

Canada's Trade with Western Europe

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European consumers, with more money to spend, bought nearly \$600 million worth of Canadian products last year. More liberalization, revaluation of certain currencies, general convertibility improved our access to this rich market.

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Author of this article was posted to Brussels, headquarters of the EEC, especially to follow and report on developments within the Common Market and their possible effect on Canadian exports. He discusses activities of the EEC and its policies, not only on trade but in many economic fields.

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With second tariff reduction of 10 per cent on July 1, 1961, creation of Consultative Committee, and association of Finland, the Seven have progressed towards accomplishment of their objectives set out in Stockholm Convention.

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COMING—BRAZIL IS SOLVING ITS EXCHANGE PROBLEMS, IN JULY 17 ISSUE



Canada's Trade with Western Europe

N. ROBERT CUMMING, *European Division, International Trade Relations Branch.*

Prosperity in Western Europe, accompanied by import liberalization, helped Canadians to increase sales there by 31 per cent last year. Up-trend bids fair to continue throughout 1961.

CANADIAN exports to Western Europe rose to \$598 million last year, an increase of 31 per cent over 1959, and it is expected that shipments will continue to climb this year. Our best West European markets in 1960 were West Germany (\$165 million), France (\$73 million), Norway (\$70 million), and the Benelux countries (\$69 million). Exports to Italy increased by more than 100 per cent in 1960 (up to \$66 million from \$32 million in 1959). Among our best sellers were wheat, barley, oilseeds, wood pulp, lumber, iron ore, aluminum, copper, nickel, asbestos, primary and semi-finished steel, synthetic rubber, internal combustion engines, and some electrical apparatus.

Much of the prosperity in Western Europe has come from the greater confidence built up throughout the business communities in the two trading blocs—the European Common Market and the European Free Trade Association. As tariff barriers between the members of these two groups have been reduced, trade has increased within the blocs, particularly within EEC.

EEC and EFTA

Canadian trade and commercial relations with the Six and the Seven continued to be dominated by the steps being taken within the respective blocs toward their goals. In the Six (France, Germany, Italy, Belgium, Netherlands and Luxembourg) the prosperous economic climate made it possible to accelerate the tariff-cutting provisions of the Treaty of Rome. By the end of the year, total reductions of 30 per cent had been made in tariffs between the members. On January 1, 1961, the first step was taken in the alignment of their national tariffs toward the common external tariff. Nearly all the com-

mon tariff rates had been established by the end of the year but negotiations are still under way between the members on the final form of the common agricultural policy.

Since it opened on September 1, 1960, Canada's main instrument for dealing with the Common Market arrangements has been the GATT Tariff Conference in Geneva. This has provided a major opportunity for Canada to press for reasonable tariff access for our goods to the Six and for satisfactory arrangements on trade in agricultural products.

The Stockholm Convention establishing the European Free Trade Association (the United Kingdom, Denmark, Sweden, Norway, Austria, Switzerland and Portugal) was ratified by all members early last year. Although the countries in this grouping retain their individual national tariffs and although agricultural trade is generally excluded from the EFTA arrangements, the reduction of tariffs between the

members has brought sharper competition in some of these markets.

The two groupings were each recently enlarged by the association of an additional member. Negotiations have been completed for the associated membership of Finland in the European Free Trade Association and of Greece in the European Economic Community. Spain has not yet associated itself with either organization.

Problems associated with the emergence of these two trading groups that are also of concern to the United States and Canada prompted the formation of a Committee on Trade Problems. This was set up in Paris in January 1960 and focussed its attention mainly on the need to resolve short-term difficulties between the Six and the Seven. The Paris meetings also led to the creation of the Organization for Economic Co-operation and Development (OECD), membership of which will consist of 18 European countries plus Canada and the United States. It is hoped that the OECD will reinforce the work of existing institutions such as the GATT and the IMF.*

*See "OECD Takes Shape" in *Foreign Trade* of January 28, 1961.

CANADIAN TRADE WITH WESTERN EUROPE

	Exports to			Imports from		
	1960	1959	1958	1960	1959	1958
	(millions of Canadian dollars)					
Austria	7.8	8.3	7.5	6.6	5.8	4.8
Belgium-Luxembourg	69.1	56.2	69.7	41.4	44.7	36.0
Denmark	5.0	5.5	5.0	10.0	9.2	7.8
Finland	4.4	2.8	2.3	1.1	0.9	0.6
France	72.9	43.2	45.2	50.1	56.9	41.1
Greece	5.5	3.8	4.7	0.5	0.3	0.4
Ireland	7.7	8.1	8.3	2.1	2.0	1.4
Italy	66.1	31.7	29.9	42.8	37.7	32.8
Netherlands	62.6	53.8	75.0	31.5	29.1	29.5
Norway	70.1	62.3	56.0	4.2	4.1	3.2
Portugal	3.3	3.2	2.3	3.2	3.1	3.0
Spain	10.2	6.2	6.7	6.9	5.6	6.7
Sweden	20.9	14.9	11.0	20.4	18.0	14.1
Switzerland	26.4	25.7	29.5	24.3	24.5	27.0
West Germany	165.6	129.3	201.9	127.0	123.9	106.0
Total	597.6	455.0	555.0	372.1	365.8	315.4

Source—DBS.

In 1960 some countries—such as Sweden, Norway, Austria and Finland—continued to enjoy a rising rate of growth in industrial output, but the rate of increase in certain others was somewhat slower. A period of inventory accumulation that had amplified the boom in some areas came to an end, and businessmen tended to adopt a more cautious inventory policy.

Demand Continues Strong

However, the main element of strength was internal demand. Incomes, purchasing power, and consumer buying increased without interruption. Full employment in general and acute labour shortages in some areas kept pay envelopes filled and brought increases in wage scales. Although the latter led to some anticipation of inflationary spirals, the increases were largely offset by growing productivity made possible by the strong domestic demand and consequent economies of scale.

Modest increases in prices appear to have been offset by other factors and the purchasing power of European consumers is much stronger than at any previous time. The market for consumer goods looks particularly good in 1961 and no saturation point appears to be in sight. The type of merchandise imported into Western Europe reflected the high level of demand. The value of imports into OEEC countries in 1960 was 18 per cent higher than in 1959. It is worth re-emphasizing that imports of OEEC members from North America were almost 40 per cent greater last year. Despite these factors, the market is extremely competitive and buyers are acutely price conscious.

Prospects for Canadian Sales

The over-all prospects for the near future appear to be good and further rises in productivity, purchasing power and standards of living are expected. Canadian producers should examine these mar-

kets carefully as potential outlets for their own lines, particularly if they have not done so recently. The general convertibility of currencies and widespread liberalization measures have opened new trade vistas.

Revaluation of the currencies in West Germany and the Netherlands may assist Canadian exporters in selling to those markets, although Canada has aggressive competitors who are on the same footing as ourselves. Since this time last year, important liberalization measures have taken effect in France, Italy, Norway and several other European countries. In France particularly, access to the market for Canadian exporters is better than it has been for many years and opportunities should be aggressively pursued.

Some exporters have already discovered that, when they cannot ship their finished products from Canada, it pays to seek an arrangement with a manufacturer within one of the trading blocs. The exporter then ships components for assembly within the area. This has been tried successfully, particularly within the Common Market, and illustrates what can be achieved if the market is approached aggressively and imaginatively. Canadian producers have the full facilities of the Department of Trade and Commerce, both at home and abroad, at their service, and should consult the Department on the prospects for their products and obtain full details before making any final decisions in European markets. It is most important to visit the area personally, not only to select agents and to make other commercial arrangements but also to examine the market at first hand and to assess European tastes and preferences, which often differ considerably from those in North America. Above all, exporters should not be easily discouraged; these markets are extremely competitive and take time to cultivate. However, as many Canadian companies have already proved, it is well worth the time, effort and expense needed and can offer promising rewards. ●

Trade with the Maldives

WHAT opportunities are there for Canadian trade with the Maldivian Islands? My visit to the area last May uncovered markets for various Canadian products, especially fishing boats, outboard motors and other gear (which could be useful in expanding local fisheries production), canned foodstuffs, and a variety of consumer goods.

For Canadians unfamiliar with this area, I should explain that the Maldivian Islands consist of approximately 2,000 islands grouped in 17 atolls about 400 miles southwest of Ceylon. About 100,000 people inhabit some 800 of these islands.

Fishing provides the main occupation for most of the islanders. Approximately 1,000 fishing boats operate in nearby waters and catches include bonito-tuna, cod and groupers. The majority of the boats are open canoe-shaped vessels about 30 feet long, powered by sail or oar. There are also six Ceylon-built 26-foot diesel fishing boats and a number of larger craft used primarily for carrying freight between the islands.

Fish also provides the Maldives with its main export: approximately 4,000 cwt. per month are shipped to Ceylon. Chief imports are foodstuffs—about Rs.500,000 worth each month. (Rs.1=\$0.21.) Other imports include fishing gear and equipment, hardware, tobacco, and other consumer goods. The bulk of the import and export trade is controlled by the Maldivian National Trading Corporation, a government-sponsored business organization with its head office in Male, the capital of the Maldivian Islands. The Ceylon rupee is used for these trade transactions as the Maldivian rupee is not backed by any internationally recognized reserves.

The Maldives were formerly a dependency of Ceylon but became a Republic in 1953. Their present status is that of an independent state under British protection. The British Government, by agreement with the Maldivian Government, is responsible for foreign political contacts but the local government controls all other matters.

The language of the Islands is a dialect of Sinhalese, but English is written and spoken by the ruling class and is becoming more common under a government policy which encourages its use.

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

The Common Market Forges Ahead

This comprehensive review of progress made within the EEC last year touches on all aspects of the Community's activities, with emphasis on the eventual achievement of economic integration.

P. T. EASTHAM, *Assistant Commercial Secretary, Brussels.*

THE buoyant business conditions that prevailed generally in the Community in 1959 continued throughout 1960. Industrial production in the six countries as a whole increased by 11 per cent over 1959 and the gross national product rose by 7 per cent. In 1959 much of the impetus was provided by exports, but the expansion in 1960 largely resulted from greater internal demand brought about by an 11 per cent increase in business investment and a somewhat smaller gain in private consumption. Nevertheless, Community exports in 1960 rose to \$19.6 billion, 13 per cent ahead of the previous year, notwithstanding a 5 per cent decline in shipments to the United States, the Community's principal trading partner. Imports from third countries increased by 20 per cent to \$20 billion, and although the rate of expansion in imports slowed down during the year, it remained higher than for exports. Thus the Community's trade balance was reduced from \$1,044 million in 1959 to \$150 million in 1960, although a heavy inflow of capital resulted in a substantial increase in the surplus on the balance of payments. Not surprisingly, there was another large increase in intra-Community trade—25 per cent over 1959.

Readjustment in Industry

Undoubtedly much of the dynamism in the economies of the Six is the result of the gradual establishment of the Common Market. Although the process of dismantling internal trade barriers is only now assuming significant proportions, Community industries for some time

have been strengthening their position by entering into mergers and specialization agreements, modernizing and enlarging plants, and extending sales networks in order to meet the competition and reap the benefits from the ultimate objective of a single market of 170 million people. That Community businessmen are looking more to the opportunities than to the difficulties of the Common Market is evidenced by the widespread support they gave to the decision of May 12, 1960, to accelerate the implementation of the Treaty.

Tariff and Quota Developments

Previous articles in *Foreign Trade* have dealt in detail with the timetable of tariff and quota changes called for by the Treaty¹, the effects of the acceleration decision², and the first step in approximating the separate external tariffs of the member states to the common external tariff³. As the EEC began its fourth year on January 1, 1961, internal tariffs on industrial goods had been cut by 30 per cent and at the end of this year the total reduction will be brought to either 40 or 50 per cent, depending on a decision to be taken shortly by the Council of Ministers. Should they decide in favour of the larger cut, the internal tariff reductions will be three years ahead of the schedule laid down in

the Treaty. Quotas on industrial goods in intra-Community trade are to be abolished by the end of 1961, well ahead of the original target date. The first step in bringing the national tariffs applicable to third countries into line with the Common External Tariff was taken last January 1, one year earlier than originally planned. For agricultural products progress has been slower, but even in this sector the original time-table has been accelerated a bit and the involved process of formulating the common agricultural policy of the Community has been speeded up.

Towards Economic Union

Important as these measures are, they account for a relatively small part of the activities of the Community institutions in working out the many elements that make up a complete economic union. First, it is not enough to abolish the traditional tariff and quota barriers to trade if competition within the Common Market is restricted or distorted by other devices—such as state and private monopolies, production subsidies, export aids, discriminatory taxes on goods, arbitrary product standards and so on. Second, provision must be made for the free movement of labor and capital within the Community and for the removal of existing restrictions on the right of businesses and members of professions to establish or provide services in other member countries. Third, common policies must be adopted in fields where free competition is not possible (such as agriculture and transport)

¹"The European Common Market and Negotiations for a Free Trade Area", *Foreign Trade*, June 20, 1959.

²"European Trading Arrangements", July 2, 1960.

³"First Steps Toward the Common External Tariff", January 28, 1961.

or where the degree of integration in the economies of the six countries brought about by the measures mentioned so far makes it necessary to have Community policies—for example, on external commercial relations, social matters and regional development. In turn, this degree of integration makes it essential at least to co-ordinate at the Community level the different national policies in the fiscal, financial, monetary, labour and energy fields.

Bearing in mind the fundamental differences in the economic systems of the member countries, the executive branch of the EEC has tackled the whole range of problems simultaneously and after an initial period of organization and study has been able to put forward specific proposals on most of these subjects. Normally the Council of Ministers takes final decisions—in certain cases only after the proposals have been debated in the European Parliamentary Assembly or considered by the Economic and Social Committee, which consists of representatives of industry, labour, agriculture and consumers.

The following is a brief review of the main activities of the Community and the achievements so far.

Competition

- Preparation of the first draft regulations on cartels and monopolies, involving compulsory notification of the existence of cartels and a procedure for authorizing those the Commission considers are not against the interests of the Common Market.

- Adoption by the Council of an inter-government agreement where-by member countries will not modify the rates of compensatory taxes on imports and tax rebates on exports except for purely fiscal reasons and after consultation with the Commission. Studies are well advanced on the possibility of adopting a common turnover tax to be applied throughout the Community. The effects of other taxes, both direct and indirect, on the

working of the Common Market are also being studied with a view to possible harmonizing of the national legislation.

- Adoption of a regulation providing a remedy for dumping practices during the transition period.

Free Movement of Labour

- Adoption of an immediately binding Convention under which workers are entitled to social security benefits even if they move to a member country other than the one in which they have paid their contributions.

- Preparation of the first draft directive to ensure by the end of the transition period the freedom of workers to take up employment in any EEC country.

Freedom to Establish and Supply Services

- Preparation of draft general program laying down time-tables for the progressive abolition over the transition period of restrictions on the freedom of establishment and the free supply of services throughout the Community. The right of establishment has been called the “freedom of movement of initiative”, and will enable Community firms and individuals to establish businesses or open branches in any other member country on the same terms as nationals of that country. The programs for both establishment and supply of services extend to the exercise of the professions as well as service industries, such as insurance, banking and distribution.

