails, ready-made aluminum articles, safety matches, galvanized iron buckets, ethyl spirit, toilet and laundry soap, ghee, fireworks, etc.

The 1960 program is on the whole more liberal than that for 1959 and does not discriminate against any currency. Passenger cars, prohibited in 1959, were given a quota equivalent to \$8.4 million, and the cigarette and cigar quota was raised from \$280,000 to \$980,000. Import licences for canned foodstuffs are granted freely. Because of Iraq's long experience with English currency, quotations in sterling are preferred although quotations in U.S. dollars are widely used and accepted.

The Minister of Trade has stated that this year's program is based on four principles:

1. protection of national industry

2. reduction of imports of non-essential materials

3. ensuring supplies of essential consumer goods and materials required for production

4. meeting the real needs of the local market in view of its depleted inventories.

Canadian Trade with Iraq

Canadian exports to Iraq totalled \$970,000 in 1958, \$4.2 million in 1959, and \$2.3 million in the first eleven months of 1960. The increase in 1959 is accounted for by the large amount of wheat, worth \$3.5 million, sold to Iraq as a result of a poor cereal crop there. For the same reason, sales of farm implements dropped from \$128,000 in 1958 to \$3,000 in 1959. Asbestos sales, which fell from \$28,000 in 1958 to \$14,000 in 1959, appear to be recovering.

Other commodities exported included powdered milk and prepara-

CANADIAN EXPORTS TO IRAQ

Main Commodities	12	12	First
	mos.	mos.	mos.
	1958	1959	1960
	('000 \$)		
Wheat		3,496	71
Washing machines and parts	40	112	113
Milk powder and preparations	116	333	58
Cars and parts	223	86	64
Primary aluminum	159	95	5
Stoves and parts	49	51	24
Asbestos and products	28	14	64
Tires and tubes	99	32	17
Medicines, drugs and chemicals	19	30	7
Mining and shoe machinery, etc., and parts	36	3	26
Polystyrene			4
Plastics			29
Lumber	4	8	4
Iron bolts and nuts	12	11	9
Upper leather	2		6
Farm implements and parts	128	3	
Synthetic resin manufactures	20	14	
Refrigerators and parts		1	5
Lamps and lanterns	13	.9	

tions, washing machines and parts, cars, primary aluminum, stoves and parts, tires and tubes, medicines, drugs and chemicals, plastics, synthetic resin manufactures, nuts and bolts, asbestos and products, and lumber.

Canada imported from Iraq during 1958 commodities valued at \$1.56 million, as against \$1.11 million in 1959 and only \$9,490 in the first nine months of 1960. The

only significant items were crude petroleum and dates. Crude petroleum imports fell in value from \$620,000 in 1958 to \$505,000 in 1959 and disappeared entirely in the first nine months of 1960; date imports dropped from \$936,000 in 1958 to \$601,000 in 1959 and to \$8,601 in the first three quarters of 1960.

The Iraqi market is one of the most important in the Middle East

and Canadian exporters would do well to study the opportunities it offers for sales of consumer goods, bulk commodities, capital equipment and consulting engineering services. The economy, aided by substantial and regular oil revenues, is steadily expanding. This, with the long-range development program and the population of about 6.5 million, is creating an extremely interesting, substantial market. ●

United Arab Republic

Syrian Region

This analysis of Syria's main imports, and the sources from which they come, defines the areas in which Canadian suppliers might compete.

C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*

IN a report on Syria which appeared in the October 8, 1960, issue of *Foreign Trade*, various aspects of economic life in the Syrian Region of the U.A.R. were discussed. The present article deals mainly with the groups of commodities imported into Syria, their volume and value, and the main supplying countries.

In December 1960 further restrictive monetary measures were adopted by the Syrian authorities. Commercial banks must now hold as ready cash an amount equal to at least 15 per cent of term deposits made with them for periods ranging between one month and one year. Second, banks are now forbidden to open new overdrafts covered by foreign accounts, foreign currency or foreign guarantees. The object of these restrictions appears to be a reduction in the volume of credit

given to private firms and a reinforcing of the liquid reserves of local banks. This will, of course, tend to limit imports and the drain on foreign exchange.

Textiles

In 1959, imports into Syria in this group totalled (U.S.\$1=S£ 3.77) S£107.4 million, or 17 per cent of all imports. Natural silk and synthetic fibres worth S£38.4 million were supplied by France, Italy, West Germany, Communist China and Japan. A further S£35.9 million was spent for wool and woollen fabrics from Britain, the United States, France and Japan. Fine cotton textiles and embroidered articles valued at S£13.6 million were imported from Communist China, Japan, Yugoslavia, Britain and France. Other textile imports included linen from India and lingerie from Italy, France and Germany.

The large Syrian textile industry used the greater part of these imports; in 1959 it exported finished products and raw materials worth \$243.2 million, about 68 per cent of total production. Cotton is the main textile export and the principal buyers are Lebanon, Iraq, Jordan, Saudi Arabia, France, the U.S.S.R., West Germany, Britain, Czechoslovakia, Poland and Italy. It is only in this textile trade that Syria shows a worthwhile surplus of exports over imports—S£135.8 million.

Chemicals and Pharmaceuticals

Syria's most important suppliers of pharmaceuticals are the United States, France, Switzerland, Italy and West Germany; in 1959, these five countries sold her S£15 million worth of pharmaceuticals. Chemicals such as tanning extracts, colouring agents, varnishes and lacquers, valued at S£5.5 million, came mainly from West Germany, the United States, France and the Netherlands. Fertilizers worth about S£4 million were imported from West and East Germany and Chile. Imports in this group totalled S£49 million, and exports only S£3 million. Exports consisted chiefly of soap shipped to Iraq.

Syria is a relatively interesting market for lumber; imports of lumber and wood products in 1959 reached S£33 million. Sweden and Rumania held the lion's share of the market, with softwood (mostly spruce) exports worth S£15 million.

According to official Canadian statistics, sales of our Douglas fir to Syria fell from \$151,000 in 1958 to \$32,000 in 1959 (presumably as a result of the 1959 strike in British Columbia). Imports of Canadian Douglas fir during the first eleven months of 1960, however, have again risen to \$76,081 and prospects for further business are promising. Other suppliers include Austria (S£4 million) and Russia (S£2.5 million).

Rubber and Rubber Products

Syria uses only small amounts of raw rubber and in 1959 imports totalled S£224,000, mostly from Japan. This rubber is used by the footwear industry, which also imports S£154,000 worth of soles and heels. Total imports of rubber and rubber products in 1959 amounted to S£17.9 million. Apart from these items, tires and tubes from the United States (and occa-

sionally Canada) and general rubber goods from West Germany make up the main imports in this category.

Paper

In 1959 Syria imported paper and paper products to the value of approximately S£13 million. Included were mainly newsprint (S£320,000), kraft paper (S£1.1 million), wrapping paper (S£1.2 million), cellophane (S£2 million), cigarette paper (S£1 million), and cardboard (S£1.6 million).

Fine paper and stationery come principally from the United Kingdom, West Germany, Italy and Denmark. Newsprint and cardboard, which make up 20 per cent of imports of paper and paper products, come from Finland, Austria and Sweden.

Syria's exports of paper products consist mainly of books and printed material. In 1959, sales totalling S£800,000 were made to Turkey and Iraq.

Foodstuffs

The principal foodstuffs that Syria buys abroad are meat (frozen and canned), fish, sugar and cocoa.

Several poor wheat crops in succession have made it necessary to import large quantities of flour, principally from the United States under PL 480. These U.S. sales are not considered as disrupting a traditional market because Syria is normally a large exporter of wheat and meets her own needs.

Industrial Machinery, Equipment

In her efforts to industrialize, Syria is spending large amounts on industrial machinery and equipment. Last year these imports were valued at S£82 million and were supplied mainly by the United Kingdom, West Germany and the United States. Czechoslovakia, the Netherlands and Hungary also exported to Syria over S£5 million worth of electrical machinery and apparatus.

Yugoslavia has just received a contract for 13,000 tons (\$2.6 million worth) of steel pipe required for 510 kilometers of pipelines connecting the cities of Damascus, Aleppo and Latakia with the oil refinery at Homs. This contract has been awarded to the Sisak Steel Company, which will co-operate with the Italian firm TECHNICAL of Milan, which secured the contract for the laying of the pipelines.

A Syrian fisherman wades ashore at one of the small towns along the coast. Local fisheries cannot supply all the domestic demand and fish products must also be imported in some volume.



Lebanon is Syria's main supplier of apples and citrus fruit, shipping S£20 million worth in 1959. Imports of dates from Iraq amounted to over S£4 million. Tea, coffee and spices were imported from Ceylon, Brazil and Haiti (S£12 million); neighbouring Arab countries such as Jordan and Lebanon supply vegetables. In 1959 the Syrian Province also bought some barley from Iraq and Canada and wheat from the United States and Turkey.

Excluding cotton (included in the section on textiles), Syria exported in 1959 agricultural products worth S£31 million, mainly cottonseed, vegetable oil, vegetable fat, tobacco, etc. The main purchasing countries were Lebanon, Saudi Arabia, Iraq, the United Kingdom, Czechoslovakia and West Germany.

Situation Difficult

In 1959 Syria had a large deficit in her merchandise account. Against imports worth S£637 million, she exported goods worth only S£356 million, leaving a deficit of S£281 million. In normal times, her wheat and barley exports give her a comfortable surplus. During the last three years, lack of rain and the redistribution of lands under the agricultural reform have resulted in poor cereal harvests. The 1960 crop was very bad and, without the help received from the United States, the country would be facing an extremely difficult situation. Because of her dwindling foreign exchange reserves, Syria has had to add to her list of prohibited imports many items that cannot be regarded as luxuries or even as non-essentials. The situation is made more difficult by the large imports required for the development and industrialization programs.