Freedom of Movement of Capital

- Approval by the Council of the first directives for the free movement of capital. Capital movements unconditionally liberalized include those arising out of direct investments and dealings in listed securities. The chief capital movements not yet liberalized are short-term or “hot-money” movements; these

must await a greater degree of harmonization of monetary policies.

Transport Policy

- In the transport sector, the Council last year adopted regulations prohibiting discrimination in rates and conditions based on national origin or destination of goods carried within the Community.

- The Commission submitted to the Governments its recommendations for developing the basic Community network of roads, railways and inland waterways, including proposals for specific improvement projects that might be carried out with assistance from the European Investment Bank.

- In April the Commission submitted to the Council its proposals for a common transport policy. This aims to provide the minimum amount of regulation of the industry necessary for it to operate on an orderly basis while providing services at economic rates.

Agricultural Policy

- The Commission's revised proposals for a common agricultural policy were submitted to the Council in June 1960. The Council appointed a special committee to make a detailed study of the proposals and prepare draft decisions. In December, the Council approved in principle the application of a system of variable levies to facilitate the transition to the Common Market stage for a number of basic products (sugar, wheat, coarse grains, eggs, poultry and pork). The levies will apply to both internal and external trade; the internal levies are to disappear when prices have been adjusted to a common level. For certain other products, there will be a minimum price system for the transition period. The Commission is to submit detailed proposals for grain and pork to the Council before the end of May, and for sugar, eggs and poultry before the end of July, so that the Council

can take its decisions in time to institute the system for the agricultural year 1961-62. The Commission must also submit detailed proposals on the criteria for determining minimum prices.

External Trade Policy

● The cornerstone of a common external trade policy was laid last year with the completion, except for two items, of the Community's common external tariff. At the time of writing, the involved negotiations in the GATT for transferring to the common external tariff the bindings previously granted by Community countries are nearing completion, and the Commission is preparing to enter into the second round of tariff negotiations on behalf of the Community.

● A special group of national and Commission representatives is in course of working out proposals for the co-ordination of export credits and export credits insurance policies.

● Other special groups are concerned with the co-ordination of national policies on low-wage imports and on relations with state-trading countries.

Energy Policy

● Although the Treaty makes no provision for a common energy policy, access by Community industry to low-cost and reliable supplies of energy has acquired a new significance in view of the difficulties in the coal sector and the rate of increase in oil imports from Russia and other countries. The EEC Commission, jointly with the executives of the Euratom and Coal and Steel Communities, has submitted proposals to the Council for a program to deal with emergency situations as a first step toward developing a common energy policy.

Social Policy

● The European Social Fund came into being last year and the Council adopted rules for its operation. The

Fund can reimburse 50 per cent of the amounts spent by governments for the occupational training, resettlement and making-up of wages of workers displaced through the implementation of the Common Market.

● Consultation with national representatives, unions and employer organizations are proceeding, with a view to harmonizing national legislation dealing with social security, working conditions and occupational retraining.

Regional Development

● The Commission has drawn up a first outline of a regional economic policy, on the basis of which the European Investment Bank has now granted 14 loans to assist the Community's less developed regions in adjusting to the establishment of the Common Market.

Economic Policy

● Activities aimed at co-ordinating economic policies were stepped up through regular meetings of the Finance Ministers of the member countries and the creation of a Trade Cycle Committee to complement the Monetary Committee called for by the Treaty.

Associated Overseas Countries

● The European Overseas Development Fund by the end of 1960 had granted aid of over \$160 million for development projects in the associated overseas countries and territories. All the territories that have become independent (with the exception of Guinea) have chosen to remain associated with the Community. As the original association arrangements expire at the end of 1962, meetings of officials, Parliamentarians and perhaps Ministers will be held soon to work out the terms of the future relationship. Although there is no clear indication yet of the form the new arrangements will take, the view prevails in Community circles that the level of tariff preferences granted by the Six under the present agreement will

be reduced, and the associated countries compensated through a scheme to stabilize their export incomes.

Association with Other Countries

● A draft agreement for the association of Greece with the Community was initialled on March 30. It provides in effect for a customs union between Greece and the EEC, to be implemented for about two thirds of the trade over 12 years and for the remaining third over 20 years. It is intended to enable Greece eventually to become a full member of the Community.

● The negotiations for the association of Turkey have been resumed.

● The application by the Netherlands for the association of the Netherlands Antilles is still pending, while agreement is sought on the treatment to be afforded in the Community to oil products refined in the Antilles from imported crude.

Problems Ahead

It is clear from the foregoing (which is by no means an exhaustive list) that a good start has been made on most of the aspects of economic integration. On the other hand, the Council has made final decisions on policy in only a few instances and for some of the proposals—particularly those relating to agriculture, monopolies and energy—there is a wide measure of disagreement among the member countries. These problems are heightened by the uncertainties created by the possible association of the United Kingdom with the Community and the nature of the Community's future relations with the associated overseas territories. At the same time, the member countries appear to be increasingly interested in proceeding with the ultimate objective of political as well as economic integration, as evidenced by the first European "Summit" meeting held in Paris last February and the plans to hold

further meetings of the Heads of State and Foreign Ministers at regular intervals. The merging of the executives of the three Communities and direct elections to the European

Parliamentary Assembly by universal suffrage are also being considered. Most observers in the Community think that the advantages of political unity, combined with the

economic benefits which would accrue to most interests from a genuine Common Market, are sufficient incentive for the finding of appropriate solutions to the problems. ●

EFTA: a Current Review

Since the Stockholm Convention setting up EFTA was ratified 14 months ago, the Association has taken a number of steps in addition to tariff reductions. These are outlined here.

C. L. BLAND, *Commonwealth Division, International Trade Relations Branch.*

OVER 18 months ago the Ministers representing the seven EFTA countries initialled the Stockholm Convention that gave birth to the European Free Trade Association.*

Negotiations for the establishment of EFTA were initiated following the breakdown of attempts to form a Europe-wide free trade association that would include the Six of the Common Market. In establishing its more limited trading group, the Seven felt that this action might pave the way for the formation eventually of a broader European arrangement.

The objects of the EFTA, as set out in the Convention, are to advance economic expansion, productivity and the rational use of resources while avoiding disparity in the supply of basic materials produced within the area, and to promote full employment and a higher standard of living within the EFTA. The Convention provides for the gradual removal of all protective tariffs on industrial products between member countries not later than January 1, 1970. It also calls for the elimination of other barriers to trade. Quantitative restrictions

between member countries are to be removed not later than December 31, 1969, through a series of annual increases in quotas. In addition, there are provisions for the Council to decide upon acceleration of the time-table for reducing tariffs and to admit new members to the EFTA either by accession or association.

Over a year has elapsed since the Convention was formally ratified on May 3, 1960. What has happened since? The following paragraphs discuss the major developments in the European Free Trade Area since the first tariff reduction of 20 per cent was effected on July 1, 1960.

EFTA Institutions Functioning

The institutions of the Association have passed the experimental stage and are now in full working order. EFTA has a permanent secretariat, a budget, and expert committees. The first step in the process of creating a free trade area was taken on July 1, 1960, when the members cut tariffs on most industrial goods produced and sold among themselves by 20 per cent. In addition, EFTA countries made certain relaxations in import quotas.

During the fall of 1960 the second ministerial meeting of the EFTA Council was held in Berne, where a discussion took place on possible modification of the time-table for tariff reductions laid down in the Stockholm Convention. Several other meetings, mainly on internal problems peculiar to the member countries, were held during the last quarter of 1960.

The EFTA ministerial meeting convened in Geneva on the 14th, 15th and 16th of February 1961 is said to have been the most important meeting since the Convention was initialled in Stockholm. It was here that the formal decision on the acceleration of the time-table for tariff reductions was taken. The Ministerial Council decided to bring forward the date on which the next tariff reduction of 10 per cent was to have been made from January 1, 1962, to July 1, 1961. This move was in part due to a desire to keep pace with tariff reductions in the EEC. The Ministers also agreed that the Council should study the possibility of making further advances in subsequent stages of the time-table for reducing and eliminating the tariffs applied within EFTA. The Council also recommended that

*See *Foreign Trade*, January 16, 1960, "The European Free Trade Association."

Facts about EFTA

- Members are: Norway, Denmark, Sweden, Austria, Switzerland, Portugal, and the United Kingdom. Finland became an associate member on March 27, 1961.
- In 1960 exports from EFTA countries to other member countries totalled \$3,403 million; imports came to \$3,626 million. Both figures represent a gain of 15 per cent over 1959. The United Kingdom accounted for approximately one third of total trade within EFTA during 1960. Exports by EFTA to the EEC totalled \$4,299 million in 1960 (up 12 per cent); imports from the Six stood at \$6,383 million, an increase of 17 per cent.
- The EFTA countries combined export about one quarter of their gross national product. Imports account on the average for approximately 30 per cent of EFTA's gross national product, with some EFTA members reaching percentages of 40 to 45.
- The EFTA countries export nearly six times as much to non-members as they export to one another, and nearly twice as much to countries outside as to countries inside Europe.
- EFTA countries have approximately 90 million people, or about 50 per cent as many as EEC's 170 million. Yet EFTA's imports are equivalent to 80 per cent of the imports of the EEC and the proportion for exports is 65 per cent.

the development of agricultural trade within the EFTA be examined and set July 1, 1961, as the target date for this review.

Consultative Committee Set Up

At this same February meeting, the formal decision was made to create a Consultative Committee, the terms of which the Ministers had agreed to at Berne in October 1960. This Consultative Committee is not a policy-making body but is designed to facilitate contact between the executive organs of EFTA and independent business representatives of the member countries. It will provide opportunity for exchange of views and information on any matter within the scope of the Association. Each member country may appoint up to five businessmen or labour leaders to the committee. It is to meet at least twice a year and will be presided over by the chairman of the EFTA Council, who will report directly to that body for the Committee. The first meeting of the Consultative Committee was held in London on May 9, 1961. Industrial problems within the EFTA and the implications of the Association in the social and labour fields were discussed at the initial session.

Finland Becomes Associated

On March 27, 1961, an agreement was signed creating an association between Finland and the members of the European Free Trade Association. The agreement recently signed at Helsinki, popularly known as EFA (EFTA—Finnish Association), creates a free trade association between the seven EFTA countries on the one hand and Finland on the other. This free trade association will co-exist with the European Free Trade Association, which will continue to function as before with its institutions unaffected by the agreement. The EFA will be supervised by a joint council consisting of the EFTA Council and a Finnish representative. Under the terms of the agreement, the first tariff reductions and the first relaxa-

tion of quantitative import restrictions will take place on July 1, 1961. Finland will reduce its duties towards the EFTA countries by 30 per cent for most products and the member states of EFTA will extend to Finland the 20 per cent reduction they have already made, together with the further 10 per cent reduction slated for July 1 of this year.

Certain Tariff Exceptions

The exception as far as tariffs are concerned is that Finland, in order to protect certain industries from too sudden an inflow of competitive goods, may reduce her import duties on certain products (mainly varnishes, polishes, rubber tires, leather and footwear, all textiles and various small articles made of iron or steel) at a slower pace—that is, 20 per cent on July 1, 1961, not 30 per cent. In addition, a second reduction for these same industries is not due until 1965. The other exception is that Finland may also retain indefinitely existing quantitative restrictions on a number of other goods; the most important are solid and liquid fuels and certain types of fertilizers.

Tours of Commodity Officers

ONE of the principal functions of the Commodities Branch is to maintain close liaison with the Canadian business community. This function is carried out by commodity specialists organized into divisions representing major industry groups.

In the course of their trade promotion efforts, these officers are required to undertake tours and to interview Canadian firms interested in export trade or needing the assistance of the Department of Trade and Commerce.

Any firm interested in meeting these commodity specialists should write to the Director of the Commodities Branch, Department of Trade and Commerce, indicating the products that it is anxious to sell abroad. The appropriate commodity officer will then undertake to interview the company on his next tour that includes the city.



— ★ indicates Trade Commissioner Service office

Norway

Increased sales of Canadian goods, including consumer products, are possible in Norway as a result of the virtually complete import liberalization there; our sales rose by about \$8 million last year to reach \$70 million and new agencies are being arranged.

M. B. BURSEY, *Commercial Counsellor, Oslo.*

NORWAY achieved a record rate of economic growth in 1960, although in some important branches of activity (such as fishing and whaling) production declined. In addition, a water shortage seriously hampered electrical output for the electricity-consuming industries during the last months of the year. Despite these factors, total production rose by about 6.5 per cent, the largest increase in any postwar year since 1947. The progress made in 1960 should be viewed against the background of developments in 1957 and 1958 when capacities were considerably expanded but growth in output was relatively small. Increased foreign demand for Norwegian goods and an expansive financial and credit policy made possible full use of this production potential in 1960. A

slower rate of growth is therefore to be expected in 1961. (The National Budget puts the expected increase at only 4 per cent.)

With capacity being used to such a high degree, tendencies to strain have also developed. In the industrial districts the scarcity of labour is setting limits on the possibility of expansion in output and the sharp jump in imports in 1960 may also signal rising pressure in demand. The crucial question at the beginning of the new year was therefore whether it would be necessary to adopt measures to counteract these tendencies to strain—measures similar to those already introduced in 1959 in most of the countries of Western Europe. The Joint Consultation Council convened in February to discuss the situation and it

decided that the right course would be to adopt a few reversible measures of restraint that would limit the liquidity within the credit system.

The harvest in 1960 was estimated at 106 per cent of a normal crop year and livestock production is reported to be somewhat larger than in 1959. Output of conifer timber during the 1959-60 felling season approximated 7 million cubic metres, 550,000 cubic metres more than in the previous season. The 1960 fisheries catch is estimated at 1.26 million tons, valued at 642 million Norwegian kroner*—a considerable drop from 1959's 1,360,000 tons, valued at 667 million kroner. The decline was mainly because of the small catches of herring; winter herring fisheries yielded the lowest output since 1944. The mackerel catch, however, reached a new peak. Norwegian whaling operations produced 681,000 barrels of oil, or 145,000 barrels less than in the 1958-59 season.

*One Can. dollar=7.26 Kroner.

**NORWEGIAN BALANCE
OF PAYMENTS**

	1959	1960
	(in millions of kroner)	
A. Goods and Services:		
1. Income:		
Export of goods	5,620	6,022
Export of ships	206	295
Net freight income	3,000	3,125
Other net services	287	375
Total	9,113	9,817
2. Expenditure:		
Import of goods	7,426	9,018
Import of ships	2,083	1,474
Total	9,509	10,492
Balance	-396	-675
B. Interest on Loans and Foreign Aid:		
Net aid from foreign countries	69	144
Net interest on loans from abroad	235	259
Balance	-166	-115
Total Balance of Payments	-562	-790

Industrial Output Larger

Industrial production rose approximately 8 per cent, increasing more in the export industries than in those producing for the home market. Of the export industries, the most marked rise in output was in mechanical and chemical pulp, paper, herring oil, ferro-alloys and aluminum. The production increase in home-market industries was largest in consumer goods—particularly paper and paperboard products, radios, household articles of metal, and electrical appliances. Electricity production increased by more than 8 per cent over 1959 and building and construction rose slightly; about 27,000 dwellings were completed as against 26,500 in the previous year.