Syria is going through a very difficult period, but efforts are being made to diversify the economy, which has been based almost entirely on agriculture. The potential of the country is great and with the return of more normal conditions, it should become an interesting market. ●

Jordan

A modest but increasing demand for capital goods, engineering services and consumer products in the Jordan market should attract Canadian exporters, as economic outlook brightens.

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

DURING the Export Trade Promotion Conference in Ottawa last December, a number of Canadian businessmen stated their interest in exporting to Middle Eastern countries, including Jordan. Those who had not actually exported to that area of the world were not familiar with the exact location and nature of the country. This article therefore provides readers, both old and new, with some basic information on the Kingdom of Jordan.

A glance at the map will show that Jordan, with its capital Amman, borders on four countries: Iraq, Saudi Arabia, Israel and the Syrian Province of the United Arab Republic. Aqaba, the only port and outlet to the sea, is located at the northern tip of the Gulf of Aqaba on the Red Sea. The country has an area of 37,000 square miles and a population of over 1½ million. Of these, one-third are officially classed as refugees from what was Palestine and are provided with basic rations by the United Nations Relief and Works Agency. Another 70,000 who lost their livelihood as a result of events in Palestine are not officially considered refugees. The presence of such a large number of unemployed persons, far in excess of the country's ability to absorb them, has created a serious economic problem.

Agriculture Is Basic

Agriculture, the most important industry, supports three-quarters of the non-refugee population, mainly farmers using primitive methods. Jordan is about 85 per cent desert; the cultivated parts make up only 9 per cent of the total area. The irrigated portion of the land under

cultivation is relatively small and is limited to the Jordan Valley and a few natural springs farther east. The dry-farming crops are cereals; fruits and vegetables are grown intensively in the irrigated areas.

There are a number of small industries turning out canned goods, textiles, soap, alcohol, pottery, tile and matches. The larger modern industries set up recently produce phosphates, cigarettes, cement and flour.

Jordan is relatively poor in both mineral and water resources.

Prospects Improving

The economic outlook for this little kingdom grows steadily brighter as it slowly but surely overcomes the many obstacles which lie between it and economic independence. For the third successive season, drought has prevailed; the cereal harvest has been a failure, other crops seriously affected, and the livestock population decimated. However, the economy has stood up quite well, thanks to annual grants from the United States and the United Kingdom and large gifts of U.S. wheat, flour and barley, which have helped meet the food and fodder shortage.

By December 1960, the situation had improved. Commercial activity had increased, partly because of the re-establishment of political relations with Iraq (broken off after the 1958 revolution in that country) and the reopening of the border to trade. Heavy rains had raised hopes for a good cereal harvest this coming spring.

According to a recent United Nations survey of economic development in the Middle East, in-

dustry in Jordan, still in its initial stages, expanded substantially between 1954 and 1958. In 1954, there were 421 manufacturing industries (five or more persons) employing 8,198 persons. By the end of 1957, there were 1,038 industrial establishments (employing five or more persons) providing work for 13,453. During this same period the industrial payroll more than doubled. This expansion took place in spite of slender natural and financial resources.

Ten-Year Plan

King Hussein in his recent Speech from the Throne reported optimistically on the country's development. Among the achievements he mentioned were the completion of the desert road from Amman to Aqaba on the Red Sea; increased phosphate production (from 208,000 tons in 1956 to an estimated 400,000 tons in 1960); completion of the first oil refinery; increased cement production (from 79,000 tons in 1956 to 114,000 in 1958); establishment of a new vegetable oil factory; a nearly completed tanning factory; a recently established potash pilot plant on the Dead Sea, with plans for a larger one well under way; and the setting-up of a 100 kw. radio transmitter station. The city of Aqaba is being re-planned and rebuilt.

A ten-year Economic Plan being drawn up by the Jordanian Development Board with the assistance of foreign experts is designed to double the national income by 1969. A major step in this direction, the economic agreement signed with West Germany, provides technical aid and equipment for such projects as prospecting for minerals, a railway line from Ras-El-Nagab to Aqaba, further electrification, expanded tourist facilities, and the equipping of schools and medical institutes. In addition, the German Government will give financial guarantees to German firms to permit them to supply Jordan's requirements. Jordan is to import JD4

million* in German equipment annually, and West Germany will increase her imports of Jordanian fruits and vegetables.

The United States Government has approved a grant of \$2 million so that work can start on the second stage of the East Ghor Canal scheme. This canal, when completed, will carry irrigation water from the Yarmouk River on the Syrian border to some 30,000 acres of the Jordan Valley. First stage of the scheme—a canal 13.5 miles long—is to be finished by April, at a cost of \$6 million. The cost of the second stage, calling for construction of a canal about 14 miles long, is estimated at \$3.5 million.

The Ministry of National Economy has allocated JD10,000 for prospecting for phosphates in an area 50 miles south of Amman. Technical studies will be provided under the United States Point Four Program for a fertilizer industry (cost \$2 million), tile, plumbing, paper, pipe and other plants.

Foreign Trade

According to the Jordan Department of Statistics, imports totalled JD40.3 million in 1959, compared with JD34 million in 1958 and JD30.5 million in 1957 and are estimated at just over JD40 million for 1960. The United Kingdom's share of Jordan's imports in 1959 was JD4.8 million, and West Germany's JD4.9 million. Jordan's leading suppliers were West Germany, the United Kingdom, the United States, Italy, Lebanon, the Syrian Province of the United Arab Republic, Japan and the Netherlands.

In 1952, three-quarters of all imports consisted of consumer goods and one-quarter of capital goods and raw materials. By 1959, the latter had risen to 38 per cent and consumer products had declined to 62 per cent, indicating the increasing emphasis on industrial development. As a result of the recent

*One Jordanian dinar=U.S.\$2.80.

JORDAN'S LEADING SUPPLIERS

	1957	1958	1959
	('000 JD)		
West Germany	2,461	3,755	4,895
United Kingdom	5,030	4,232	4,794
United States	2,273	2,919	3,761
Italy	1,298	1,403	3,308
Lebanon-foreign (re-exports)	2,725	1,979	3,116
Syrian Region of U.A.R.	1,940	2,816	2,958
Japan	1,328	1,372	1,747
Lebanon	1,591	1,204	1,715
Netherlands	801	1,194	1,303

MAIN COMMODITIES IMPORTED INTO JORDAN

	1957	1958	1959
	('000 JD)		
Wheat flour	1,579	2,629	3,132
Refined petroleum products	2,177	2,113	2,307
Cotton fabrics	1,584	1,410	1,822
Refined sugar	1,814	1,690	1,318
Sheep and goats	691	953	1,051
Passenger cars	444	613	967
Bars and rods of iron and steel	606	696	944
Motor vehicle chassis	469	847	746
Woven fabrics of wool	354	520	745
Rubber tires for cars and cycles	536	742	678
Wheat	167	784	670
Parts and accessories for motor vehicles	336	443	654
Cement	60	399	603
Medicaments	489	388	502
Tea	565	408	498
White timber	358	299	429
Internal combustion engines (more than 5 h.p.)	190	267	395
Barley		327	389
Tobacco leaf	269	295	324
Unroasted coffee	391	364	277
Domestic wireless and television sets	256	237	276
Electric line, telephone and telegraphic apparatus	57	396	130

establishment of an oil refinery in Jordan, imports of refined petroleum products will probably drop.

According to the Jordan Department of Statistics, exports in 1959 remained about the same as in 1958—JD3.1 million, compared with JD4.3 million in 1957. Successive droughts after 1957 accounted for this decrease. The main customers

PRINCIPAL CUSTOMERS

	1957	1958	1959
	(000 JD)		
Syrian Province of U.A.R.	1,197	971	718
Yugoslavia	436	425	631
Kuwait	209	264	398
Lebanon	999	327	386
Saudi Arabia	295	256	347
Czechoslovakia	272	282	199
Iraq	465	305	179
Poland		499	133

MAIN EXPORTS FROM JORDAN

	1957	1958	1959
	(000 JD)		
Natural phosphates	916	978	1,024
Tomatoes	582	556	580
Watermelons	407	241	233
Wheat flour	125	103	159
Raw hides	88	103	126
Cabbage and cauliflower	90	85	93
Eggplants	111	163	81
Bananas	74	133	79
Cucumbers and marrows, etc.	88	46	37
Cigarettes	65	31	36
Raw sheep's wool	70	19	35
Olive oil	493	56	32
Beans, haricots and broad beans	47	66	18

are the Syrian Province of the United Arab Republic, Yugoslavia, Kuwait, Lebanon, Saudi Arabia, Czechoslovakia, Iraq and Poland.

The principal export commodity is phosphates, valued in 1959 at JD1 million, or one-third of total domestic exports. Phosphates are sold in India, Greece and Eastern Europe. Jordan's other important exports—agricultural products such as olive oil, vegetables and fruits—go mainly to neighbouring Middle Eastern countries. Cereals are exported when the harvest is favourable; during drought seasons, wheat and flour must be imported.

Jordan has a large trading deficit which is financed mainly by annual grants from foreign sources. In 1959, the United States gave more than JD17 million, the United Kingdom JD2.4 million, and United Nations agencies about JD5.4 million.