Continued low freight rates prevailed in the shipping industry in 1960 but there was less laid-up tonnage; 49 ships totalling 366,000 gross tons were laid up, 272,000 less than one year earlier. During the year, shipping companies took delivery of 79 new vessels totalling 1.15 million tons deadweight, and by the end of the year building contracts for Norwegian shipping companies had reached 3.4 million gross tons. Altogether the Norwegian merchant fleet increased by 413,000

**ORIGIN OF NORWEGIAN
IMPORTS**

Imports from	1959	1960
	(in millions of kroner)	
Denmark	311	381
Sweden	785	982
Belgium and Luxembourg	254	302
France	251	336
Netherlands	470	522
United Kingdom	1,195	1,467
West Germany	1,234	1,537
Total from Europe	5,372	6,515
Of which:		
Free Trade Association	2,506	3,074
Common Market	2,352	2,843
Total from Africa	212	245
Total from Asia	198	264
Total from North America	1,317	1,595
Of which:		
Canada	451	509
United States	661	874
Total from South America	235	317
Total from Australia, etc.	32	29
Total Imports	7,366	8,965

gross tons to a total of 11.2 million by the end of the year.

The Government recently published its new long-term program for the four-year period 1962-1965 in which it aims at a production increase of 17 per cent, or approximately 4 per cent a year. Emphasis is placed on greater investment in industry, on hydroelectric power development, and extended and improved communications. Defence expenditure is expected to increase by about 10 per cent and a net capital import of some two million kroner is anticipated during the period. The program aims at accelerated industrial development, full employment, and a rationalization of agriculture, forestry and fisheries.

Balance of Payments

Norway's balance of payments with foreign countries showed a deficit of 675 million kroner compared with a deficit of 396 million in 1959. Income rose from 9,113 to 9,817 million kroner. Some 400 million kroner came from the export of goods, 90 million from the

CANADIAN EXPORTS TO NORWAY

	1959	1960
	(in \$'000)	
Nickel in matte or speiss	39,787.1	44,877.6
Copper, fine, in ore	9,023.8	10,237.2
Wheat	4,958.5	6,163.9
Flaxseed	971.	1,083.7
Zinc in ore	532.7	883.7
Platinum concentrates	598.2	860.9
Synthetic rubber, plastics		542.9
Carbon graphite electrodes	32.4	392.2
Commercial twine fishing nets	469.4	376.8
Drugs and chemicals	3,327.7	*
Asbestos milled fibres	220.1	332.2
Pigments, n.o.p.	148.5	295.1
Bookkeeping and calculating machines and parts	266.5	215.9
Synthetic fibre thread and yarn	29.1	209.7
Aircraft engines and parts	77.8	129.7
Polystyrene	28.3	125.9
Sparkplugs	89.5	77.9
Motor vehicles and parts	62.6	76.4
Sausage casings	51.0	61.5
Ores, n.o.p.	196.5	60.5
Aluminum in primary forms	230.6	50.5

*DBS classification changed in 1960, so true comparison not possible.

export of ships, 125 million from freight earnings, and 90 million from earnings of other services. Foreign payments increased from 9,509 to 10,492 million kroner, with imports of goods rising in value by 1,592 million kroner and imports of ships declining by 609 million. The total deficit on balance of payments rose from 562 million kroner in 1959 to 790 million in 1960, an increase of 228 million. The various foreign exchange transactions resulted in a rise in foreign currency holdings of 134 million kroner. The table on the left shows the balance-of-payments situation at the end of the last two years.

Foreign Trade

The year 1960 established records for Norwegian imports, exports, and for the deficit on trade

with other countries. Of the 1,600 million kroner increase in imports, some 300 to 350 million represented consumer products and the remainder capital goods. Exports increased by 413 million kroner, with special emphasis on forest products and base metals. Norway's trade deficit with the Common Market countries rose sharply, particularly with West Germany, where it increased from 389 million kroner in 1959 to 680 million in 1960. The trade deficit with EFTA countries rose to 406 million kroner compared with 298 million in 1959. The accompanying table shows the origin of Norway's imports during the last two years.

As a member of EFTA, Norway reduced her tariff on July 1, 1960, by 20 per cent on practically all goods imported from other member countries, with the exception of agricultural products, fish and other marine products, as well as commodities subject to a fiscal rate of duty rather than a protective rate. Norway has declared that the duty rates levied on automobiles and spirits are fiscal and therefore not subject to the 20 per cent reduction. On July 1, 1961, this preference will be increased to 30 per cent and by means of a series of 10 per cent reductions over a period of years the duty on imports from EFTA countries will finally be abolished. Although this preferential tariff has placed some Canadian products in a less competitive position than before, Canada's trade has not yet been noticeably affected.

Norway does not discriminate against imports from dollar countries and quantitative restrictions on imports are now of little consequence. Apart from a large number of agricultural products which are subject to import licences issued by the Department of Agriculture, practically all goods are now free from import control as a result of the free-listing of a considerable number of industrial goods on July 1, 1960, and April 1 and May 1, 1961. The remainder will be

released from import licensing on July 1, 1961, and January 1, 1962.

Imports from Canada

Last year Norway ranked as Canada's seventh largest export market. Canadian exports to Norway in 1959 totalled \$62.4 million but they rose to \$70.1 million in 1960. The accompanying table shows some of the most important products exported to Norway in these two years.

As a result of the almost complete relaxation of import controls, Canadian exporters will now have an opportunity to increase their sales to the Norwegian market in competition with similar products from other countries. If Canadian manufacturers and exporters are able to take advantage of this opportunity, increased sales could easily result. Since the Export Trade Promotion Conference held at

Ottawa last December, 27 new Canadian agencies have been established in this territory. These agencies cover such items as household utensils, beer, nylon sporting jackets, off-highway tracked carriers, leather, drydock repairs for Norwegian ships, synthetic and some cotton textiles, suede and leather jackets, wallpaper, electric household refrigerators and deep-freeze units, electric ranges and other electric household equipment, botanical crude drugs, fibreglass woven fabrics and rovings for reinforced plastics, bathroom scales, automotive hardware products, battery chargers, airport snow-removal machines, and aircraft. Other Canadian exporters should therefore seriously consider the possibilities of Norway as an outlet for industrial raw and semi-finished products and machinery and equipment, as well as a variety of consumer goods. ●

Sweden

Swedish economy expanded last year, as industrial output rose and foreign trade achieved a record. Canadian exports to Sweden increased 33 per cent over 1959, with metals in the lead.

M. T. THOMAS, *Assistant Commercial Secretary, Stockholm.*

THE year 1960 was for Sweden, as for Western Europe in general, one of economic expansion. Production was 9 per cent higher than in 1959, foreign trade reached a record, with exports up 16 per cent, imports 19 per cent and the trade deficit doubled. Unemployment was low and although wages rose, prices remained fairly stable. Official economic policy contributed to price stability by imposing stricter monetary controls. The only, but nevertheless important, fiscal intervention the Government made during 1960 was the imposition of a 4.2 per cent general sales tax. The success of

the Government's measures is indicated by the fact that the industrial boom did not at any time become inflationary. Disregarding the sales tax, the consumer price index climbed by barely 1 per cent during 1960; wholesale prices rose by about 2 per cent. The index for import prices dropped by about 3 per cent and the export price index rose by 1.5 per cent.

Foreign exchange reserves fell in 1960 by Kr. 159 million to Kr. 2,888 million, or the equivalent of a little over two months' imports. Increased shipping receipts were unable to offset entirely the import

surplus of Kr. 1,605 million and the balance of payments on current account showed a deficit of about Kr. 300 million for the year.

Production Rises Rapidly

The gross national product rose by 5 per cent during 1960 which, when viewed as part of the general upswing which began in 1958, represents the most rapid growth since the 1949-51 boom. Industrial production rose by 7 per cent. During the second half of the year, the rate of increase slackened noticeably because of labour shortages. The increase was divided among the various branches as shown in Table I.

Forest Industries

The Swedish forest products industry enjoyed a good year in 1960; the paper branch was in the lead with a rise in production of over 18 per cent. Keen demand both in the domestic and export markets seems likely to continue into the near future at least. Supported by this expansion, capacity was increased somewhat and several more mills introduced continuous production.

The wallboard industry did not share in the general growth. Both the level of sales prices and the inflow of orders in this export-oriented industry showed a tendency to decline towards the end of the year.

Want to export to Sweden? Remember these points

- The Swedish market is one of the most open in Europe. This condition has persisted for many years and competition is therefore very keen.
- The Swedish buyer is discriminating, demands quality and is price conscious.
- To sell to Sweden, a Canadian exporter should have a Swedish agent and be sufficiently flexible in export and advertising policy to adapt to market conditions.
- Quotations must be in U.S. dollars or Swedish crowns, c.i.f. Swedish port.
- Letter of credit terms are rarely acceptable. C.A.D. terms or better are preferred.
- Swedish business firms and associations are most efficient and correspondence can accomplish a good deal, BUT
- There is no substitute for a personal visit by the Canadian businessman.

Production and delivery of wood pulp was higher than ever and capacity, which increased substantially during the second half of 1959, was used to the full throughout 1960. Exports were well maintained but because of intensified competition (mainly from North America)

Sweden's share of the European cellulose market was smaller. Prices were raised slightly early in the year and in December there was a further small rise in the prices of unbleached qualities. Several mills embarked on substantial investment programs.

Demand for sawn and planed lumber was buoyant throughout the year and exports totalled over seven million standards. However, towards the end of the year stocks began to build up rapidly and it is expected that exports will decline somewhat in 1961. Sweden's main customers for timber products were, as usual, the United Kingdom, the Netherlands, and West Germany.

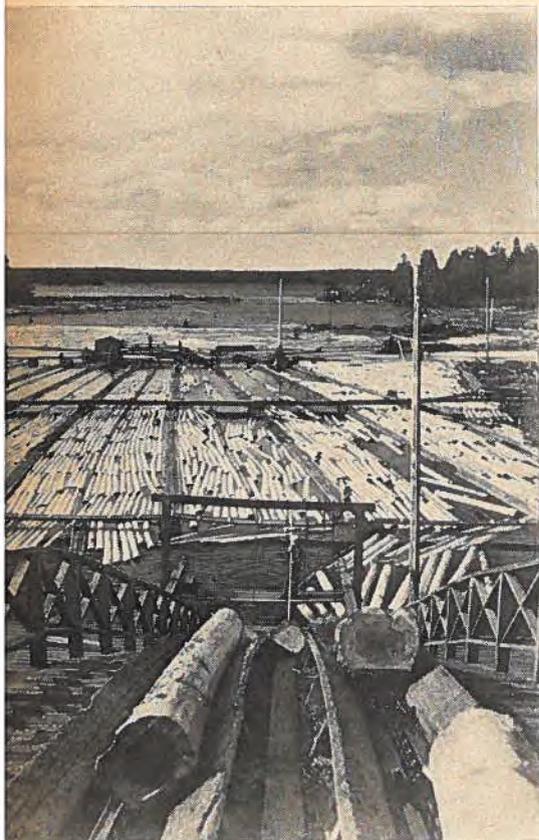
Mining and Metal Industries

The iron mines, which directly and indirectly provide Sweden with an important share of its export income, after decreasing output slightly in 1959 expanded by 17 per cent in 1960 to reach a record output of 22 million tons. Exports totalled 20 million tons. Contracts

TABLE I
SWEDISH INDUSTRIAL PRODUCTION

Industries	Production Indices (1935=100)		Percentage changes as compared with the same period of previous year	
	1959	1960	1959	1960
Capital goods	280	306	3	9
Consumption goods	206	217	3	5
Iron ore	238	278	-2	17
Iron and metal works	255	278	14	9
Wood	177	199	-6	12
Pulp	168	191	4	14
Paper and paperboard	234	275	11	18
Food	203	209	1	3
Spinning and weaving mills and knitted goods	147		2*	5*
Ready-made clothing	215		7*	4*
Leather and shoes	114	109	-3	-5

*1st to 3rd quarters.



Swedish saw-logs leave the pond and are carried up the jack-ladder to the headrig to join the growing march of products from Sweden's forest industries.

too large stocks at the end of 1960, the prospects for the iron and metal industries for 1961 are favourable in view of orders already on hand.

Engineering and Shipbuilding

The engineering industry had a record year in 1960, though rate of expansion varied from branch to branch. Output in the iron and metalworks branch was up by 15 per cent, in mechanical engineering by 9 per cent, and in electrical engineering by 15 per cent. Although the home market expanded somewhat, the greater part of the increase resulted from export orders. According to information available to date, there is no sign of the expansion in the engineering industries slowing down.

Output of 108,382 units in the automobile industry was the highest ever reached. Some ground was won, particularly in the home market, from British, West German and European competitors. The Swedish automobile producer, SAAB, benefited most from this growth; Volvo production was about the same as in the previous year.

Although the shipyards' output of 763,000 gross tons was smaller than in 1959, Swedish shipbuilders were active in 1960. More dry cargo vessels than fuel oil tankers were launched. There were fewer new orders in 1960 but inquiries increased considerably during the second half of the year.

Textiles

The textile industries had, generally speaking, a successful year; output rose 5 per cent above 1959. Modernization continued and there were fewer failures than in the previous year. Some production figures for the textile industries are given in the following table.

	1959	1960
	(in metric tons)	
Cotton yarn	25,784	25,849
Wool yarn	13,261	13,648
Rayon wool	20,112	20,312
Stockings and knitted goods	7,030	7,738
Woollen piecegoods	10,561	11,225
Cotton piecegoods	22,730	22,788
Goods of synthetic or artificial fibres	9,116	9,714

Agricultural Output

Even though the summer of 1960 was the wettest on record, the harvest was a normal one. The total volume of bread grains harvested (1,048,500 metric tons) was 0.1 per cent higher than in 1959 but quality was poorer because of the bad weather. Although Sweden is self-sufficient in bread grains, a certain percentage will have to be imported to improve the quality of flour.

The harvest of fodder grains (2,610,200 tons) was a record one, 34.7 per cent higher than in 1959. Although much of it was of poor quality, it will more than cover domestic requirements. Sugar beets, at 2,391,100 tons, 38 per cent higher than 1959, also achieved a record and other fodder crops were also larger.

Normally, Swedish exports of agricultural produce have a value of about Kr. 400 million and the figure will probably remain the same for 1961. Exports of grain should be larger but exports of oilseeds and oil will be extremely small. Exports of pork are expected to decrease and butter sales abroad to increase. On the import side, reductions will outnumber increases. Imports of bread grains may rise somewhat but those of fodder grains will fall. The demand for imports of vegetable oils has increased but less potatoes and sugar will have to be imported.

Foreign Trade Expands

The expansion in Swedish foreign trade in 1960 was the greatest since 1950-52. Exports rose in volume by 12 per cent and in value by 16 per cent to reach Kr. 13,284.7 million and imports went up by 14

for 1961 have been signed at the same price as for 1960 and it is expected that production will expand further during the year. Some enterprises are planning greater use of capacity.

After a rather slow start during the first half of 1960, production of iron and metals rose steadily throughout the second half to reach 9 per cent above 1959. The expansion reflected the increase in production in the engineering industry, both in Sweden and in its more important Western European trading partners. Some production figures for selected commodities within the iron and metal industry for 1959-60 follow.

	1959	1960
	(thousands of metric tons)	
Pig iron and sponge iron	1,523	1,655
Ingots	2,862	3,219
Finished steel	1,932	2,161

Although there was a tendency for the most important consumer, the engineering industry, to build up

TABLE II
PRINCIPAL SWEDISH IMPORTS
AND EXPORTS

	1960 (million Kr.)
Imports	
Petroleum products	1,689.5
Chemicals, basic and compound	426.9
Textile yarns	267.3
Textile fabrics	614.3
Iron and steel	937.2
Machinery and apparatus	2,433.9
Motor vehicles and components	952.0
Instruments, etc.	305.1
Exports	
Timber, sawn wood	1,084.1
Pulp	1,767.0
Iron ore	1,060.4
Paper and newsprint	1,141.6
Iron and steel	857.6
Metal manufactures	404.2
Machinery and apparatus	2,550.2
Motor vehicles and components	634.3
Ships	930.4

per cent in volume and 19 per cent in value to reach Kr. 14,887.7 million. The trade deficit was the largest on record. Table II shows the structure of the more important Swedish imports and exports during 1960.

The increase in Swedish exports was concentrated in the traditional commodities: iron ore, iron and steel, machinery, and motor cars. Of the imports, over half were accounted for by the raw materials and other goods used by industry or further processed within the country. Consumer goods made up only about 25 per cent of the increase.

Table III shows the direction of Swedish trade in 1960.

During 1960 Sweden's trade continued to flow in traditional channels. Britain remained the country's best customer, followed closely by

West Germany. At a somewhat greater distance stood Sweden's two Scandinavian neighbours, Norway and Denmark, followed by the United States. West Germany was the most important source of imported goods, supplying nearly one quarter of Sweden's needs. Britain occupied her traditional position as second most important exporter to the Swedish market, followed closely by the United States. Sweden's most important trading partners have always been in Europe and North America and in 1960 these areas increased in importance in Swedish foreign trade. Trade with Sweden's European partners expanded rapidly and was exceeded in rate of growth only by imports from North America which in absolute terms were not as large. Trade with EEC was still more important than with EFTA

TABLE III
SWEDEN'S IMPORTS/EXPORTS BY COUNTRIES, 1960

	Imports (million Kr.)	Proportion in per cent	Exports (million Kr.)	Proportion in per cent	Increase or Decrease over 1959 (in per cent)	
					Imports	Exports
EFTA						
Norway	571.4	3.12	1,210.5	9.15		
Denmark	628.1	4.33	872.1	6.59		
U.K.	1,945.9	14.57	2,123.7	15.13	13.41	23.15
Portugal	51.8	0.37	60.9	.45		
Switzerland	279.8	1.13	207.6	1.58		
Austria	152.4	1.02	92.5	.70		
Totals EFTA	3,629.4	26.52	4,567.3	34.51	19.16	18.28
EEC						
W. Germany	3,207.6	22.30	2,016.1	15.02	14.21	17.66
Netherlands	1,165.6	7.12	679.4	5.12	20.73	21.43
Belgium, Lxbg.	577.6	3.81	552.9	4.18		
France	587.6	3.97	516.4	3.81		
Italy	434.7	2.45	436.6	3.37		
Totals EEC	5,973.1	41.80	4,201.4	31.83	16.31	18.32
NORTH AMERICA						
Canada	106.8	0.73	108.8	1.1	33.84	15.7
U.S.	1,843.7	12.57	847.1	6.31	40.12	— .65
Totals N.A.	1,950.5	13.30	955.9	7.11	40.59	— 4.46
EASTERN BLOC						
U.S.S.R.	325.6	2.13	197.5	1.4	15.26	— 2.16
Poland	120.9	.82	101.4	.78		
East Germany	80.5	.54	141.9	1.09		
Czechoslovakia	59.2	.39	63.5	.47		
Total Eastern Bloc, including other countries	628.0	4.23	570.8	4.11	15.56	11.16
REST OF THE WORLD	2,705.9	14.11	2,989.3	22.44		
TOTAL TRADE	14,887.7		13,284.7		19.27	16.32

TABLE IV
PRINCIPAL CANADIAN EXPORTS TO SWEDEN

	1959	1960
Total	\$14,879,089	\$20,906,471
of which:		
Nickel, fine	3,848,277	4,822,627
Aluminum, primary	2,058,919	2,798,886
Radio wireless apparatus, n.o.p.	115,781	1,611,270
Nickel in oxide	610,888	1,594,767
Copper ingots, bars, billets	128,581	1,427,400
Plastics, synth. rubber not shaped		737,768
Telegraph, telephone apparatus	17,000	593,325
Scrap iron or steel	135,000	570,682
Bookkeeping, calculating machines	340,095	566,349
Sheet and strip steel	450,928	538,953
Asbestos milled fibres	211,618	421,254
Meats, n.o.p.	405,609	417,301
Ores, n.o.p.	796,440	411,254
Sparkplugs	152,641	350,334
Saws, power operated, and parts	228,865	364,559
Lobster, canned	216,878	273,865
Drugs, chemicals, n.o.p.	1,780,574	254,518
Asbestos, shorts	267,808	253,609
Acids, n.o.p.	131,294	231,905

and although imports from EFTA expanded more rapidly than those from EEC, the reverse was true of exports by a slight margin. Trade with the Eastern Bloc showed a substantial growth, but remained relatively unimportant. Some 22.09 per cent of Swedish exports went to countries outside of Europe, North America and the Eastern Bloc.

Swedish trade with EFTA, which came into effect on July 1, 1960, showed satisfactory if unspectacular growth compared with trade with the EEC. General satisfaction was expressed over the increase in both directions with Sweden's EFTA partners, but at the end of 1960 it was still too early to safely say that any definite trend in Swedish trade has emerged as a result of membership in EFTA.

Trade with Canada

Canadian-Swedish trade showed the greatest growth of recent years. Canadian exports to Sweden increased by 33 to 34 per cent and imports expanded by over 15 per cent. Table IV shows Canadian exports to Sweden for the years 1959 and 1960.

An analysis of these figures reveals that approximately two thirds

of Canadian exports to Sweden consist of raw materials and semi-processed commodities, about one quarter of manufactured goods, and the rest of agricultural and food products. These ratios in 1960 confirmed Canada's position as a supplier to Sweden of raw and semi-processed commodities. Despite increases and reductions in what appeared to be spot business in certain types of machinery, some drugs and chemicals, and certain meat products, Canadian exports to Sweden in 1960 showed a healthy expansion on all fronts. It is gratifying that agricultural and processed products shared in this increase.

The existence of EFTA does not seem to have affected adversely the pattern or flow of Canadian commodities to Sweden. Over 80 per cent of Canada's present exports to Sweden enter duty free. Present duties on the remaining commodities range from 6 to 17 per cent, with the average on more important processed goods from Canada at about 10 per cent. Thus by 1970 Canada can reckon with an average discrimination on her exports of manufactured goods to Sweden vis-à-vis the EFTA countries of approximately 10 per cent.

Judging from past and present performance, it seems likely that Canada will continue its role as a supplier to Sweden principally of raw materials and semi-processed commodities and exports of these traditional goods should increase. However, Sweden also offers a relatively small but wealthy and sophisticated market for manufactured goods of all kinds. Some Canadian manufacturers in such different fields as medicinal products, marine engines, and textiles have, by offering their very best products, been able to gain a foothold in Sweden. Other Canadian manufacturers who are willing to offer their very best quality and design should not overlook Europe's richest but possibly most discriminating market. The office of the Commercial Counsellor in Stockholm is always ready to assist Canadian exporters interested in exploring the opportunities presented in Sweden.

Help for the Business Traveller

The businessman travelling abroad will often find that Canadian Trade Commissioners can do much to make his trip pleasant and profitable—provided that they have advance notice of the date of the visitor's arrival, his main interests, and his itinerary. Too often Canadian businessmen fail to take advantage of a Trade Commissioner's help by dropping in on him without warning.

If you are travelling abroad on business and think the Trade Commissioner might assist you, you should give early notice of your trip to the Trade Commissioner Service of the Department of Trade and Commerce in Ottawa. Give the Service your itinerary and say whether you would like the Trade Commissioners in the countries you will visit to collect information in advance of your arrival, to arrange appointments, or to assist in other ways. If you prefer, you may write directly to these officers at their posts asking for their co-operation. If you are planning to initiate new business, it may be helpful to forward samples and descriptions of your products so that the Trade Commissioner will have a chance to make a market survey beforehand.

Finland

Our sales to Finland last year increased more than 50 per cent but there are still gaps in Finnish production that Canadians could fill, despite competition from Western Europe and the Soviet Bloc.

M. T. THOMAS, *Assistant Commercial Secretary, Stockholm.*

CANADA'S sales to Finland increased by 57 per cent last year, reflecting the general economic growth that took place on all fronts and the prosperity evident in the summer of 1960 that has continued almost unabated into 1961. There are no signs of recession yet although some economists feel the pace of expansion may slow down towards the end of the year.

The gross national product in 1960 increased by 8 per cent and industrial production by 11 per cent over 1959—the highest rate of increase in any year since 1951. Expansion was particularly marked in the lumber, clothing, footwear and paper industries; the textile, chemical and foodstuffs industries showed smaller increases. Foreign trade more than kept pace with the general economic growth, with imports rising by 31 per cent and exports by 19 per cent over 1959.

On the financial front, inflation was held at bay but relative price stability is said to have contributed to a large import surplus and a drop in the central bank's foreign exchange reserves. The Bank of Finland's holdings of foreign exchange fell last year by 6.4 billion Finnmarks to 64.5 billion*. This fall was offset, however, by a simultaneous increase in the foreign exchange resources of the Treasury, with the result that the country's total holdings remained practically unchanged.

Increased production helped alleviate one of the country's recurring problems—winter unemployment. In fact, by the end of the year

*One Can. dollar=approximately 324 Finnmarks.

labour shortages had begun to appear in the forest and building industries and the mild winter also helped stimulate employment.

Industrial Production

Although industrial production did not achieve the spectacular rate of increase recorded in 1959, satisfactory growth was experienced on nearly all fronts. January-November statistics show that investment goods achieved a 15 per cent increase and other producers' goods 13 per cent. Consumer goods production rose only 8 per cent and mining activity only 5 per cent above totals for the same period in 1959. The manufacturing industries turned out 12 per cent more.

Timber and Paper—Paper production increased by 16 per cent in 1960, with newsprint alone achieving a 19 per cent gain. Sulphite pulp production expanded even faster, and was 22 per cent higher than for 1959. The greatest increase was in sawn timber production; it reached 1.36 million standards, a rise of 27 per cent. The mild winter and continuing high demand kept activity at a record level in the early months of 1961. The signing of the EFTA agreement has improved the long-term outlook for these industries and it is expected that the progress being made with the planned expansion (by 40 per cent over the next three years) will continue.

Engineering, Metals—Last year was a good one for the engineering industry and the production turnover of individual companies increased

by up to 20 per cent. Metalworkers raised production by 14 per cent, most of which was concentrated in the electro-technical branch, smelting, and rolling mills.

Shipbuilding—It was a satisfactory year for shipbuilders; launchings increased and Finnish yards will be well occupied until 1962.

Iron and Steel—Several interesting developments took place in the iron and steel industry. A joint Fenno-Swedish venture, Oy Koverhar AB, was established in April to produce 250,000 tons of pig iron a year. The State and certain private firms joined forces to found the Rautaruukki Oy which will produce pig iron initially and, later, rolling mill products. When its plant has been built at Raahe in northern Finland it will turn out 300,000 tons of pig iron a year.

Consumer Goods—Production of consumer goods did not rise as rapidly as did the production of industrial goods. Foodstuffs, beverages and tobacco manufactures rose by 6 per cent, leather and textiles by only 2 to 3 per cent. Within the textile industry the consolidation that started when the new company, Villaghtyma Oy, was formed in April 1959 to centralize wool production continued into 1960, when seven new mills joined the four which originally constituted the combine. The enlarged company is now responsible for 75 per cent of Finland's production of wool, yarn, and piecegoods.

Building—Continued industrial expansion in 1960 made for greater activity in the building industry. Although house construction increased by a few per cent, the real rise took place in the commercial and industrial fields where a 30 per cent jump was recorded.

Agricultural Production

Agricultural development was particularly favourable in 1960. Except for meat, all agricultural commodities showed increases.

Total crop production was over 35 per cent higher than in 1959 and prolonged rain in the summer did not impair quality. Finland's self-sufficiency in grains continued to improve—almost 75 per cent of the cereals required were produced locally. Despite this, quantities of hard wheat had to be imported; most of it came from the Soviet Union and the rest from Canada. Dairy production also rose.

Foreign Trade

Finland's foreign trade increased considerably in 1960 and was dominated again by her three big trading partners — the United Kingdom, West Germany, and the Soviet Union. Imports totalled 339.7 billion Finnmarks, an increase of 27 per cent over 1959; exports reached 316.5 billion, an increase of 18 per cent. Table I shows the structure of imports and exports, January-November 1960 and 1959, and the importance to Finland of the forest products industries is apparent.

Table II shows the direction of Finnish trade in 1960.