PRINCIPAL CANADIAN EXPORTS TO JORDAN

	1958	1959
	(in Can. \$)	
Washing machines	8,435	10,393
Medicinal preparations	5,661	9,015
Asbestos brake lining facings	2,104	7,035
Bolts and nuts	1,231	6,439
Canned salmon	649	5,732
Synthetic resin manufactures	17,263	4,770
Tires and tubes	3,510	6,604
Automobiles		3,636
Stoves	3,040	2,989
Whisky	2,765	2,415
Automobile parts	2,954	2,304
Rags and waste		2,019
Lumber	5,823	
Aluminum in primary form	5,301	
Steel plates, sheets and strips	5,187	
Agricultural implements	3,447	587

Trade with Canada

Canadian exports to Jordan in 1958 totalled \$159,000, compared with \$162,000 in 1959 and \$111,108 in eleven months of 1960. They consisted mainly of medicinal preparations, bolts and nuts, tires, washing machines, asbestos brake lining facings, canned salmon, synthetic resin manufactures, tires and tubes, automobiles, stoves, automobile parts, rags and waste, aluminum in primary form, lumber, sheet and strip steel, and agricultural implements.

Imports from Jordan into Canada are nominal. They dropped from \$5,516 in 1958 to \$1,570 in 1959 and to only \$599 in the first nine months of 1960.

Trade Regulations

All commodities are subject to import licensing. Imports by the Jordan Government and other official bodies are covered by Open General Licence. Licences are normally issued freely, irrespective of the source of the goods, against payment of a fee of 4 per cent of the c.i.f. Aqaba value. Because there are exchange controls, a permit to purchase foreign exchange must be applied for once an import licence has been obtained. Import licences are usually valid for six months.

They may be renewed in certain instances for up to four months beyond the original expiry date. Trade samples and advertising material not exceeding JD50 in value do not require an import licence.

Among the documents required for the import of goods are a bill of lading, a commercial invoice and an import licence. Commercial invoices must be certified by a Chamber of Commerce in the exporting country and legalized by a Jordanian Consul if there is one in the area. Certification of commercial invoices is not required if the value of the goods is less than JD25 or if goods are imported by official or unofficial organizations customarily exempted from paying customs duty.

Duties are calculated on the basis of value or weight, according to the classification of goods in the Customs Tariff. Certain ad valorem duties are also applied on goods from all sources, except those exempted from customs duties. Trade samples and advertising material of little value are exempt from customs duty.

Quotations c.i.f. Aqaba are usually preferred. There are no fixed rules for packing but all shipments should be adequately marked and numbered and packed to withstand the overland trip from Aqaba to Amman. Exporters should make certain that their merchandise is fully insured because of the risk of pilfering and of damage through rough handling.

Outlook

It is difficult to foresee at what time in the future Jordan will no longer need foreign aid in order to balance its budget. Time is vital—time in which to transform the large sums of money given each year by the United States and the United Kingdom into productive industrial development and a higher standard of living. Enthusiasm and determination within government circles, and in the young monarch, are not lacking. Much will depend on the

continuing political stability of the Middle East and on the annual grants from the United States and the United Kingdom. There is at present no reason to believe that these countries have any intention

of changing their policy towards Jordan.

Although Jordan today is a limited market, there is a modest but increasing demand for capital goods, engineering services and con-

sumer products, keeping pace with her industrial development and rising standard of living. The Canadian exporter should try to keep up-to-date on the changing market potential in this small country. ●

Kuwait

Revenues from oil exports bring \$400 million a year to Kuwait. Importers can buy freely from any country; this makes it a good potential market for certain Canadian exporters.

E. MAKLOUF, *Office of the Commercial Secretary, Beirut.*

AN important change in the political status of Kuwait took place last year; the country became autonomous and set up its own currency. The Indian rupee has been replaced by the Kuwaiti dinar, equivalent to one pound sterling. Kuwait remains in the sterling area, however, and the United Kingdom continues to be responsible for her external relations. The achievement of internal independence is due largely to a rapidly expanding economy, based on high income from oil.

Kuwait is the leading oil producer in Asia and ranks third in the free world. Production reached 70 million tons in 1958 and 68.4 million in 1959. Revenues exceeded \$800 million for the two years. Output from January-September 1960 totalled about 61 million tons.

Development continues at a steady pace. Construction works, private and public, are attracting foreign contractors who take Kuwaiti partners to conform with local law. The most recently completed project is the deep-water harbour of the port of Kuwait, built by the United States firm Pomeroy-Hawaiian Dredging Company, at a cost of about \$23.5 million. Bids were recently called for one new project—a sewerage system for Kuwait city (\$28 million)—and for an international airport (\$15 million).

However, the feeling is that the present pace of construction will

slow down when the principal needs of the population have been met. The Government is therefore looking for means to improve the country's position; it is seeking to make the economy less dependent on a single resource, oil. As Kuwait lacks agricultural and manufacturing industries, the local Development Board feels that the long-term solution may be the development of these industries and it is exploring the possibilities. It has in mind plants making petrochemicals, ce-

ment, building materials and consumer goods. The abundance of capital, fuel and power should be of great assistance to this program.

Trade Prospects

Export and import trade has been increasing consistently. Imports in 1960 totalled over \$200 million, indicating increasing opportunities for exporters. Excluding a few prohibited items, Kuwait buys all her needs freely, and importers pay a very low import duty of 4 per cent. There are no currency restrictions and exchange, obtainable on the open market, is easily transferred. The outlook is encouraging and provided prices are competitive, business can result. There will be

Before oil was discovered and the first exports made in 1946, pearls from Persian Gulf waters had great importance in Kuwait's trade. Here a local merchant skilfully grades them.



a small market for industrial equipment when the industrial development program materializes.

Trade with Canada

At the end of September 1960, Canada's exports to Kuwait totalled \$936,000, an increase over previous years. The chief products were barley (\$487,000), automobiles (\$322,000), flour (\$38,000), and

nuts (\$31,000). In addition to the traditional suppliers—the United Kingdom, the United States, Germany, India and Japan—Canada should continue to increase her sales. There are immediate opportunities for many types of goods, such as wheat, flour, foodstuffs, pharmaceuticals (imported only by the Government), paper products, lumber, textiles, clothing, electrical

equipment and household appliances.

Although Kuwait is a long distance from Canada, it is served by several shipping lines, and an express service from the Great Lakes to Beirut, the Persian Gulf and Far Eastern ports was begun recently. Canadian firms which sustain their interest in this market should find the trade rewarding. ●

Bahrain

Imports into Bahrain, an unrestricted market, are mounting steadily; entrepôt trade is also important. Canadian exporters might investigate possibilities.

E. MAKLOUF, *Office of the Commercial Secretary, Beirut.*

BAHRAIN Island has varied though limited resources. Unlike the other Persian Gulf sheikhdoms, it has enough water for agriculture, which is confined to growing tomatoes, dates, alfalfa and a little fruit. Its pearls have long been reputed for their high quality but the industry has declined sharply and oil now overshadows it. Other industries include the manufacture of pottery, lime, ice, soft drinks and boats. Some development, financed by oil revenues, has taken place in the last few years and the construction of roads, bridges, a jetty and a factory for the manufacture of nitrogen and oxygen is currently under way.

The economy is sound, with the petroleum industry dominating it. Oil production continues steadily at 180-190,000 tons a month and the island's refinery, receiving mainly Saudi Arabian crude through a 34-mile pipeline from Dhahran, processes over eight million tons each year. Royalties total about \$5.7 million a year.

Entrepôt trade is the second important activity. Bahrain has a free transit area where no customs or transit taxes are imposed. The area can take more than 100,000 tons

of goods which may remain for an indefinite period at very low storage fees. These facilities have been introduced to stimulate trade, since a large part of Bahrain's imports are re-exported, particularly to Saudi Arabia.

Foreign Trade

Imports in 1958 reached \$108.9 million, of which about \$57 million was for gold coins and ingots. In 1959, bullion purchases dropped drastically to \$4.4 million because of restrictions by other countries; the value of general goods imported increased to \$54.8 million. Imports from January to June 1960 totalled \$30.5 million. The United Kingdom is traditionally the largest supplier, but India, the United States, Germany, Japan and the Netherlands hold a significant share of the market. Principal imports are edible products, household appliances, clothing, fabrics, building materials and machinery.

Exports consist of oil and refined products, with Pakistan, India and East Africa the chief buyers. Goods brought in for re-export constitute a high proportion of Bahrain's imports; they were valued in 1959 at \$18.1 million for bullion, and \$13.7

million for general commodities. By the end of June 1960 re-exports amounted to about \$12 million. The bulk of them went, as usual, to Saudi Arabia, but Qatar, the Trucial States and Iran were also customers.

Trade with Canada

Trade with Canada is not large. Imports from Canada totalled \$107,000 for the first eleven months of 1960, and consisted mainly of automobiles, clocks, marine engines, canned foodstuffs, cooking stoves and leather footwear. There were no exports to Canada.