Imports from the Soviet Bloc during 1960 fell from 24 to 20.7 per cent of Finland's total purchases, while imports from EFTA and EEC rose to 33.5 and 34.4 per cent respectively. Exports to EFTA and EEC rose by 32 and 26 per cent, respectively, while exports to the Soviet Bloc and the United States remained the same. Trade with all the countries of the EEC, EFTA, North America, and practically all other western countries, is on a multilateral basis and over 80 per cent of Finland's imports from these countries are now liberalized. Trade with Communist Bloc countries is on a bilateral basis. As the accompanying table shows, over 70 per cent of this is carried on with the Soviet Union and therefore the annual trade agreements with that country are important. The 1961 agreement signed last September contained no significant changes from previous ones, except that allocations for

TABLE I
FINNISH IMPORTS AND EXPORTS, JANUARY-NOVEMBER 1959-1960

Imports	1960 per cent increase over 1959		Per cent of total	
	1959	1960	1959	1960
Raw materials	25		50.5	48.7
Capital goods	41		25.4	27.6
Consumer goods	32		13.9	14.1
Fuel and lubricants	22		10.2	9.6
All imports	30		100.0	100.0
Exports				
Paper industry products	14		43.4	42.2
Wood industry products	32		24.0	26.9
Round timber	27		6.3	6.8
Metal-using industry products			16.8	14.4
Agricultural products	12		5.3	5.0
Others	32		4.2	4.7
All exports	18		100.0	100.0

TABLE II
FINNISH FOREIGN TRADE, 1960

	Imports		Exports		Balance of Trade (billions of Fmks.)
	(billions of Fmks.)	(per cent of total)	(billions of Fmks.)	(per cent of total)	
The Seven	113.9	33.5	110.5	34.9	- 3.4
United Kingdom	53.9	15.9	77.6	24.5	23.7
Sweden	35.2	10.3	15.3	4.8	-19.9
Denmark	8.8	2.6	11.0	3.5	2.2
Switzerland	7.6	2.2	1.8	0.6	- 5.8
Norway	5.1	1.5	4.0	1.3	- 1.1
Austria	2.7	0.8	0.5	0.1	- 2.2
Portugal	0.6	0.2	0.3	0.1	- 0.3
The Six	117.0	34.4	89.0	28.1	-28.0
West Germany	65.7	19.3	36.6	11.6	-29.1
France	19.5	5.7	14.9	4.7	- 4.6
Netherlands	15.7	4.6	19.2	6.1	3.5
Belgium-Luxembourg	10.4	3.1	11.6	3.6	1.2
Italy	5.7	1.7	6.7	2.1	1.0
Communist Bloc	70.0	20.7	61.8	19.5	- 8.2
Soviet Union	50.0	14.7	45.0	14.2	- 5.0
Other countries	38.8	11.4	55.2	17.5	16.4
United States	19.5	5.7	15.8	5.0	- 3.7
Total	339.7	100.0	316.5	100.0	23.2

imports of oil and motor cars were increased.

Finland Joins EFTA

One of the biggest events of the year was Finland's decision to associate with EFTA. Many persons here had been acutely aware of the necessity of maintaining connection with the economic groupings taking place in Western Europe and although adjustment became necessary for many enterprises, there was general relief when the decision to associate was finally taken. The biggest obstacle was Finland's

special position with the Soviet Union. Soviet demands for continued most-favoured-nation treatment were finally met by an agreement that provided for tariff reductions between the two countries parallel to those Finland has contracted with EFTA. Thus, by January 1, 1970, when the EFTA agreement is finally fulfilled, customs duties between the U.S.S.R. and Finland will also have been eliminated.

Canadian-Finnish trade, although modest, has reflected through its slow steady growth over the past

TABLE III
CANADIAN EXPORTS TO FINLAND

	(in Can.\$'000)	
	1959	1960
Total	2,738.6	4,355.0
of which:		
Wheat, except seed, n.o.p.	1,206.5	1,310.4
Copper ingots, bars, billets		1,169.3
Plastic materials, synthetic rubber, drugs and chemicals, n.o.p.	319.0	258.3
Saws, power operated, and parts	347.8	256.3
Paper/pulp-mill machinery	16.3	215.5
Bookkeeping and calculating machines and parts	50.8	180.7
Engines (marine) and parts	122.0	160.1
Wood pulp, sulphate, kraft, unbleached	92.1	125.0
Engines (aircraft) and parts	72.0	100.4
Medicinal preparations	144.0	77.7
Sparkplugs	38.8	58.9
Synthetic fibre thread and yarn		57.7

few years Finland's increasing prosperity. The most spectacular gains took place last year as Canadian exports to Finland reached \$4.36 million, an increase of 57 per cent over 1959. Imports from Finland rose to \$1.05 million, an 11 per cent gain. Table III gives a breakdown of Canadian exports to Finland for 1959 and 1960.

Opportunities for Canadians

There is room for modest growth in Canadian sales to Finland in a number of fields. Since Finland has just associated with EFTA, it is too early to comment on the effects of this association on Canadian exports. It appears that about 75 per cent of Canadian products already enter duty-free or are commodities outside the agreement and will not suffer from discrimination. The other 25 per cent will eventually face tariff disadvantages compared with EFTA countries and the Soviet Union of up to 15 per cent. Other obstacles seem for the moment to be more serious.

Among the biggest of these is the limited size and wealth of the Finnish market, the similarity of the

two countries' industrial structure, the dominant position of West European suppliers, and the bilateral trade agreement with the Soviet Union and other Communist Bloc countries. The Soviet, because of its trade agreement with Finland, is virtually guaranteed a market for certain products. Many of these are commodities for which Canada is a natural source of supply. One can cite wheat, asbestos, and aluminum, among others. Certain other commodities that normally play a major role in Canadian exports (such as pulp, paper, and lumber) have no significant place in our sales to Finland because of the large domestic industry. Imports of mass-produced consumer goods come principally from Finland's European suppliers, especially the United Kingdom and West Germany; it is unlikely that Canada can compete on a price basis with these two.

There are still considerable areas, however, where progress can be

made. Apart from a few large concentrations such as wheat and copper, our sales to Finland cover a fairly wide variety of industrial products including machinery, equipment, and semi-processed chemicals and pharmaceuticals. We have successfully marketed chain saws, equipment for the pulp and paper industry, and marine and aircraft engines. Sales of various chemicals, including raw plastics, have been good. These commodities are ones in which Canada has special experience to offer and for which there are production gaps in Finland because of its relatively small industrial base. Canadian firms producing machinery and chemicals for use in forest products industries and under subarctic conditions should search the Finnish market for needs they could fill. By aiming efforts in this direction rather than trying to compete in conventional mass-produced commodities, Canada might benefit even more fully from Finland's new prosperity. ●

Denmark

Danish exports rose 6 per cent last year but imports increased 12 per cent and foreign exchange reserves shrank. Canadian exports, which decreased slightly in 1960, face keen competition, especially from Britain, West Germany, and the United States.

K. NYENHUIS, *Commercial Counsellor, Copenhagen.*

THE prosperity enjoyed by a number of West European countries contributed to the high level of economic activity in Denmark in 1960. Investment, particularly in the building industry, showed a marked increase and though almost full employment limited expansion, industrial production rose by approximately 4 per cent.

Retail sales rose about 8 per cent above 1959 and a rise of just over

13 per cent in industrial exports brought the value of all Danish exports to over 10 billion D.Kr.,* an increase of about 6 per cent. Imports, however, expanded by as much as 12 per cent to approximately 12.4 billion D.Kr., mainly because of larger purchases of raw materials, semi-manufactured products, fuel and machinery.

*Can.\$1.00=approx. 7.02 D.Kr.



—UN Photo.

Danish bacon, an important export, is unloaded from a dockside freight train at the port of Esbjerg for shipment, possibly, to an EFTA partner—the U.K.

The growth in imports lowered foreign exchange reserves and although invisible foreign currency earnings (freights, tourist trade) during the first three quarters of the year moved up, they were not sufficient to close the gap; the net foreign currency balances of the National Bank and commercial banks declined in 1960. A government loan contracted abroad towards the end of the year, however, helped to strengthen the foreign currency position. In addition, a bill was tabled in the Danish Parliament recently which, if enacted, will grant the Minister of Finance authority to raise further loans abroad up to the equivalent of 200 million D.Kr.

Wages last year were 7 to 8 per cent higher than in 1959 and are still rising, but direct taxes have decreased. The greater purchasing

power may well lead to larger imports and to a further drain on foreign exchange reserves. It is reported that a 4 to 5 per cent sales tax on all consumer products, payable at the retail level, has been planned and will come into effect later this year.

Import Liberalization

The import liberalization measures that became effective on March 1, 1960, decreased from 64 to 13 per cent the volume of domestic production covered by quantitative restrictions on imports of similar products. At the same time, however, Danish customs tariffs were revised. The tariff rates applicable to finished products in particular were increased in preparation for Danish adherence to the European Free Trade Association Convention. Nevertheless, although the 12 per cent increase in the value of last year's imports resulted largely from bigger imports of raw materials, semi-manufactured products, etc., the import liberalization also led to greater imports of products previously on the restricted lists. Imports of fisheries products from Canada, for instance, rose in 1960 by nearly 118 per cent over 1959 and were valued at Can.\$94,250.

European Markets

The three most important economic events in Denmark—i.e., the revision of the customs tariff, the import liberalization measures, and accession to the EFTA Convention—have not significantly changed the trade pattern. Indeed, although Danish imports from EFTA countries in 1959 exceeded imports from EEC countries, the position in

TABLE I
DANISH FOREIGN TRADE

	1959	1960
	(in million D.Kr.)	
With EFTA countries		
Imports from	4,177	4,481
Exports to	3,854	4,305
With EEC countries		
Imports from	4,166	4,886
Exports to	2,889	2,838

1960 (despite the preferential tariff rates granted imports from EFTA) was reversed and Danish imports from the Common Market countries exceeded those from its EFTA partners. Danish exports to EFTA countries, however, increased in 1960 significantly but sales to the Common Market countries fell off, as indicated in Table I.

The United Kingdom and West Germany are the two principal markets for Danish agricultural products. The value of Danish agricultural exports to the United Kingdom last year reached 2,248.7 million D.Kr., and to West Germany 1,337.6 million. Danish imports from the United Kingdom in 1960 totalled 1,820.2 million D.Kr., and from West Germany 2,725.1 million. Bearing those figures in mind, Denmark's intention to join the Common Market in the event that the United Kingdom decides to do so is readily understood.

Canada's Trade with Denmark

Canadian exports to Denmark last year did not keep pace with the increase in Danish imports. Although our exports of tobacco, fisheries products, bookkeeping and calculating machines, ball bearings, copper in rods, strips and sheets, sparkplugs, acids, etc., increased, our exports of wheat, flaxseed, skimmed milk powder, commercial fishing nets and twine, lead in pigs and refined lead, drugs and chemicals, scientific apparatus and gun and rifle cartridges decreased. The net result was that the total value of our direct exports to Denmark last year reached Can.\$5.0 million, as against Can.\$5.4 million in 1959. It should be noted, however, that Denmark also purchases some Canadian products—particularly skimmed milk powder, grain and grain products, and raw minerals—via other countries. The official Danish import statistics show the total c.i.f. value of commodities originating in Canada as 44.9 million D.Kr. (\$6.4 million). Converting this amount to f.o.b. Canadian

TABLE II
INCREASES IN EXPORTS TO
DENMARK 1960

Commodity	1959	1960
	(in Canadian dollars)	
Barley		435,342
Maple sugar	39,596	42,566
Burley tobacco	1,275	69,003
Bright flue cured tobacco	6,297	37,596
Sea grasses and sea plants		55,486
Fisheries products	8,002	94,250
Buttermilk powder	31,710	61,242
Milk preparations n.o.p.		32,975
Animal products n.o.p.		34,888
Hemlock lumber	11,940	34,894
Bookkeeping & calculating machines	179,298	338,349
Roller ball bearings and parts	2,452	41,283
Copper rods, strips and sheets		261,553
Sparkplugs	42,184	68,340
Asbestos milled fibres 4, 5		777,853
Acids n.o.p.	37,066	129,455
Medicinal preparations	114,715	145,000
Plastic synthetic rubber not sh. n.o.p.		548,816

TABLE III
DECREASES IN EXPORTS TO
DENMARK 1960

Commodity	1959	1960
	(in Canadian dollars)	
Wheat	342,613	62,244
Whisky	55,535	50,889
Flaxseed n.o.p.	148,274	108,000
Skimmed milk powder	1,377,455	409,420
Commercial fishing nets and twine	348,124	248,871
Douglas fir lumber	36,860	1,347
Ferro silicon	17,450	
Aircraft engines and parts	205,124	200,992
New passenger autos	137,061	124,013
Automobile parts	61,417	32,588
Lead in pigs and refined lead	169,781	
Zinc spelter	84,176	78,508
Radio wireless apparatus	49,868	15,498
Asbestos milled fibres	1,028,616	
Asbestos shorts, Groups 6-7-8-9	124,040	95,270
Drugs and chemicals	500,478	42,834
Scientific apparatus	28,292	1,155
Gun and rifle cartridges	25,000	

TABLE IV
SOME DANISH IMPORTS FROM
CANADA AND FROM THE
UNITED STATES

Commodity	(official Danish statistics)	
	Canada 1960	U.S. 1960
	(million D.Kr.)	
Grain and grain products	7.2	303.3
Fruits and vegetables	.002	35.8
Feedstuffs	0.1	55.0
Oilseeds and nuts	0.7	151.9
Untreated caoutchouc	4.0	8.7
Wood, lumber, cork	0.1	5.2
Chemical raw materials and compounds	0.8	24.9
Paints and tanning materials	.013	5.2
Pharmaceutical preparations	1.2	14.0
Other chemical products	1.2	41.0
Treated leather and skins	.007	5.9
Paper, cardboard	.011	11.2
Textiles, other than wearing apparel	2.1	14.4
Wearing apparel	.040	5.7
Non-precious metals	3.3	10.5
Non-electrical machines	2.8	103.6
Electrical machinery	0.2	46.2
Scientific instruments, etc.	0.1	14.8
Total Danish imports from Canada 1960	44.9 million D.Kr.	
Total Danish imports from United States, 1960	1,219.8 million D.Kr.	

prices, the estimated actual value of Canadian goods imported into Denmark last year was 38.2 million D.Kr., or Can.\$5.4 million, using the rate Can.\$1 equals 7 D.Kr.

Table II shows some of the Canadian export gains for last year.

Although Table II reflects satisfactory increases, Table III shows an adverse situation.

Denmark, with a population of approximately 4.5 million, has a fairly high standard of living. Local industries are comparatively small but well developed and the emphasis is on quality products. Manufacturers depend to a considerable extent on imports of raw materials and semi-manufactured goods. The proximity of the United Kingdom, West Germany and Sweden, Denmark's three largest trading partners, which makes fast deliveries,

small freight costs, and easy personal contacts possible, presents Canadian firms with obvious competitive difficulties. Canadian exporters, however, are on an equal footing in the Danish market with United States exporters, who appear to have exploited the market potential much more thoroughly, as Table IV shows.

Methods of Doing Business

Denmark's import business is largely conducted through commission agents; the number of agents representing manufacturers from many countries is very large and there is keen competition among them. It is important that, initially, prices be quoted c.i.f. Copenhagen as much as possible. Payments to Canadian exporters normally are effected on sight draft or by cash

against documents. In the early stages of business relations and where no major Danish companies are concerned, payment by letter of credit is advisable and is generally accepted. Normally, however, demand for payment by letter of credit will almost certainly discourage business, as Danish importers often are granted up to 60 and 90 days' credit by their European suppliers. Except for a few commodities, there are no Danish consular requirements covering Canadian exports; Canadian exporters should provide Danish importers with commercial invoices and ocean bills of lading in duplicate at least, as well as insurance certificates.

The value of personal contacts cannot be over-emphasized and Canadian exporters visiting the United Kingdom or the Continent

may find it well worthwhile to include Denmark in their itinerary. Copenhagen is only three flight hours from London and Paris and just over an hour from Hamburg. Hotel accommodation can be obtained without too much difficulty, except during the summer season May-August/September. The price of rooms is reasonable, ranging

from about Can.\$6. to about Can.\$12. per day for a room with bath. From Copenhagen, a visitor can reach Stockholm and Oslo in under two hours.

The office of the Commercial Counsellor in Copenhagen will be glad to assist Canadian exporters in finding suitable agents, in planning a visit to this country, and in

arranging appointments. When businessmen wish help of this type, however, they should notify the Commercial Counsellor well before they leave Canada, giving dates of arrival and length of stay. They will find that the Danish market is highly competitive and only Canadian products in the right price range can hope to enjoy some success. ●



— ★ indicates Trade Commissioner Service office

Republic of Ireland

New factories, new products, and new techniques are changing the face of Ireland's economy; imports of raw or semi-processed goods are increasing but Canadians face selling problems.

W. R. VAN, *Commercial Secretary, Dublin.*

PROGRESS and achievement—these few words reflect the buoyant conditions to be found in the Republic during 1960 and on into 1961. The all-important agricultural sector and the up-and-coming industrial sector, each on its own initiative and without external aid of any kind, are being consolidated and streamlined. Much needs to be done but development in both spheres appears to be sound.

The balance-of-payments position improved last year, with an estimated deficit of only £0.8 million; however, taking the four years 1957-1960 together, external payments were roughly in balance. Increased economic activity during 1960 resulted in record exports and imports. Exports at £152.3 million increased by £21.7 million over the previous year; imports rose by £13.7 million to an all-time high of £226.4 million. Terms of trade were not too favourable, although not critical; export prices decreased slightly and import prices rose fractionally. The result was a deficit on merchandise trade in 1960 £4.2

million larger than it would have been had 1959 prices remained constant. Increased output was achieved primarily through greater productivity; total employment remained the same. Emigration tended to decline during the latter half of the year.

National income, gross national product, personal expenditure and fixed capital formation showed appreciable advances during the year. National income in current terms rose from £502 to £528 million, an increase of 5 per cent over the previous year. Gross national product at constant prices hit £552 million, a 4 per cent advance over 1959 and the highest level yet attained. (This 4 per cent was double the rate envisioned in the Program for Economic Expansion; even under the favourable conditions of the early 1950's, real national income rose by little more than 1 per cent a year.) Personal expenditure at constant prices increased by about £18 million or 4½ per cent, compared with an increase of less than 1 per cent dur-

ing the previous year. Fixed capital formation at current prices was estimated at £92 million, £7 million more than in the preceding year.

Industrial Growth

The growth and diversification of industry is the most striking development in Ireland today. It is most evident in the widening range of exports and the strenuous efforts being made to find a foothold in world markets. A few years ago, there were only a few industries of consequence and they mainly served the small home market. Now new industries are mushrooming all over the country—and they are being established chiefly for export. The Government has opened its doors to approved foreign investment and with generous incentives and guarantees has attracted a diversity of industries from many countries, including West Germany, the United Kingdom, the Netherlands, the United States, and even as far away as Japan. Many established industries are playing a vital part. By streamlining production and modernizing equipment, it was they who accounted mainly for the larger industrial exports of 1960. The impact of the many new industries established with foreign capital will only really begin to be felt during 1961.

During 1960, 45 new industrial undertakings or extensions to existing plants began operations. Thirty of the new industries were formed with external participation. The aggregate capital investment approximated £8 million, with an employment potential of between 5,000 to 7,000. At the end of 1960, 30 additional factories with a total capital of roughly £13 million were in process of construction. Announcements of additional plants have been made this year.

The accompanying brief list will give an idea of the wide diversity of the newly established industries either in production now or soon to be.

JULY 1, 1961

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Canadian Face These Problems in the Irish Market . . .

- Inability to compete in most lines of manufactured goods, especially against suppliers in the United Kingdom, the Republic's chief trading partner.
- Protection given certain local industries such as foodstuffs, electrical goods, radio, television, etc.
- Resistance of buyers to carrying large stocks.
- Tendency of newly established, foreign-financed industries to obtain machinery and materials, where possible, from their own countries.
- The limited size of the market—only 2.8 million people.
- Lack of knowledge of the revolutionary advances being made in Ireland and of the fact that, in marketing, Ireland must be treated as a separate entity, distinct from the United Kingdom.
- Absence of personal contacts.

New Irish Industries Will Produce

Petroleum products
Cranes
Knitwear
Veneers
Greeting cards
Bubble gum
Brake and clutch linings
Rotary cultivators
Plastic waterpipes
Cosmetics
Chipboard
Paper articles
Cutlery
Pianos
Electric organs
Textile-marking machinery
Industrial floor-cleaning equipment
Textiles
Costume jewellery
Transistor radios
Mechanical handling equipment
Oil-heating equipment
Metal tubes
Metal wire
Fibreglass cars
Pharmaceuticals
Ships
Foodstuffs

Agriculture Disappointing

Despite the stimulating advances made in industry, agriculture remains the most important single factor in the Irish economy. It employs nearly 50 per cent of a total labour force of just over one million, accounts for about 25 per cent of the national income and roughly 65 per cent of total exports, and supplies the main raw materials for many industries.

Unfortunately, largely because of the whims of nature, its effect on the economy varies considerably from year to year. In the main, 1960 was a disappointing year. Bad weather meant a smaller output of cereals and turf, the quality of root crops was below average, and beet lacked adequate sugar content. On the other hand, wet weather provided an abundance of grass and this led to an increase in milk production and general good

pasturage. A tremendous increase in fat (for slaughter) cattle exports improved the situation greatly.

Because exports of agricultural products continue to be so important, the farmer receives many types of assistance to enable him to produce more standard products of acceptable quality. Extremely interesting is the setting up in Ireland of the world's first accelerated freeze-drying food processing equipment. Once this equipment is in full production, the farmer is expected to have a guaranteed outlet for his produce the year round. All food-stuffs processed by this new method are for export.

Exports Thrive

Despite slightly unfavourable terms of trade, exports rose by 17 per cent to a record £152.3 million. Of the increase, approximately one third was accounted for by manufactured goods (excluding food, drink, and tobacco), one third by foodstuffs, and one quarter by live animals. Not since 1957, itself a record year, have all these categories increased simultaneously. The accompanying table indicates the extent of the increase for each of the main divisions of trade, comparing 1960 with the previous year.

PRINCIPAL EXPORTS

	1959	1960	Increase
	(in £'000)		(per cent)
Live animals	39,157	44,754	14
Food	36,695	43,833	19
Drink and tobacco	6,898	7,360	7
Manufactured goods	25,041	32,544	30
Raw materials	10,403	11,047	6

The growth in exports of manufactured goods (excluding food-stuffs, drink, and tobacco) is of prime significance; during 1960 they achieved an all-time high of £32 million. In 1951 these exports totalled only £7.7 million. The rise since then has been fairly steady, with the second greatest increase (£25 million) in 1959.

The United Kingdom (including Northern Ireland) is Ireland's best customer. Ireland's major trading partners are listed in the accompanying table.

IRELAND'S PRINCIPAL MARKETS

	1959	1960
	(in £'000)	
Britain and Northern Ireland	96.4	112.6
Dollar countries	13.2	14.1
European Economic Community	6.2	8.7
European Free Trade Area (excl. Britain and Northern Ireland)	1.6	1.9
Other areas	5.9	7.0

The gain in trade with the dollar area during 1960 resulted mainly from larger shipments of frozen boneless beef, especially to the United States.

Although import totals tend to vary from year to year depending on local crop production (especially wheat), the need for imports of machinery and raw or semi-manufactured goods is growing steadily because of increased industrialization. The rise in imports in 1960 centered almost entirely around materials for further production; these went up by £11.1 million to £145.2 million. Goods ready for use increased by only £1.4 million to £46.4 million.

Trade with Canada

Trade between Canada and Ireland continues to be in Canada's favour. The gap, however, is tending to narrow, as the accompanying table shows.

FOREIGN TRADE, CANADA-IRELAND

	1957	1958	1959	1960
	(thousands of £)			
Imports into Ireland, c.i.f.	3.7	5.9	5.6	4.7
Exports to Canada, f.o.b.	.8	.8	1.3	1.2

Source: Central Statistics Office, Dublin.

The fall in Canada's exports to Ireland during 1960 was the direct result of a good local wheat crop.

Because of a virtual crop failure in 1960, our exports for 1961 should increase substantially. Apart from the bulk of our trade—which includes such commodities as wheat, seeds (grass and clover), aluminum (ingots), lumber, newsprint, raw hides, and chemicals (synthetic rubber)—there are over 140 other products of lesser value. Canadian businessmen would be well advised to study the DBS statistics. Canada, with the United Kingdom, benefits from trade agreements which place her in a preferred position on certain products tariffwise. Greater industrialization and improved agricultural conditions should also, in the long run, mean a higher standard of living in Ireland and a more attractive market.

Prospects for 1961

Although conditions in 1961 appear good and likely to continue that way, there is nevertheless an air of uncertainty. The Four Year Plan for Economic Expansion is now in its third year and has yielded results beyond initial expectations. It is anticipated that another Four Year Plan will be put into effect when the current one terminates. Ireland has continued to remain aloof from both the EFTA and the EEC and has until recently expressed the opinion that membership in either group would not be to her advantage. The atmosphere has now changed, influenced especially by the fact that her chief trading partner, the United Kingdom, is showing signs of possible membership in the Common Market. The National Farmers' Association has advocated immediate membership; the industrial sector has urged caution. Should the United Kingdom join, then Ireland would do so too; in fact, it is possible she might not wait for Britain. Such a move would naturally mean a period of adjustment during which the present protectionist tariffs and quotas would gradually have to be dismantled. ●



— ★ indicates Trade Commissioner Service office

The Netherlands

The Dutch market for consumer goods and raw materials and components is growing and diversifying in step with the new prosperity. The author points to some of these opportunities, but warns that competition from the Netherlands' EEC partners must be met with vigorous sales promotion.

J. C. BRITTON, *Commercial Counsellor, The Hague.*

THE Netherlands economy has continued its upward course in 1961, with business at a peak in most sectors. The country has maintained a balance between prices and wages, despite the rapid increase in production that took place in the first half of 1960. There is full employment, a favourable balance of payments, and a record foreign trade.

The economic picture in 1960 was variously described as "satisfactory" and "too good to be true" but in any event, since the end of the Second World War the economic outlook has never been so favourable. Membership in the European Economic Community, to which the Dutch economy is geared, has contributed a great deal to Dutch prosperity but the country

also exports goods and services to many markets other than the Six. The demand for Dutch products and services remains strong and this, coupled with brisk domestic demand, has brought about maximum use of productive capacity and labour forces. There are evidences, in fact, that Dutch productive capacity has reached a peak. The record pace of business has brought a substantial rise in Dutch imports and Canadian exporters have an opportunity of participating in this increased trade.

Foreign Trade Up

Current prosperity in the Netherlands is reflected in the sharp increase in foreign trade, up 13 per cent in 1960. Imports and exports both increased, with exports for

1960 totalling \$4 billion (\$3.6 billion in 1959) and imports \$4.5 billion (\$3.9 billion in 1959). Exports rose 12 per cent in value and 14 per cent in volume; imports rose 15 per cent in value and slightly less in volume.

West Germany was again the Netherlands' best customer, taking 22.5 per cent of her exports. Belgium/Luxembourg was second with 14.5 per cent, followed by the United Kingdom with 11 per cent, France 5.9, Italy 3.2, and the United States and Canada combined, 5.5 per cent. During 1960, 46 per cent of Netherlands exports were consigned to countries in the Common Market, compared with 44.5 per cent in 1959. Dutch exports to EFTA countries constituted 24 per cent of total exports.

Imports Reach Record

Imports into the Netherlands from its EEC partners comprised 46 per cent of total imports in 1960, compared with 45 per cent in 1959. West Germany was the leading supplier with 21.5 per cent of the total, followed by Belgium/Luxembourg 18.5 per cent, the

U.K. 7 per cent, France 3.8, and Italy 2.1. About 14 per cent of imports were supplied by the United States and Canada combined. Imports from EFTA countries made up 13.3 per cent of the total. This high level of foreign trade last year has continued into 1961. There were, in fact, increases in both imports (\$1.25 million) and exports (\$1.04 million) in the first three months of 1961.

A Competitive Market

The demand for raw materials, components, capital goods and equipment in the Netherlands is expanding steadily. As productive capacity increases (the index of industrial production, exclusive of the building trade, was 157 in 1960 compared with 139 in 1959; basis 1953=100), consumer expenditure mounts (up 6 per cent in 1960 over the previous year), and the demand for foodstuffs and consumer durables rises. The prosperity in the Common Market, pronounced in Holland as elsewhere, has had a magnetic attraction for exporters all over the world. Buyers in the Netherlands are offered a wide choice for most of their raw material and other requirements and with traditional Dutch sagacity they are purchasing on the best possible terms and at the lowest possible prices. Overseas exporters of many lines are supplying from stocks in the Netherlands or adjacent countries. The competition on most manufactured goods from Holland's EEC partners is particularly severe, because orders can be placed by phone and delivery made within days; large inventories are no longer in evidence.

The first stage toward the EEC common external tariff, effective last January, has intensified competition for Canadian and other shippers to the Netherlands. At that time tariffs on many industrial products were increased by 30 per cent of the difference between the original Dutch tariff and the ulti-

mate common external tariff minus 20 per cent.

Canadians Pay Visits

The number of Canadian exporters visiting the Netherlands this year has risen sharply and is now at an all-time high. The Export Trade Promotion Conference in Ottawa last December, coupled with the boom in the Netherlands and elsewhere in Europe, has prompted Canadian exporters to take a first-hand look at the Dutch market. A number of agency arrangements have been concluded and others are pending; direct sales have resulted in some cases from the visits. Canadian businessmen visiting the Netherlands are invariably well received by Dutch buyers and provided price, quality, delivery and terms are competitive, personal contacts with buyers can result in orders. It is necessary to emphasize again the competitive nature of the Dutch market and to repeat that price is the most important yardstick governing sales. The revaluation of the Dutch guilder by almost 5 per cent, which took place in

March, may assist in developing sales of some Canadian consumer products. However, Canadian prices on many consumer products are on the high side and Dutch department-store and specialty-shop buyers prefer to purchase from suppliers in adjacent markets. As the standard of living in the Netherlands rises, the demand for quality merchandise grows. Progress in this direction has been gradual in the Netherlands, but there is evidence that the consumer wants more modern, attractive, labour-saving appliances, household and novelty articles and, to a lesser extent, clothing and department-store goods of all types.

Sales Prospects

Canada, as far as Dutch buyers are concerned, is regarded primarily as a competitive source of supply for raw materials such as those listed in the accompanying table. According to market surveys following the Export Trade Promotion Conference, prospects appear to be good for additional sales of Canadian pulp, lumber, oilseeds, hides

Production increases in the Netherlands, bringing new prosperity; here potatoes are gathered in the North East Polder of the Zuiderzee, an area transformed from mudflats into a well-equipped agricultural district by Dutch soil reclamation.