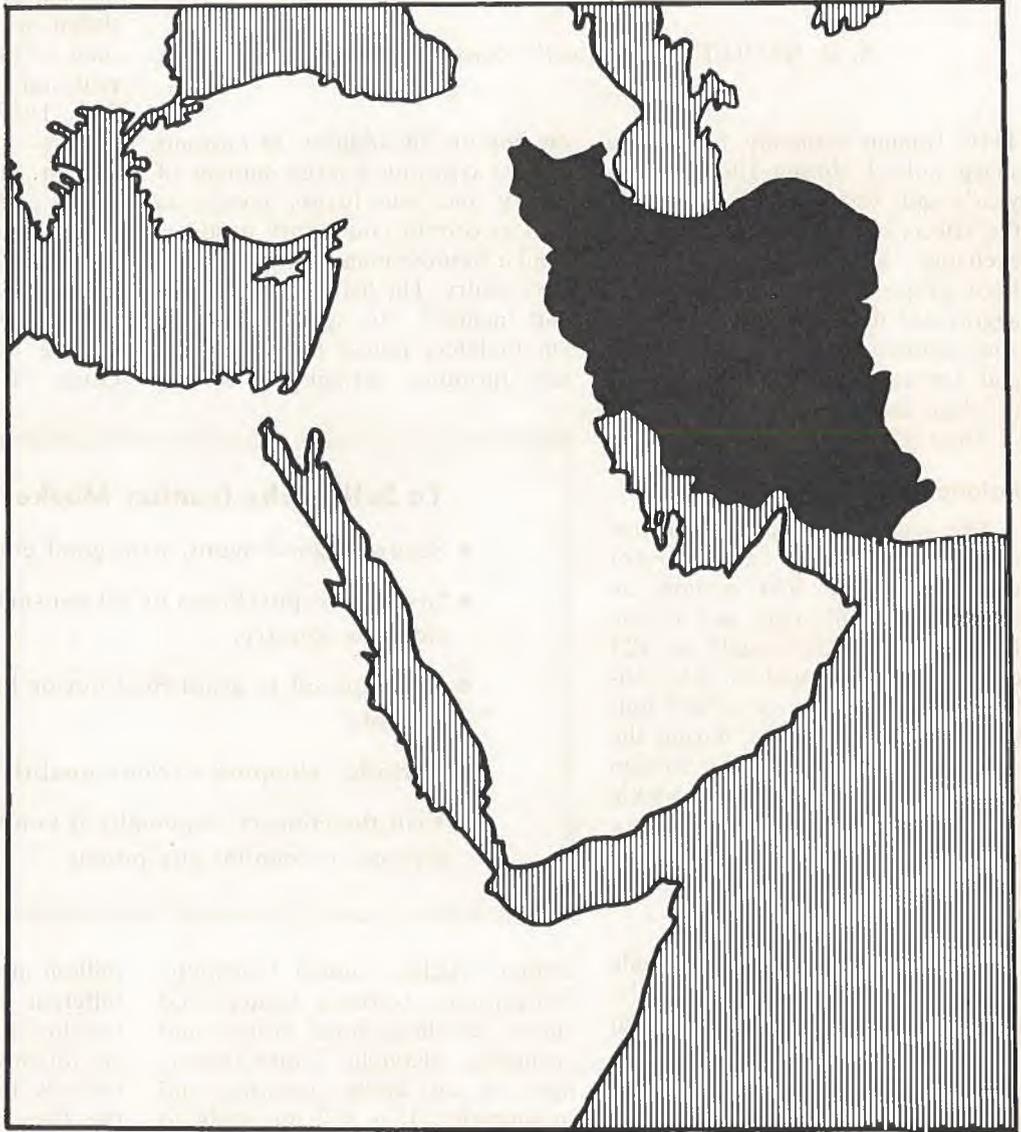
Import, transit and currency exchange are free from controls, and customs duties are low—5 per cent on essentials, 10 per cent on non-essentials, and 15 per cent on alcohol and tobacco.

Despite its limited population, the volume of business transacted through Bahrain is considerable. Its position as a commercial link between supplying countries and other Arabian Gulf states makes it an important, though competitive, market. Interested Canadian firms will find there are definite sales possibilities for many products in Bahrain.

Report on Lebanon

For a recent report on business conditions in Lebanon, see our issue of October 22, 1960.

The Middle East



the Tehran office reports

Iran

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

THE Iranian economy received a sharp setback during 1960 and, at year's end, was still suffering from the effects of a shortage of foreign exchange and of local currency. Poor crops, both grain and fruit, aggravated the problem still further and resulted in large commercial and United States PL480 imports of wheat and a falling-off in exports of dried fruits.

Balance of Payments

The gold and foreign exchange reserves (excluding note cover) which stood at \$70 million on March 20, 1960 (the end of the Iranian year 1338)—gold at \$21 million, U.S. aid funds at \$30 million and free exchange at \$19 million—decreased further during the year. By June 1960 the free foreign exchange was reduced to a trickle and was at best sufficient for only a few days. To meet this new situation, the following measures were taken:

1. The Iran-United States Trade Treaty of 1943 was abrogated by mutual consent with effect from July 26, 1960. This resulted in the complete withdrawal of the most-favoured-nation schedule of tariffs from which some 17 other countries, including Canada, had benefited.

2. The introduction of a stabilization program which received the blessing of the International Monetary Fund and the International Bank for Reconstruction and Development. Apart from reducing the various 1960/61 (Iranian year 1339) budgets of the Imperial Iranian Ministries by some 5 per cent, the stabilization program also introduced and increased a number of commercial profits taxes (levied

on imports in addition to customs duties) covering a large number of luxury and semi-luxury goods, as well as certain non-luxury products similar to those manufactured within the country. The list is a lengthy one and includes, among other things, automobiles, radios and television sets, furniture, certain textiles and

The Iranian Second Seven Year Plan, which concludes in September 1962, has run into serious financial difficulties during the past year. Its deficit in rials is equivalent to more than \$90 million. To complete current and other planned projects before 1962, rials—as opposed to dollars—are urgently needed. Although the United States PL480 wheat and vegetable oil exports to Iran will generate the rial equivalent of some \$13 million for the Plan Organization, outside financial assistance over and above the Plan's income of 55 per cent of Iran's crude oil revenues of some \$270

To Sell in the Iranian Market . . .

- Secure a good agent, with good contacts.
- Investigate purchases by oil consortium, usually made outside the country.
- Be prepared to grant medium or long-term credits, where possible.
- Consider shipping various qualities of one product.
- Visit the country, especially if you wish to sell engineering services or capital equipment.

leather articles, canned foodstuffs, refrigerators, kerosene heaters and stoves, jewellery, toilet articles and cosmetics, alcoholic drinks, beverages of all kinds, firearms and motorcycles. It is still too early to assess the real effectiveness of Iran's stabilization program or whether the new commercial profits taxes will be increased still further on March 20, 1961, the end of the Iranian year 1339.

It now appears likely that certain other products will take on commercial profits taxes for the first time during the next Iranian year. Moreover, the list of prohibited imports will also be increased to give adequate protection to those Iranian industries whose production has become sufficient to take care of local consumption.

million must be sought to bring the different projects to a successful conclusion. United States financial aid totalling some \$75.2 million has recently been extended to Iran by the Development Loan Fund, the Export-Import Bank, and the International Co-operation Administration. Of this, \$41.2 million will be made available to the Plan Organization to finance part of the local currency costs of the road-building program and purchases of U.S. goods for the development program, and \$12 million will be spent on the port of Bandar Abbas in the south of Iran. The program for the Third Plan (five years) has not been officially disclosed but it is believed that an announcement will be forthcoming shortly. Canadian firms wishing to play a part in Iran's

development between 1962-1967 must be prepared to visit the country and to study the possibilities with a good deal of care. Failing the opening of their own offices, they may wish to enter into agreements with responsible Iranian technical companies. This latter arrangement may involve making financial investments without any indication that contracts will result. Some European firms at present are prepared to do this.

Foreign Trade

Iran's imports for 1959 exceeded \$550 million and covered a wide range of commodities. Of this total, some 75 per cent represented essential goods, including agricultural and industrial machinery, raw and semi-manufactured products. Almost 25 per cent fell into the category of luxury and semi-luxury goods, including electrical appliances, radio and TV sets, and automobiles. The leading exporters were Germany (\$120 million), United States (\$113 million) and the United Kingdom (\$104 million).

Trade with Canada

Canada's exports to Iran for the same period totalled only some \$2.2 million, but the figure for 1960 will be better than \$3.25 million. Imports into Canada from Iran, on the other hand, will likely exceed \$13 million, with crude oil making up the lion's share.

Iran's present austerity program will probably continue over the next two years if the desired results are to be achieved. If this is so, Canadian exports of goods which are now subject to higher and new commercial profit taxes will be seriously affected. On capital goods and services, however, the Canadian position will be unchanged and the success of Canadian firms will still depend on whether they are competitive in the Iranian market both in price and payment terms. Exports of Canadian raw materials and semi-finished products will, it is expected, continue to expand at the same

tempo as the industrial development of the country. In fact, the volume of the few Canadian raw material exports to Iran has increased noticeably over the past two years. Iran, it should be remembered, receives annual oil royalties of about \$275 million.

Increasing Our Sales

Iran presents a real challenge to Canadian exporters and, as increased trade calls for greater efforts, the following suggestions may be helpful to them.

Government Tenders—A more realistic approach to Iranian Government tenders is necessary. Interested Canadian firms must be prepared to meet all the conditions of tender, including participation guarantees. Competitive quotations are desirable but are not always the determining factor in realizing the final business. An energetic agent, well introduced, is indispensable.

Purchases by Oil Companies—The Iranian oil operating companies purchase the bulk of their requirements duty-free outside the country. The actual indenting is done in Tehran and orders are placed in London, the Netherlands, and the United States (through ESSO). Canadian firms who wish to participate in some of this business would be well advised to forward catalogues and c.i.f. Abadan quotations to Oil Consortium Operating Purchasing Company, 3 Finsbury Square, London, E.C. 2. Canadian firms with United Kingdom offices or responsible agents in London are well placed to follow up on potential business.

Credit Facilities—Competitive credit terms are at times just as important as competitive offers. Long and medium-term credits are currently being granted by German, United Kingdom and French suppliers to Iran for specified products such as machinery, steel rails, steel pipe for the oil industry, and agricultural equipment.

Shipping Various Qualities—Iran, with a per capita annual income of

some \$130, is a price-conscious market. Many of the goods in the bazaar are offered in different grades with a different trademark or design for each quality (with little emphasis on the names of the manufacturers). As an example, a well known European thread manufacturer puts three markings, ranging from a closed chain to a half-chain, on the outside of the boxes to indicate the quality of the thread.