—UN Photo.



DUTCH IMPORTS FROM CANADA

	1959	1960	Change
	(in millions of guilders*)		
Total	127	139	+ 12
of which:			
Dairy products and meat	4.3	.8	- 3.5
Grain and products	52.1	49.8	- 2.3
Oilseeds (excluding soybeans and ground nuts)	15.4	12.2	- 3.2
Tobacco	.8	1.7	+ .9
Hides and skins	.7	3	+ 2.3
Wood and wood products	8	14.7	+ 6.7
Minerals (mainly asbestos)	5.6	7.9	+ 2.3
Iron ore	5	5.7	+ .7
Chemicals, pharmaceuticals and cosmetics	4	4.8	+ .8
Rolling mill products	.3	6.1	+ 5.8
Aluminum	2.5	4	+ 1.5
Office machines	1.3	1.8	+ .5
Electric apparatus	10.1	10	- .1

* At December 30, 1960, Can. \$1.00=3.78 guilders.

and skins, animal offals and fats, leather uppers and leather scrap, some types of women's clothing, papermakers' felts, washing machines and refrigerators, sulphur and phosphates. Department and specialty-store buyers, like their counterparts elsewhere, are always interested in new and attractive lines. Dutch firms in manufacturing, wholesale and retail trade are always prepared to discuss royalty and licensing arrangements for potentially profitable lines and businessmen here will always consider arrangements involving financial participation by Canadian manufacturers covering the distribution or sale of Canadian-manufactured products or services at the retail level. The business boom in the Netherlands should create markets for a selective range of Canadian consumer goods. The market is competitive and, as a result, continuous trade promotion and sales efforts are required to establish products never before sold in the country. ●

Belgium-Luxembourg

Exports achieved record high last year, but sharper rise in imports increased trade deficit. Early months of '61 have brought recovery from last year's serious economic difficulties, but country's rate of growth lags behind that of its EEC partners.

A. A. LOMAS, *Assistant Commercial Secretary, Brussels.*

DESPITE a series of unfortunate events in the second half of 1960, the Belgian economy held its own last year and in the first months of 1961 has shown a remarkable resiliency that points toward new gains. This will be a critical year, however, because the pace of economic development must be speeded up considerably to keep Belgium in step with its partners in the European Economic Community.

Two Longstanding Problems

It is only recently that forecasts of Belgium's economic progress have become more optimistic, as the country has been plagued by several longstanding problems that were sharply emphasized by last year's special difficulties. Foremost among these has been the question of public finance. For years the Government has relied heavily on the capital market to finance not only its capital projects but also an increasing share of its current operations. In consequence, the public debt and its attendant servicing charges have increased steadily since the war and this has resulted in a somewhat strained financial situation, with adverse effects on private investment. A more tangible problem exists in the coal industry where, under pressure from the European Coal and Steel Community, Belgium has been closing marginal pits to achieve a better balance between production and consumption and to rationalize coal costs as a means of reducing the price of electric power. This has led to widespread unemployment in coal-mining centres and

has required costly programs for relocating miners and attracting new industries to the affected areas.

The Congo and the Strikes

Belgium's recent difficulties began with the loss of the Congo—perhaps less because of the independence of that country than the consequent violence and confusion by which its ties with Belgium were cut. Although this had serious economic repercussions, it came more as a severe emotional blow to all Belgians and led to much critical national reappraisal. Partly to compensate for the loss of Congo revenues and markets and partly to create a more favourable climate for economic development, the Government introduced late in 1960 its omnibus "loi unique". This bill included new taxes and cuts in social services that many felt weighed too heavily on the working classes. At the turn of the year, Belgium was gripped by widespread strikes accompanied by some violence, which disrupted industrial activity for several weeks.

Although the midwinter outlook was bleak, when the 1960 year-end reports began to appear it was realized that the economy had weathered some severe storms and that, although results were not as favourable as in other Common Market countries, there were grounds for cautious optimism. A national election in March resulted in a new coalition government which has strengthened this optimism.

Growth Rate Lags

In reviewing current business conditions, it must be remembered

Belgian Purchases from Canada . . .

- Reached \$69.1 million in value last year, compared with \$56.2 million in 1959.
- Consist largely of raw or semi-fabricated materials or food; these groups made up 87 per cent of the total.
- Are costing more, relatively, as new EEC tariffs make imports from the other Common Market countries cheaper.
- May increase if Canadians can offer new and different food products within the next few months.
- Will expand only if Canadians market competitively priced products, backing them up with prompt delivery, continuity of supply, adequate promotion, and servicing when necessary.

that Belgium is one of the most highly industrialized countries of Western Europe, with the highest per capita income in the EEC. It is the current rate of economic growth, however, that has caused most concern, because Belgium now lags behind its EEC partners, as the accompanying table shows.

Rate of Growth in 1960 of

	Gross National Product	Industrial Production
	(In per cent)	
West Germany	8	11
France	6	11
Italy	7	15
Netherlands	8	13
Belgium/Luxembourg	4.8	7
EEC AVERAGE	7	12

Source: quarterly reports of the EEC and AGEFI.

Because Belgium emerged from the war with its over-all economy and manufacturing facilities in reasonably good shape, it coasted while other countries, which suffered greater material damage, painfully reconstructed their economies. In the process, these countries gained a momentum in development that

promises to carry them beyond Belgium, which is only now coming to grips with its problems.

During 1960, however, most sectors of the Belgian economy registered substantial gains and since the end of the strikes in January recovery has been rapid. In the first months of 1961, industrial activity stood at a high level and new monthly records were established in many fields. Even though coal production was cut back by about two million tons last year, productivity was actually increased by closing down marginal mines. Steel production grew by 11 per cent to a total of 7.1 million tons, and while world steel markets slackened because of

larger supplies, demand and prices within the EEC continued firm. Output in the key non-ferrous metals industry increased over 1959 by 9 per cent for raw metals and 20 per cent for semi-finished products. Belgium's glass industry, one of the largest in the world, increased production by 11 per cent and the chemical industry expanded by about 10 per cent. Growth in the construction industry and in the production of some building materials was slower than the average for the economy as a whole, but it is expected that a high general level of prosperity plus new public works projects will give a lift to this sector in 1961.

Although agriculture employs less than 8 per cent of the Belgian working population, it plays an important role in the economy. Last year, despite excessive rainfall, agricultural output gained 8 per cent over 1959. The sugarbeet crop set a new record and production of meat, milk and dairy products showed major gains. Most Belgian farms are small-scale, however, and because the Common Market countries have still to work out and apply a common agricultural policy, the future of Belgian agriculture continues uncertain.

Depends on Export Markets

Lacking most raw materials except coal and with a limited home market, Belgium is largely a processing country heavily dependent on imports of raw materials and exports of semi-finished and finished products. Last year these groups

BLEU TRADE PATTERN IN 1960

Country	Imports from	Change from 1959	Exports to	Change from 1959
	(in per cent)			
West Germany	16.9	+0.6	15.8	+2.5
Netherlands	14.9	-0.9	21.3	+0.1
France	13.6	+1.0	10.4	+1.5
United States	9.9	+0.5	9.5	-3.7
United Kingdom	7.4	-0.9	5.6	-0.3
Congo	6.7	+1.0	1.6	-1.1
Sweden	3.0	+0.2	2.9	+0.2
Italy	2.4	+0.1	3.1	+0.5

accounted for more than 90 per cent of all exports and exports in turn accounted for 40 per cent of all industrial production. In consequence, Belgium is very sensitive to changes in world markets and to a large extent its development during 1961 will depend on the pace of economic recovery in the U.S. and continued boom conditions in the other Common Market countries.

Last year, foreign trade expanded at a faster rate than the rest of the economy. Exports increased by almost 15 per cent over 1959—from \$3,295 million to a record \$3,775 million. Imports increased at the same rate, however—from \$3,442 million to \$3,957 million—pushing the trade deficit up from \$147 million in 1959 to \$172 million last year. Both exports and imports achieved new highs in February and March of this year and the Government has recently forecast a 40 per cent increase in foreign trade over the next five years.

For Canada, one of the most significant aspects of last year's trade was the extent to which Belgium, like the other EEC countries, continued to increase its dependence on markets and suppliers within the Common Market. Thus the other partners purchased 50.6 per cent of Belgian exports last year against 46 per cent in 1959 and supplied 47.8 per cent of imports against 47 per cent the year before.

Buying Habits Changing

With over-all prosperity, the Belgian domestic market is maturing and buying patterns are changing. Consumer demand for essentials is

CANADIAN EXPORTS TO BLEU

	1959	1960	Change 1960 from 1959
	(in millions of dollars)		
Total Exports	56.2	69.1	+12.9
of which:			
Wheat	18.7	19.3	+ 0.6
Nickel	6.3	11.6	+ 5.3
Aluminum	4.1	5.6	+ 1.5
Asbestos	4.3	5.5	+ 1.2
Copper and brass	2.6	3.2	+ 0.6
Lead and zinc	2.5	2.8	+ 0.3
Lumber, pulp and paper	1.2	2.7	+ 1.5
Iron, steel and alloys	0.7	2.3	+ 1.6
Seeds	2.8	2.0	- 0.8
Chemicals, synthetic resins	1.2	2.0	+ 0.8
Aircraft and engines	2.9	1.4	- 1.5
Iron ore	0.6	1.3	+ 0.7
Fish	1.1	1.1	0.0
Other	7.2	8.3	+ 1.1

now levelling off and most of the increased spending power is being shifted to non-essentials.

This trend towards an "affluent society" is accompanied by major changes in the distributive trades. Advertising expenditures are rising rapidly, chain stores, supermarkets and self-service outlets are increasing, and Belgian consumers, who have long enjoyed the advantages of one of the most competitive markets in Europe, are looking for more and better goods at still more competitive prices.

Canadian-Belgian Trade

How do these developments affect our trade with Belgium? In recent years Canadian-Belgian exchanges have been about equally important to the two countries. In 1960 our exports to Belgium* ac-

*including Luxembourg.

counted for 1.3 per cent of our total exports and represented about 1.2 per cent of total Belgian imports. These exports, valued at \$69.1 million, were 23 per cent higher than the \$56.2 million achieved in 1959. Imports from Belgium dropped slightly—from \$44.7 million in 1959 to \$41.4 million last year. Principal exports to Belgium in the last two years are shown in the accompanying table.

The listed commodities, which make up 87 per cent of Canadian exports to Belgium, are mainly raw or semi-fabricated materials or foods and it is in these groups that most of the increases occurred last year. Exports of more highly manufactured products showed little improvement and even some declines, and there is no indication that this trend will change. It is a hard fact that, in Belgium at least, competition from domestic producers and from other firms within the Six makes it increasingly difficult for Canadian manufacturers to develop worthwhile markets.

The increase in trade among members of the Six has already been mentioned; it went up by 25 per cent last year compared with an increase of 17 per cent in trade with third countries. Most of this increase in intra-Community trade is attributed to the cumulative reduction of

DISPOSAL OF BELGIAN INCOME

(in billions of francs)

	1959	1960	Per Cent Change
Food	118	119	+ 0.8
Clothing	48	49	+ 2.1
Lodging	36	37	+ 2.8
Heating and furnishings	38	40	+ 5.2
Travel, education, etc.	47	51	+ 8.5
Luxuries and pleasure	53	59	+11.3
Taxes	45	49	+ 8.8
Savings	37	41	+10.8

20 per cent in internal tariffs during 1959 and 1960. For the low-tariff Benelux countries, the new EEC external tariffs are generally higher than their previous rates. The result is that Belgian imports from third countries such as Canada are actually becoming more expensive as products from within the Community become cheaper.

For unfinished materials and agricultural commodities, prospects seem brighter, although there are still some uncertainties for farm products; these will not be resolved until the Six establish their common agricultural policy. Even the traditional Belgian preference for Canadian wheat, however, is under heavy attack by hard-hitting competition from other wheat exporters, and forthcoming EEC decisions about the treatment to be given to products from their ex-colonial areas could affect future Canadian sales of other commodities.

In view of the anticipated continued expansion of most Belgian industries, over-all prospects seem good for sales of Canadian non-ferrous metals, asbestos, iron ore, and sulphate pulps. Canada is only a marginal supplier to Belgium of paper products and lumber, however, and Belgians will only buy these products when and if Canadian c.i.f. prices are competitive with those of Scandinavian suppliers.

Although the market for imported food products is increasing, price competition is becoming more severe; thus the Canadian share of canned salmon imports is decreasing as Japanese sales are growing. Consumer tastes are swinging more and more to packaged and processed foods, but processors in the Common Market have been quick to fill these requirements, often following the lead of European subsidiaries of large U.S. companies. There are sales possibilities, however, for new and different food lines, provided they can be introduced here quickly enough before local firms begin their production. The same is generally true of other manufactured prod-

ucts such as clothing, home and garden equipment, and light machinery. For all products, however, the common denominators must be low prices, adequate quality, new or distinctive features, and a willingness on the part of Canadian manu-

facturers to support their Belgian agents or distributors with prompt delivery, continuity of supply, servicing and spare parts where necessary, and promotion in order to obtain or hold a part of this extremely competitive market. ●

France

With industrial production rising rapidly and foreign trade increasing, with import liberalization continuing and many tariff reductions coming into force, France is becoming a bigger market for Canadian goods—and a place where imaginative and persistent selling pays off.

A. G. KNIEWASSER, *Commercial Counsellor, Paris.*

GENERAL de GAULLE'S words of May 8: "Day by day we are witnessing a vast transformation of our country . . . but this is only a beginning in relation to what is possible and, consequently, necessary . . . *Peuple Français—En Avant—*" are typical of the spirit that now prevails in this country. Major decisions have been taken in the political, financial and economic fields that should permit France to consolidate its achievements over the past two years and to move on to new accomplishments in terms

of economic strength and influence. Industrial production and foreign trade are increasing at unprecedented rates and there is a feeling of confidence and vitality in business circles.

New Approach

The sources of present prosperity are essentially political and financial stability, emphasis on development and risk-taking, new support for liberal trade policies and the advantage of free competition, and a general optimism about the effects

FRANCE'S INDUSTRIAL PRODUCTION

	1959	1960	Per Cent Increase
Industrial production (1952=100)	154	165	7
Crude petroleum production (millions of metric tons)	3.7	11	197
Natural gas production (billions of cubic metres)	2.6	4.5	73
Electricity production (billions of kwh.)	64	71	11
Aluminum production (thousands of metric tons)	173	235	36
Motor vehicle production (thousand units)	1,283	1,369	7
Steel production (millions of metric tons)	15.2	17.2	13
Paper production (thousands of metric tons)	2,336	2,614	12

of EEC arrangements on this country. These factors are all inter-related and strengthened by prosperous conditions in Europe and in the countries that are France's principal trading partners. Tariff reductions are proceeding in advance of France's obligations under the Rome Treaty and are being extended to third countries to levels envisaged by the EEC common external tariff. The Government and the French Manufacturers' Association are encouraging and assisting French industry to become more productive, to modernize, and to reduce costs. This is revolutionary in a country where small businessmen accustomed to high prices and low volume have traditionally set the pace in economic affairs. It is, of course, a development which is essential if France is to maintain and improve its position in the new Europe of the 1960's.