Outlook

Canadian trade possibilities in Iran over the next eighteen months to two years are not altogether promising. The curtailing of bank credit expansion and fiscal spending—coupled with some \$40 million (mostly gold) which will be released from the currency cover under the recently passed Banking Law—will, it is felt, help to achieve the desired recovery before the end of 1962. Canadian exports will meanwhile continue to meet heavy European competition and also competition from the local industries which are enjoying comfortable protective tariffs. Sales of capital goods and certain raw materials will be faced with increased generous long-term export credits—particularly from Germany—during 1961. These could disturb the pattern of certain Canadian exports to Iran far more seriously than the new commercial profits taxes on a wide range of luxury and semi-luxury goods.

A good many eyes will be focussed on Iran's economy over the next twelve months.

Other articles on Iran published in *Foreign Trade* last year include one on expansion of the oil industry there (April 23, 1960), on the Iranian carpet industry (November 19), and on the date industry (July 30). The market for electrical appliances in Iran was analyzed in our August 27 issue, for pharmaceuticals on October 8, and for paints and varnishes on October 22. The January 28, 1961, number carried an article on advertising in Iran.

SHIPPING SERVICES FROM CANADA TO THE MIDDLE EAST

FROM

	Pacific Coast	Great Lakes	St. Lawrence and Atlantic
TO: Bahrain	Java Pacific and Hoegh Lines <i>(Dingwall Cotts and Co. Ltd., Vancouver)</i>	Crescent Line <i>(March Shipping Agency Ltd., Montreal)</i>	Crescent Line
		Nedlloyd Line <i>(March Shipping Agency Ltd., Montreal; Dingwall Cotts and Co. Ltd., Vancouver)</i>	Nedlloyd Line
Iran	Java Pacific and Hoegh Lines	Crescent Line	Crescent Line
		Hellenic Line <i>(Furness Withy & Co. Ltd., Montreal)</i>	Hellenic Line
		Nedlloyd Line	Nedlloyd Line
		Orient Mid-East Line <i>(North American Shipping Agency Ltd., Montreal)</i>	Orient Mid-East Line
Iraq	Java Pacific and Hoegh Lines	Crescent Line	Crescent Line
		Hellenic Line	Hellenic Line
		Nedlloyd Line	Nedlloyd Line
Israel	Zim Israel Lines <i>(March Shipping Agency Ltd., Montreal; North Pacific Shipping Co. Ltd., Vancouver)</i>	Zim Israel Lines	Greek Line <i>(March Shipping Agency Ltd., Montreal)</i>
			Zim Israel Lines
Jordan		<i>Via Beirut or Lattakia:</i>	<i>Via Beirut or Lattakia:</i>
		Concordia Line <i>(Canadian Overseas Shipping Ltd., Montreal)</i>	Concordia Line
		Crescent Line	Crescent Line
		Hellenic Line	Hellenic Line
		Nedlloyd Line	Nedlloyd Line
		Niagara Line <i>(Canadian Overseas Shipping Ltd., Montreal)</i>	Niagara Line
		Watts Watts Line <i>(Federal Commerce & Navigation Co. Ltd., Montreal)</i>	Watts Watts Line

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

FROM

	Pacific Coast	Great Lakes	St. Lawrence and Atlantic
TO: Kuwait	Java Pacific and Hoegh Lines	Crescent Line Hellenic Line Nedlloyd Line Orient Mid-East Line	Crescent Line Hellenic Line Nedlloyd Line Orient Mid-East Line
Lebanon	Marchessini Lines (<i>Sealakes Shipping Corp. Ltd., Vancouver</i>)	Concordia Line Crescent Line Nedlloyd Line Niagara Line Watts Watts Line	Concordia Line Crescent Line Nedlloyd Line Niagara Line Orient Mid-East Line Watts Watts Line
Saudi Arabia	Java Pacific and Hoegh Lines	Crescent Line Hellenic Line Nedlloyd Line Orient Mid-East Line	Blue Funnel Line (<i>Cunard Steam-Ship Co. Ltd., Montreal</i>) Canada India Pakistan Line (<i>McLean Kennedy Ltd., Montreal</i>) Crescent Line Nedlloyd Line Orient Mid-East Line
Sudan		Crescent Line Hellenic Line	Blue Funnel Line Crescent Line Hellenic Line
Turkey	State Marine Lines (<i>Pacific Marine Freighters Ltd., Vancouver</i>)	American Export Lines (<i>Moore-McCormack Lines (Can.), Montreal</i>) Concordia Line Niagara Line Watts Watts Line Zim Israel Lines	American Export Lines Concordia Line Niagara Line Watts Watts Line Zim Israel Lines
United Arab Republic	Nedlloyd Lines Marchessini Line	Concordia Line Crescent Line Hellenic Lines Niagara Line Watts Watts Line	Blue Funnel Line Canada India Pakistan Line Concordia Line Crescent Line Niagara Line Orient Mid-East Line Watts Watts Line

Import and Exchange Regulations in the Middle East

The following pages contain a summary of the import and foreign exchange control regulations in effect in the Middle Eastern countries covered in this issue, plus Israel and Lebanon.

BAHRAIN

Import permits are not generally required and there are no quota restrictions. Alcohol is, however, subject to an import licence, and the import of certain other goods, such as firearms and ammunition, is prohibited. There are no exchange restrictions and exchange may be sold freely to residents of the Persian Gulf area; customers may use local currency to liquidate drafts drawn on them. The issue of recommendation certificates by the local exchange control for the allocation of official exchange is limited to exceptional cases because exchange is available on the free market.

IRAN

There are no import quotas in the current fiscal year. With the exception of certain listed unauthorized and prohibited goods, most merchandise may be imported freely by purchasing exchange through an authorized bank. Certain listed and unauthorized imports may be imported under special conditions. Special regulations apply to imports financed under ICA procedure. In general, imports must be new and unused products. Under prevailing regulations, all shipments to Iran entering under documentary credits must be insured with officially registered insurance companies in Iran. Control of exchange is entrusted to the Bank Melli Iran, which supervises all exchange transfers and transactions. All foreign exchange transactions must be effected through specifically authorized banks. Commercial profits taxes are applied on imports of a wide range of luxury and other products. This has the effect of increasing the import duty and restricting the import of these commodities.

IRAQ

All goods imported into Iraq are subject to prior licence, with the exception of commercial samples up to a value of ID10. Licences issued by the Ministry of Supply must be obtained before orders are confirmed abroad. Exporters should make certain that a valid import licence has been issued before goods are shipped; without it, foreign exchange will not be released. Imports are on quota and quotas are allotted to individual importers but are limited to those who

have received their classification and hold importers' identity books. At the beginning of each year, a quota list is issued establishing the import program. This program classifies imports into three categories: prohibited goods which may not be imported into Iraq; essential commodities with limited allocations which are licensed against quotas at selected times during the year, and more essential goods, which includes all other commodities for which allocations are unlimited and applications for a licence to bring them in may be made at any time during the year. Import licences are valid for twelve months and during this time the letter of credit must be opened through one of the authorized banks. Failure to establish the letter of credit within the required period automatically cancels the licence. All transactions in foreign exchange must be carried on through a licensed dealer or authorized bank and should first be approved by the Central Bank of Iraq.

ISRAEL

Import licences issued by the competent licensing authorities are required for most imports, with the exception of direct government imports, passenger baggage and certain gifts. The import licence serves also as the authority to buy foreign exchange. When the licence is presented to an authorized bank, the latter provides the necessary foreign exchange. In general, imports of essential goods receive preference. Import licences are valid for between nine and twelve months. Goods may be released from Customs when the import licence has expired if it is proved that they left the country of origin while the licence was still valid. Merchandise not covered by an import licence is subject to confiscation upon arrival in Israel. Documentary collections are usually taken up by drawees only after arrival of merchandise.

JORDAN

An import licence and exchange permit are required for all merchandise entering Jordan, with the exception of certain prohibited goods, those from the neighbouring Arab countries, and imports valued at less than JD50. For all goods imported under documentary letter of

credit, both an import licence and an exchange permit are required. Import licences issued by the Import Department of the Ministry of National Economy are valid for six months and may be extended for valid reasons. The granting of an import licence means that the necessary foreign exchange is allocated for payment; application for an exchange permit must be made immediately. Import licences are valid for opening documentary credits up to 45 days from the date of issue. In all cases, an exchange permit must be issued by the Controller of Currency before an importer can purchase exchange at the official rate. Goods must arrive in Jordan not later than one month after the import licence expires.

KUWAIT

Imports into Kuwait do not require a permit and only a few are prohibited. There are no exchange regulations on imports from the dollar area and exchange is obtained on the free dollar market. Usually the supply is adequate and normally there is no delay in providing payment for imports. Merchants are accustomed to wait for the arrival of the goods before making payment.

LEBANON

With the exception of approximately forty listed articles for which an import licence must be obtained before a firm order is placed abroad, most other goods may be imported freely without a licence. A few goods may not be imported. Imports are paid for in foreign exchange bought in the free market. All exchange transactions, except for a few government transactions such as the collection of customs duties, are conducted at the free market rate of exchange. The transfer or remittance of any currency is not restricted.

SAUDI ARABIA

Imports are completely free in Saudi Arabia, except for certain imports (such as narcotics and arms) which are subject to the usual control. Alcoholic liquors may not be imported. Documentary drafts are usually paid upon arrival of the merchandise. Because payment of interest is not allowed, drafts should not carry interest clauses.

SUDAN

Effective July 15, 1959, an Open General Licence was established whereby a specified list of commodities could be imported freely. The number of commodities covered by this schedule has since been increased periodically. All other imports are subject to licence from the Ministry of Commerce, Industry and Supply and are not valid until the Ministry of Finance and Economic Exchange Control endorses them for the release of the currency and an authorized dealer certi-

fies that the currency has been released. This means that the exchange must be remitted through an authorized dealer and the licence endorsed to that effect before it is presented to the Customs for the clearance of the goods. Import licences are valid for three months but can be extended. Merchandise not covered by an import licence is subject to fines or confiscation on arrival.

TURKEY

All imports require an import licence and all applications for licences must be addressed to an authorized bank and should be accompanied by a pro forma invoice or offer. Imports may be effected by individuals and legal persons who possess importers' certificates. These certificates are not required for the import by industrialists, exporters and mine-owners of their commercial needs. A guarantee of 10 per cent of the Turkish lira equivalent of the foreign exchange applied for must be deposited with the authorized commercial bank at the time of application. Imports shall be made only for goods within one of the three schedules: the free import list, the list of goods imported against an application of foreign exchange, and the list of imports established under bilateral agreements with foreign countries. Imports for payment with ICA funds are not included in these schedules. Import licences are valid for six months from the date of issue and import must be made within that time. If a period is granted for manufacturing the goods, this may be added to the time limit of the licence. The validity of import licences may be extended by two months under extenuating circumstances. The import of old or used goods against allocation of foreign exchange is prohibited. If application is approved, a letter of advice is issued by the foreign exchange bank indicating allocation of foreign exchange. Such documents may be used within one month for payment by letter of credit and within five months for payment against documents. For payment against goods, the said letter must be used within six months of date of clearance of goods.

Payment of foreign exchange for goods from dollar countries which have no trade agreement with Turkey is to be made in U.S. dollars and for other areas in U.S. dollars or other convertible currencies.

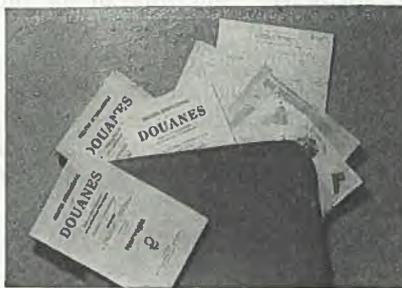
UNITED ARAB REPUBLIC (Egyptian Region)

Most imports require an import licence; the licence is valid for two months and renewable. Applications should be submitted by registered importers and accompanied by firm offers. The import licence bears an annotation on the method of payment and entitles the importer to buy the necessary foreign exchange. Merchandise must be shipped and arrive in the Egyptian Region before the import licence expires. Mer-

chandise arriving in the Egyptian Region and not covered by an import licence is subject to confiscation or fines. Applications for import licence will be considered in relation to the country's needs of the specific commodity and within the limits of the monetary budget approved for the period. Applications offering better prices or payment facilities will receive priority. The balance of trade and payments between the Egyptian Region and the foreign country is considered in fixing total value of import permits issued in its favour. Prohibited imports include almost all consumer goods and products manufactured locally in sufficient quantity to meet local demand.

UNITED ARAB REPUBLIC (Syrian Region)

All imports are under strict control and require licences. Licences are valid for four months from date



Honduras

PARTIAL TERMINATION OF U.S.-HONDURAS TRADE AGREEMENT—Effective February 28, 1961, the tariff concessions provided for under the 1936 U.S.-Honduras Trade Agreement will be terminated. By virtue of the Canada-Honduras Trade Agreement of 1956, similar Canadian products have been entitled to these concessions. With the termination of the United States agreement, U.S. and Canadian goods will be subject to the higher general rates of the Honduras tariff which have hitherto been applied to imports from countries not having trade agreements with Honduras.

The 1936 U.S. Agreement covered concessions on 37 products of which 17 were reduced rates of duty and 20 were bindings against tariff increase. Tariff changes affecting products of interest to Canadian exporters include (one lempira is worth 50 cents U.S.):

Upper leather, bound free in U.S. agreement, and with a general tariff rate of 0.75 lempiras per gross kilogram plus 12 per cent of the duty (totalling 42 cents U.S. equivalent per kilogram).

Tires, bound free in U.S. agreement, with a general rate of 0.15 lempiras per gross kilogram plus 12 per cent of the duty (totalling 8.4 cents U.S. equivalent per kilogram).

of issue and may be extended for two months but may not be renewed for a further period unless the goods were shipped before the licence expired. Authorized imports include essential goods for which import licences are freely granted, and non-essential goods, on which a fee of 2 per cent of the c.i.f. value is levied. Importers must deposit with their bank 5 per cent of the value for raw materials and essential goods and 40 per cent for non-essential goods in order to obtain a licence. A substantial list of goods in this category must be imported directly into Syria through the port of Lattakia. The import of a specified schedule of commodities has been temporarily suspended. In addition to narcotics, arms and ammunition, prohibited goods include commodities produced locally. All imports must be made directly from the country of origin.

—J. M. H. DAVISON,
Asia and Middle East Division.

Foreign Tariffs and Trade Regulations

Wheat flour, 0.132 lempiras in U.S. agreement, with a general rate of 0.14 lempiras per kilogram plus 12 per cent of the duty (totalling 7.8 cents U.S. equivalent per kilogram).

Complete details of the items affected by the termination of the rates in this agreement are available from the Latin American Division, International Trade Relations Branch.

Pakistan

IMPORT CONTROLS—The following commodities are on automatic licensing for the period January-June 1961.

Industrial Items

Building and engineering materials, all sorts (other than those made of iron or wood) and silica sand

Electric insulating material, all sorts, n.o.s.

Anchors and cables

Valves for iron and steel pipes and tubes

Suitcase locks and fittings, including safe locks and automatic door locks

Scientific instruments, apparatus and appliances, all sorts, n.o.s., and component parts and accessories thereof, including weighing

scales, weigh bridges, clinical thermometers and other instruments (excluding geometry boxes of the c. and f. value of Rs.3 and below)
Packing for engines and boilers, all sorts, n.o.s.

Ball, roller and taper bearings

Brake fluid

Cinematographic films unexposed

Lubricants

Unframed optical lenses and rough blanks for making lenses

Glucose

Crepe rubber sheets

Rubber patches and solution (excluding hot patches)

Canes and rattans, n.o.s.

Cork manufactures, n.o.s.

Glue, gum and resins including lac and shellac

Iron and steel

Metals

Explosives

Camphor

Gas in cylinders

Chemicals, n.o.s.

Coal tar dyes

Dyeing and tanning substances

Gas black and carbon black

Rubber, raw, including synthetic rubber

Rubber scrap

Gelatine capsules

Agricultural Items

Tractors and tractor spares

Plants, living

Nylon twine (for fishing industry)

Vegetable and flower seeds, excluding onion sets and onion seeds

Consumer Items

Milk food (previously on automatic licensing for East Pakistan only, now on automatic licensing throughout the country)

Books

Laboratory glassware

X-ray films and plates

Tires and tubes

Scientific and surgical instruments, apparatus and appliances made of rubber including contraceptives

Parts and accessories of automotive vehicles, including spares for marine engines

Vacuum flasks, including refills

Needles, all sorts

Medical appliances made of silk or artificial silk

Surgical instruments, apparatus and appliances and parts and accessories thereof, n.o.s., other than those made in Pakistan, and excluding absorbent cotton wool but including artificial teeth

Typewriters and parts thereof

Office machines and office equipment, parts and accessories thereof

Photographic films, plates and paper including sensitized paper

Sago

Duplicating stencils

Shaving brushes and tooth brushes

Motorcycles and motor scooters

Automotive conveyances, n.o.s., including rickshaws without bodies

East Pakistan Only

Asphalt, pitch and tar

Silbatta

Electrodes, all sorts, n.o.s., including welding electrodes

Condensed milk (subject to initial licensing at 25 per cent of category, repeatable at the same level)

Cement, grey

Limestone

Soda ash

Motor rickshaws

South Africa

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

Increase in duty on:

1. Adjustable office date stamps
2. Cut glassware
3. Tinned smoked sardines in oil
4. Basketwork, plaited from materials other than cane, bamboo, rattan and osier
5. Printing, ruling and lithographic inks, ink reducers, ink driers and screen process inks
6. Sparkplugs for original equipment
7. Spiral welded steel piping
8. All types of carbon brushes
9. Imitation jewellery and simulated pearls manufactured from glass, alabaster glass, resin and synthetic resin beads, assembled or unassembled
10. Uncut and semi-cut moquet made of natural fibres (excluding cotton), or man-made fibres or mixtures thereof
11. Automobile gaskets
12. Bags, n.e.e. (tariff item 59(1)), for flour, grain, manure, sugar, wool, coal and minerals and for local produce or manufactures, but excluding jute, hemp, hessian and cotton bags
Note: The above proposal is under consideration with a view to facilitating the transposition of the existing tariff provision into the International Brussels Tariff Nomenclature.
13. Bandsaw blades for use on metal, plastic and wood of all types and meat-cutting blades (bands).
14. Ladies' coats made from pile fabric synthetic fur materials
15. The following wire fancy goods:
 - (a) Wire carriers for tumblers, whether finished in baking enamels, industrial lacquer or plated
 - (b) Wire frames or stands for carrying or inserting glass ovenware, whether finished in baking enamels, industrial lacquer or plated
 - (c) Wire wall decorations, whether finished in baking enamels, industrial lacquer or plated, to hold flower pots or containers for flowers or plants
 - (d) Wire magazine or newspaper stands, whether finished in baking enamels, industrial lacquer or plated, and in the manufacture of which a combination of wire and expanded metal, wire and punched-out plate, wire and plastic or raffia covers is used
16. Split peas
17. Canned poultry
18. Parquet flooring
19. High level cistern flush pipes
20. (a) Men's and boys' cloth hats
(b) Men's and boys' cloth caps
21. Warm air space-heaters and dryers
22. Electric lampholders, switches (excluding switches for electrical stoves and electrical hotplates), plugs, adaptors, plug sockets, switch units, switch cover plates, switch fuses, switch socket outlets, switch plugs, multi-plugs and multi-adaptors, not including distribution boards, marked or rated for use at voltages less than 500 and for use up to 15 ampere (tariff item 119(h))
23. All worsted yarns spun from man-made fibres
24. Men's, ladies' and children's cloth hats, made from water repellent material

25. (a) Woven man-made fibre piecegoods (excluding glass-fibre cloths) classified under tariff item 78(7)(a)(i)(B), (ii)(B), (iii)(B), (iv)(B) and (vi)(B)
- (b) Woven mixture fibre piecegoods containing cotton, rayon and any other fibres (excluding wool or hair or wool and hair mixed) of which each individual type of fibre is less than 50 per cent by weight
- (c) Woven rayon piecegoods classified under item 78(6)(c)(vii) and (viii)
- (d) Defined drill, twill and sateen

Reduction in duty on:

1. Steel and wooden printers' composing room furniture, such as printers' type cabinets, galley cabinets and type cases
- 2a. Cobalt metal in the form of broken cathodes and granules
- 2b. Cobalt ores, concentrates, slimes and slags
3. Kaurit W. Paste and Kaurit KF 100 per cent Type 1203c that are classified as ureaformaldehyde precondensates and used as an auxiliary in the textile industry
4. Radio control transmitters and receivers for model aircraft
5. Vulcanized fibre in all its primary forms

Rebate of duty on:

1. Furazolidone for the manufacture of veterinary preparations
2. Technical dodecylguanidine acetate used in the formulation of a fungicide
3. Laminated pressure-sensitive adhesive paper in roll, from not less than 3½ inches wide
4. Chrysotile asbestos fibre imported for blending with locally-produced chrysotile asbestos fibre
5. Waterproof materials manufactured from cotton, rayon or mixtures thereof, for the manufacture of rainwear
6. Benzyl cresol and dichlorometaxyleneol for the manufacture of disinfectants and antiseptics
7. Whale lines manufactured from synthetic fibres for use in the whaling industry
8. Surface film which is a kraft paper impregnated with resin of the phenolic type used for facing boards which are used for concrete shuttering work
9. Certain raw materials for the manufacture of ballasts/transformers for fluorescent lamps
10. Manufacturing sugar ("Drifon") used for the manufacture of confectionery

Refund of duty on:

1. Malachite imported for further processing for export
2. Roller bearings to be fitted to railway wagons, coaches and locomotives for export

Withdrawal of the rebate on:

1. Tubular elasticized fabric in the piece for the manufacture of foundation garments

Spain

THIRD LIBERALIZATION LIST—On January 1, 1961 a new list of liberalized imports came into force in Spain. Items of possible interest to Canada are

listed below and the International Trade Relations Branch will be pleased to supply information on specific products.

Vulcanized rubber thread and cords
 Rubber tires, tire cases, inner tubes
 Wood, in the rough, roughly squared, sliced, peeled, paving blocks
 Veneer sheets and sheets for plywood
 Refractory bricks, heat-insulating bricks
 Nickel mattes, speiss, wrought plates, sheets and strip, nickel foil, nickel powders and flakes

Licences are not required for imports of liberalized goods. Importers simply file import declarations with the Registrar of the Ministry of Commerce in Madrid.

For the first two lists of liberalized imports into Spain, see *Foreign Trade* of August 15, 1959, and May 7, 1960.

Uruguay

IMPORTS OF FERTILIZERS—On January 24 the Government of Uruguay issued a new decree permitting the import of all types of fertilizers and raw materials for the manufacture of fertilizers without surcharge and without prior deposit. Up to December 31, 1961, all fertilizers and their ingredients will be free from customs duties and any additional taxes. Moreover, the unloading and distribution of these materials throughout the country is to be facilitated. Canadian exporters who wish to participate in the much larger trade expected should get in touch with the Commercial Counsellor in Montevideo—Montevideo.

Venezuela

POWDERED MILK LICENSING—The Canadian Commercial Counsellor in Caracas has clarified a note on the import of powdered milk into Venezuela, published in *Foreign Trade* of December 31, 1960. The import ratio for powdered milk has been reduced to 3½ kilos for every one kilo purchased locally, not 4 as reported originally. This ratio applies only to powdered whole milk. Powdered skim milk is under import licence but since it is not made locally, no import licence ratio is applied. Licences for powdered skim milk are issued only to end-users in Venezuela—Caracas.

Yugoslavia

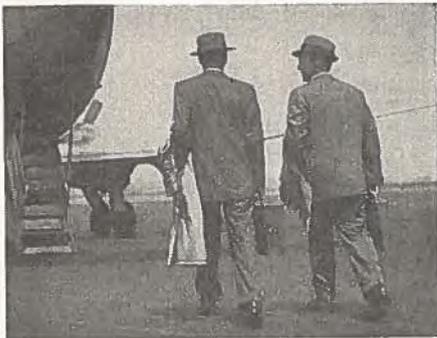
FOREIGN EXCHANGE REFORM—On January 1, 1961, Yugoslavia announced economic reform measures involving the establishment of a unitary exchange rate of 750 dinars to U.S.\$1.00. The new

exchange rate will be applied, effective March 1, to all transactions, with the exception that a special rate will be applied for incoming tourists.

The Yugoslav Government plans to introduce a system of customs tariffs, to liberalize considerably its import controls, and to reduce bilateralism in its foreign trade. These measures represent a major simplification and liberalization of Yugoslavia's former system of complex multiple exchange rates, combined with restrictions on most imports and invisible payments. The reform is designed to facilitate Yugoslavia's foreign trade and payments relations and to serve to integrate

the country more closely with the international economy.

To assist in this reform, the International Monetary Fund has made available to the Government of Yugoslavia up to \$75 million in various currencies held by the Fund. The Yugoslav authorities have obtained assurance of credits of approximately \$100 million from the United States and a further \$100 million from European countries, including Austria, France, Italy, the Netherlands, Switzerland and the United Kingdom. A consortium of German banks is also considering the extension of a credit to Yugoslavia.



Trade Commissioners on Tour

In Canada

G. F. G. HUGHES, who will shortly take up his duties as Commercial Counsellor in Stockholm, will visit Montreal February 20-24 and Toronto, February 27-March 3. Businessmen who wish to see Mr. Hughes should get in touch with the Board of Trade in Montreal and the Canadian Manufacturers Association in Toronto.

In Territory

W. G. BRETT, Assistant Commercial Secretary in Paris, France, will tour the French Community countries in Africa during April. His itinerary covers Nouakchott, Fort Gouraud and Port Etienne in Mauretania; Dakar in Senegal; Conakry, Guinea; Bamako, Mali; Abidjan, Ivory Coast; Lome, Togo; Cotonou, Dahomey; Ouagadougou, Volta; Niamey, Niger.

C. G. BULLIS, Assistant Trade Commissioner in Kingston, Jamaica, will visit Belize, British Honduras, from March 16-23.

H. E. CAMPBELL, Trade Commissioner in Kingston, Jamaica, will visit Nassau, Bahamas, from April 23-29.

P. A. FREYSENG, Assistant Commercial Secretary in Vienna, Austria, will visit Sofia, Bulgaria, from March 6-11.

W. J. JENKINS, Acting Commercial Secretary in Lima, Peru, will visit La Paz, and possibly Sucre and Potosi, in Bolivia, from March 15-27.

G. A. NEWMAN, Commercial Counsellor in New Delhi, will visit Hyderabad and Bangalore from March 13-17.

L. J. TAYLOR, Assistant Trade Commissioner in Johannesburg, South Africa, will visit Madagascar in late March or early April.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will visit Budapest, Hungary, from March 20-23.

W. B. WALTON, Assistant Commercial Secretary, Beirut, will visit Baghdad, Iraq, from March 5-12, and Kuwait and Bahrain, about March 15.

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. Brett at Paris, Mr. Bullis and Mr. Campbell at Kingston, Mr. Freyseng and Mr. Thomson at Vienna, Mr. Jenkins at Peru, Mr. Newman at New Delhi, Mr. Taylor at Johannesburg, and Mr. Walton at Beirut.

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 1.01041995.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 13	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free .....	.01200	83.33	(1)
Austria	Schilling .....	.....	.03801	26.31	
Australia	Pound .....	.....	2.2188	.4507	
Bahamas	Pound .....	.....	2.7735	.3605	
Belgium and Luxembourg	Franc .....	.....	.01983	50.43	
Bermuda	Pound .....	.....	2.7735	.3605	
Bolivia	Boliviano	Free .....	.00008662	11,544.68	
British Guiana	Dollar .....	.....	.5778	1.73	
British Honduras	Dollar .....	.....	.6934	1.44	
Brazil	Cruzeiro	General Category* .....	.004323	231.30	* Jan. 17 (2)
		Special Category .....	.001516	659.72	
		Official selling .....	.05230	19.12	(3)
Burma	Kyat .....	.....	.2078	4.81	
Ceylon	Rupee .....	.....	.2080	4.81	
Chile	Escudo	Free .....	.9408	1.06292	(4)
Colombia	Peso	Certificate .....	.1477	6.77	
Congo, Republic of	Franc .....	.....	.01983	50.42	
Costa Rica	Colon	Official .....	.1763	5.67	
		Controlled free .....	.1488	6.72	
Cuba	Peso .....	.....	.9897	1.01041	tax 2%
Czechoslovakia	Koruna .....	.....	.1374	7.28	
Denmark	Krone .....	.....	.1433	6.98	
Dominican Republic	Peso .....	.....	.9897	1.01041	
Ecuador	Sucre	Official .....	.06598	15.16	
		Free .....	.05788	17.28	
Egyptian Region, United Arab Rep.	Pound	Official	2.8419	.3519	
		Export account selling .....	.....	.....
El Salvador	Colon .....	.....	.3959	2.52	
Fiji	Pound .....	.....	2.4986	.4002	
Finland	Markka .....	.....	.003093	323.31	
France, Monaco, etc.	New Franc .....	.....	.2020	4.95	(5)
Franco-African Republics, etc.	Franc .....	.....	.004040	247.52	(6)
French Pacific	Franc .....	.....	.01111	90.01	(7)
Germany	D Mark .....	.....	.2375	4.21	
Ghana	Pound .....	.....	2.7735	.3605	
Greece	Drachma .....	.....	.03299	30.31	
Guatemala	Quetzal .....	.....	.9897	1.01041	
Haiti	Gourde .....	.....	.1979	5.05	
Honduras	Lempira .....	.....	.4948	2.02	
Hong Kong	Dollar	Free* .....	.1724	5.80	* Feb. 3
		Official .....	.1733	5.77	
Iceland	Krona	Official .....	.02604	38.40	(8)
India	Rupee .....	.....	.2080	4.81	
Indonesia	Rupiah	Official .....	.02199	45.47	(8)
Iran	Rial .....	.....	.01306	76.54	
Iraq	Dinar .....	.....	2.7711	.3609	
Ireland	Pound .....	.....	2.7735	.3605	
Israel	Pound .....	.....	.5498	1.82	
Italy	Lira .....	.....	.001593	627.75	
Japan	Yen .....	.....	.002749	363.77	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 13	Units per Canadian dollar	Notes (See below)
Lebanon	Pound	Free	.3109	3.22	
Mexico	Peso		.07918	12.63	
Morocco	Dirham		.1979	5.05	
Netherlands	Florin		.2614	3.82	
Netherlands Antilles	Florin		.5267	1.90	
New Zealand	Pound		2.7735	.3505	
Nicaragua	Cordoba	Effective buying	.1499	6.67	
		Official selling	.1404	7.12	
Nigeria	Pound		2.7735	.3605	
Norway	Krone		.1385	7.22	
Pakistan	Rupee		.2080	4.81	
Panama	Balboa		.9897	1.01041	
Paraguay	Guarani	Official	.007824	127.81	
Peru	Sol		.03639	27.11	
Philippines	Peso	Free	.3299	3.03	
		Official	.4948	2.02	
Portugal & Colonies	Escudo		.03454	28.95	(9)
Singapore and Malaya	Straits Dollar		.3236	3.09	
Spain and Dependencies	Peseta		.01649	60.62	
Sweden	Krona		.1914	5.22	
Switzerland	Franc		.2294	4.36	
Syrian Region, United Arab Rep.	Pound	Free	.2762	3.62	
Thailand	Baht	Free	.04706	21.25	(8)
Tunisia	Dinar		2.4049	4158	
Turkey	Lira		.1100	9.09	(8)
Union of South Africa	Pound		2.7735	.3605	
United Kingdom	Pound		2.7735	.3605	
United States	Dollar		.9896875	1.01041995	
Uruguay	Peso	Free	.08981	11.13	(10)
Venezuela	Bolivar		.2958	3.38	(11)
			.5778	1.73	(12)
West Indies Fed.	Dollar		2.7735	.3605	(13)
	Pound		2.7735	.3605	(8)
Yugoslavia	Dinar	Official	.003299	303.12	
		Settlement rate	.001566	638.58	

*Latest available quotation date.

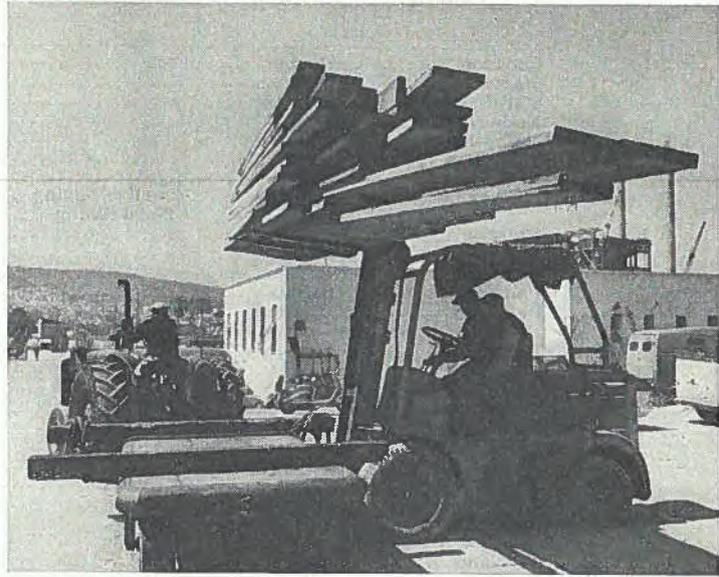
Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.\$18.36 plus (a) an exchange premium of Cr.\$71.64 per U.S. dollar for coffee green, roasted or powdered and cocoa beans; (b) Cr.\$81.64 per U.S. dollar for cocoa products, castor seeds, mineral crude oil and its products. Returns of all other exports may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.\$18.92 per U.S. dollar plus a surcharge of Cr.\$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning Jan. 1, 1960, one escudo equals 1,000 pesos.
5. New franc is also used in Algeria, French Guiana, Guadeloupe and Martinique.
6. Chad, Central African Republic, Congo, Dahomey, Gabon, Ivory Coast, Mali, Islamic Republic of Mauritania, Niger, Senegal, Upper Volta, Cameroons, Togoland, and Madagascar. Also Reunion, Comoro Islands, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, French Polynesia.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. 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.
12. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
13. Jamaica.

In Kuwait—Coming up from the ship's hold, bags of Canadian barley brought to the Sheikhdom on the Red Sea to feed sheep.



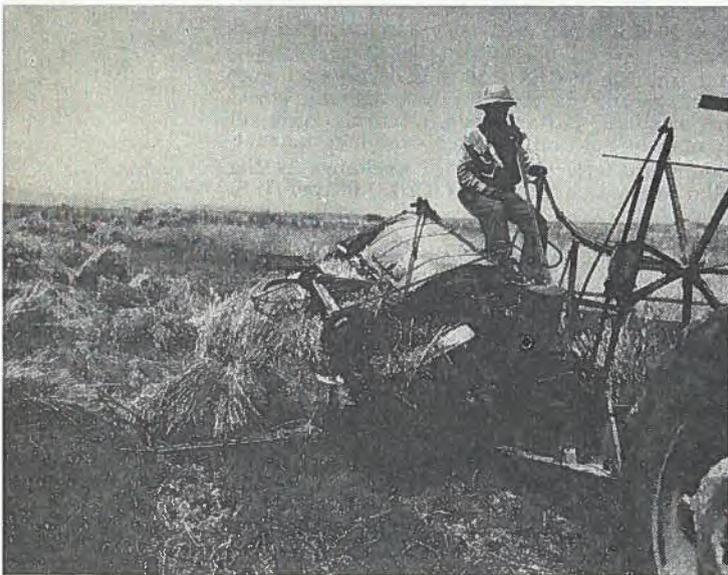
In Israel—This unloading scene was photographed in the port of Haiifa; lumber being handled is Canadian Douglas fir.



Canada in Middle East 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".

Notes



In Iran—When the crops are ready to be harvested, this Iranian farmer relies on Canadian-made machinery to lighten his work.



In Lebanon—These employees of a Lebanese shoe factory use an automatic press from Canada to produce rubber soles.

Roger Duhamel
QUEEN'S PRINTER

If undelivered return to:

The Queen's Printer, Ottawa, Canada



DEPARTMENT OF
TRADE AND COMMERCE
CANADA

FOREIGN TRADE SERVICE

OTTAWA, February 3, 1961.

Mr. R.T. Jones,
Sales Manager,
Canadian Appliances Limited,
Kitchener, Ontario.

Dear Mr. Jones:

I refer to your request of February 1 for information on shipping services and ocean freight rates to enable you to assess export sales opportunities for your products in certain South American and Middle East markets.

Ocean transportation services as outlined in the attached list are available from Canadian ports to the areas in which you are interested. The list shows the steamship lines, the names and addresses of the Canadian agents, the loading ports in Canada, the discharging ports abroad, the frequency of the shipping service and the approximate time in transit.

A tabulation of ocean freight rates on appliances shipped from Canada to representative destinations in South America and the Middle East is also attached. You will note that freight on certain items is assessed on weight or measurement, whichever produces the greater revenue for the steamship company, and you will wish to keep this in mind in deciding upon the kind of export packing to use and in calculating the delivered price of your goods.

In the Great Lakes shipping season you may wish to utilize the direct sailings available from Hamilton or Toronto. I draw your attention to the fast service to Beirut and Persian Gulf ports which will enable you to compete in delivery time with other suppliers. The favourable ocean freight rates should also help you to market your appliances in these areas at competitive price levels.

Please let us know if we can be of assistance to you in any transportation problem you encounter, and if we can furnish you with information on transportation services and freight rates to other countries where you may wish to introduce your products.

Yours sincerely,

J.H. Hiland
J.H. Hiland,
Transportation and
Trade Services Division.

How should
I ship,
what will
it cost me...

Trade and Commerce Can Help You