The table on page 30 lists the key economic indicators over the past two years.

Planning Emphasized

An interesting and increasingly important feature of French economic life is the "Plan". This is a series of economic objectives that are worked out every four years and revised annually by a small staff of leading French economists. The objective is to establish, in co-operation with industry and labour, attainable targets for all sectors of the economy. In the course of preparing the Plan, economists consult industrial and labour associations and arrange for joint discussions with key government ministers and officials. In the process, thousands of businessmen and representatives of agriculture and labour are made aware of each other's intentions, difficulties and objectives. The Government in turn makes an effort to adjust monetary and economic policies to facilitate the attainment of these objectives and to strengthen sectors of the economy in difficulty.

The first plan was established in 1945 by Jean Monnet and served

If You Are Not Already Selling in France . . .

1. Provide Paris office with complete details of your products. Include literature, preferably in French, and export prices c.i.f. Le Havre. Quotations in Canadian or U.S. dollars satisfactory. Request preliminary market survey and distribution suggestions. In your introductory letter, try to put Trade Commissioners in a position to explain applications and advantages of your products.
2. If Trade Commissioners report business prospects, write directly to firms or trade associations suggested, sending copies to Trade Commissioners for follow-up purposes. Forward samples if indicated.
3. Before making firm arrangements, plan a personal visit to France to interview prospective representatives. Advise Trade Commissioners of your plans in advance and request appointments and interpreters, if necessary.
4. Make firm agency or distribution arrangements after personal interviews with prospective candidates and remain here for at least one week to assist new representatives in planning sales campaign. Call on potential customers with new agent.
5. Make sure Trade Commissioners are aware of your sales arrangements. They can be a continuing source of assistance and frequently come across new business possibilities that can be referred to local representative of Canadian firm.
6. Remember to present your company here as "Canadian". Avoid sub-agency deals or servicing of French market from third countries.

to guide France through postwar reconversion. Subsequent objectives have been price stability and EEC integration. The technique is now regarded as an "institution essentielle" and the Government has recently announced its intention to broaden and extend the scope. The plan for 1962-65 (No. 4) is currently being worked out and will be published within the next few months. It is expected that heavy emphasis will be placed on continued economic growth of the order

of 6 to 7 per cent a year within a framework of price stability. A high priority will be assigned to measures designed to improve productivity and hence France's competitive position, now that the economy is to be increasingly exposed to world competition.

Foreign Trade Increases

Foreign trade was a key factor in industrial expansion in 1960. Exports increased 22 per cent to NF 33.9 billion and imports 19 per cent

If You Are Already Selling in France . . .

1. Re-examine distribution arrangements. Now that import controls have been largely removed, country-wide sales programs pay dividends. You are missing business if you cover Paris area only.
2. Consider possibility of an advertising campaign. Advertising outlays in France will double over the next ten years as consumption patterns change in favour of branded goods. (See *Foreign Trade* of June 3, 1961.)
3. Appraise flexibility of financing terms offered to established customers. French businessmen are excellent credit risks. Instalment buying is becoming increasingly important.
4. Ensure you are benefitting from favourable transportation rates and delivery schedules. Is air freight a possibility?
5. Ensure that your company and your representatives in France are well known to Canadian Trade Commissioners, banks and transportation companies located here. Are you a member of La Chambre de Commerce France-Canada, which is now forming a special section for Canadian firms? Many useful contacts and new ideas can be developed in association with your Canadian colleagues here.
6. Plan a return trip to France, allowing more time to call on customers and to travel to major industrial areas in the provinces. Avoid Christmas, New Year's, Easter and July-August summer vacation period.

to NF 31 billion. Exchange reserves are currently approximately NF 10 billion and exceed foreign liabilities, which are being retired in advance of maturity. The franc is sound and externally convertible.

The accelerated implementation of EEC arrangements is already having a noticeable effect. Trade with EEC countries in 1960 accounted for 40 per cent of France's total trade compared with 32 per cent in 1958. Imports from the EEC countries have increased 50 per cent

and exports to them 79 per cent over the past two years. These trends are expected to continue as tariffs are reduced to zero, probably by 1966.

Trade with Canada

Canadian exports to Metropolitan France (including Algeria) in 1960 increased by 80 per cent to \$77.6 million. Imports were slightly below 1959 and were valued at \$50.3 million. The principal products traded are shown on page 33.

Although 85 per cent of Canadian exports to France consist of the eleven groups of commodities mentioned above, Canadian exporters last year shipped over 280 categories of goods to this country. New business was developed in many commodities which have not been sold here for years (see *Foreign Trade* of March 11, 1961) and the trade is being further diversified as more products are freed from import controls.

Import Liberalization

On April 1, 41 additional tariff positions were freed from quantitative restrictions and the French Government announced its intention to liberalize two more positions on June 15 and 15 others later this year. Among the products of interest to Canada which can now be imported freely are:

molybdenum
synthetic rubber
chemicals
alloy steel
nickel matte and intermediate products
radio equipment
construction tractors
trucks
motor vehicle parts
optical lenses and prisms
furniture
toys
coin-operated machines

By the end of this year, quantitative import restrictions will be removed on all industrial goods except coal, petroleum, paper, ships and aircraft. Import licences for these and for many agricultural commodities are available on application. Further import liberalizations are expected now that France has declared that it no longer maintains restrictions for balance-of-payments reasons. Full details on import formalities are available from the International Trade Relations Branch of the Department of Trade and Commerce, Ottawa.

Tariff Reductions Accelerated

On April 1, France took the unprecedented step of unilaterally reducing tariffs on industrial goods by

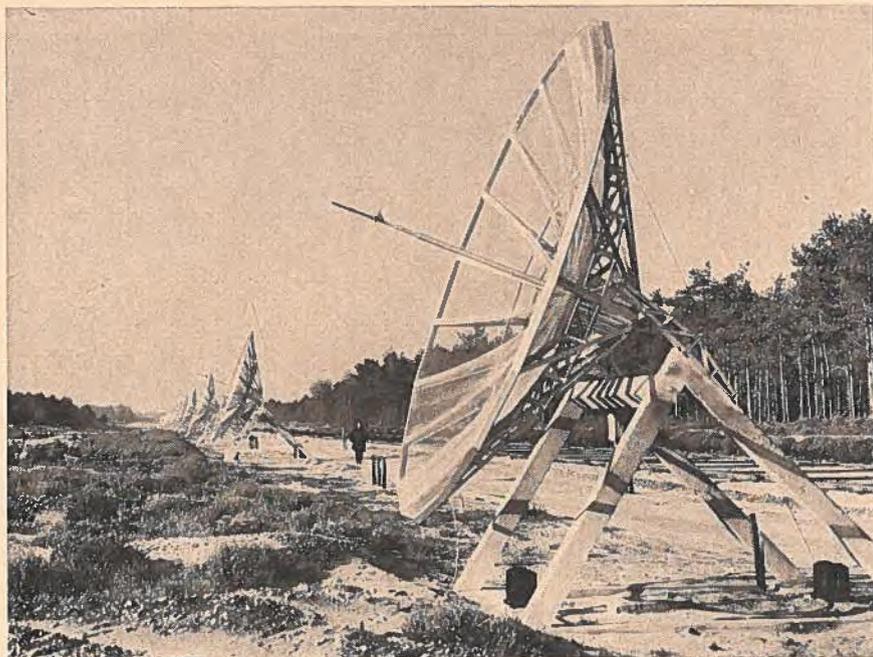
FRANCO-CANADIAN TRADE IN 1959 AND 1960

	1959	1960	Per Cent Change
	(millions of new francs)		
Canadian Exports to France			
Wheat and grain	26.3	70.7	168.4
Copper	41.7	54.0	29.4
Oilseeds	36.1	48.9	35.4
Synthetic rubber	32.9	45.5	38.2
Plastics and articles thereof	8.2	43.0	524.3
Asbestos	27.4	36.1	31.7
Nickel	4.3	24.4	567.4
Aluminum	43.4	23.4	-46.1
Wood pulp	11.6	20.0	72.4
Chemicals and allied products	1.3	15.0	1,153.0
Wood and manufactures thereof	3.3	9.2	178.7
TOTAL (all products)	258.3	450.5	74.4
French Exports to Canada			
Automobiles and cycles	93.3	55.7	-40.4
Wines and alcoholic beverages	27.3	28.1	2.9
Books and printed matter	16.1	21.3	32.3
Iron and steel	18.8	19.5	3.7
Chemicals and allied products	25.0	18.0	-38.0
Boilers, machinery, etc.	8.6	11.4	13.2
Glass and glassware	9.7	10.6	10.9
Wool, yarns, etc.	8.8	8.0	-9.1
Apparel	5.1	8.0	56.8
Carpets, lace, embroideries	5.3	5.9	11.3
TOTAL (all products)	281.7	260.5	-7.5

SOURCE: "Statistiques du Commerce Extérieur",
Ministère des Finances et des Affaires Economiques.

Typical of French scientific achievements is this Interferometre at Nançay, which studies the sun as it passes the meridian line. This is the east-west section, composed of 32 mirrors; each mirror has a diameter of five metres.

—Jean-Pierre Sudre.



5 per cent and tariffs on a number of items formerly under price control by 10 per cent. In absolute terms, these tariff reductions are greater for EEC countries because they are calculated on 1957 rates and apply to tariffs prevailing on March 31 of this year. The announced purpose was to expose the economy to new competitive influences and to head off price increases now that price controls have been removed.

As a result of import liberalizations and two rounds of tariff reductions, Canadian importers have more favourable access to the French market than at any time in the past twenty years. Competitive suppliers in other EEC countries, however, enjoy even lower rates at present and are making plans to free all tariffs, probably in 1966. Their preferential position in the French market at that time will depend on the level of the common external tariff, which is still under negotiation.

The Outlook

Prospects for continuing expansion, improving terms of access for Canadian goods, and hence increased Canadian sales to France are excellent. Major increases in sales of materials are already indicated from discussions between Canadian and French firms in Paris over the past few months. There is little doubt that this country will require increasing supplies of metals, minerals, wood products and paper. The outlook for products of secondary manufacturing industries is less clear. Products that are in demand and not manufactured within the EEC can be introduced; those that are competitive with local production will have to be very attractive indeed. The experience of the Paris office is that any product from Canada can be sold by convincing local importers that it is to their advantage to test items that will either reduce costs or improve sales. Intensive and imaginative personal selling is a must. ●

Switzerland

Economic advance continued last year, and imports and exports set a record. Swiss industry is improving design and quality of products to meet threatened EEC competition. Canadian sales to Swiss increased slightly in 1960.

S. G. MacDONALD, *Commercial Counsellor, Berne.*

THE economic advance which began late in 1958 and continued through the following year was again apparent in Switzerland in 1960. This trend is continuing in 1961. The extraordinary activity in the construction industry, surpassing all records, and the increase in exports have provided the greatest stimulation. Business investment rose strongly, as did consumer spending; the engineering industry, most consumer goods industries, and the tourist trade reached high levels.

Labour Shortage

This surge of activity has aggravated what is now a chronic problem in Switzerland, the acute shortage of labour. Each year the difficulty increases, with conditions in agriculture the most critical. At the height of activity last August, 435,000 foreign labourers were registered here compared with 365,000 a year earlier. Present indications are that the figure will exceed half a million this August. At the end of February there were less than 200 unemployed persons in the country and more than 8,000 registered job openings.

The serious effect of such labour shortages and the uncertainty of obtaining sufficient imported labour, particularly in the skilled group so necessary in much of Swiss industry, was made evident in 1959 by the amount of plant capacity that could not be used. This problem increased last year and continues apace this year. Swiss employers of labour can no longer expect to meet their needs from the domestic

supply nor from neighbouring countries such as Italy and Austria, which previously provided nearly all the seasonal and additional industrial labour needed. The labour stream from Austria has dried up because of the economic advances there over the past several years, and Italy, also experiencing an industrial boom, can no longer supply the types and numbers of workers needed. In industrial and economic circles here, serious thought is being given to the possibility of obtaining certain categories of labour from across the Atlantic.

Labour shortage has created a backlog of unfilled orders which should assure a high level of employment for some time to come. Nevertheless, the situation overburdens the economy and lengthens the time on delivery dates, thus endangering Swiss production and foreign trade.

Long-term Problems

Over the long term, the economic outlook for Switzerland is less favourable than at the present, as all efforts made so far to bring about a smoother working arrangement between the two European economic groups seem to have proved unsuccessful. The effects of speeding up tariff reductions in the EEC (to 30 per cent last January) and the need for EFTA (of which Switzerland is a member) to reach a similar reduction on July 1st of this year are felt in industrial circles, particularly because certain members of EEC (in particular West Germany) constitute this country's most important markets.

These preoccupations are aggravated by increased costs of production in many industrial sectors. The cost of living, which for the two years previous had remained relatively stable, in 1960 started to climb; the consumer price index stood at 184.7 at the end of 1960 compared with 181.5 a year earlier (August 1939 equals 100) and wholesale prices decreased marginally from 215.7 to 213.2 (August 1939 equals 100). Effective wages also rose, both from the standpoint of social improvements and actual wage increases.

Budget Shows Surplus

Over-all Swiss prosperity in the past two years has had its effect on the Federal Government's finances. Surpluses, either greater than expected or occurring when deficits were forecast, have swelled the public treasury in the face of unprecedented outlays on costs of Government. These surpluses are expected to be even larger in 1961. Especially heavy expenditures are anticipated for the military: one billion francs is considered necessary, a figure never before reached in peacetime. Apart from this and other more normal expenditures, an increase of 171 million francs in subsidies is provided for, to reach a total of 767 million francs—a rise that is causing alarm in many quarters.

Swiss Banking

Despite the economic activity throughout Switzerland in 1960, the money market maintained considerable liquidity. Although there were some fluctuations created by overseas political and economic conditions, deposits of 2.3 billion francs were reported at the end of the year, a figure only slightly below the comparatively high one of a year earlier. The monetary reserves of the Central Bank at the end of December exceeded 10 billion francs for the first time in history. The year was fraught with many difficulties for the fiscal and

banking authorities, but the stability they were able to maintain in the Swiss economy and even world financial circles in the face of strong outside pressures reinforces once more the tribute frequently given to the Swiss as the world's bankers.

The capital market in 1960 reached record levels and featured a high rate of new domestic investment and capital export. Numerous new bond issues were successfully raised, including several for Canadian provincial and municipal governments, but mainly for EFTA countries and the World Bank.

Swiss banks enjoyed a record volume of business. Their assets increased by about 11 per cent, an unprecedented rise, to a total of 43.4 billion francs. Deposits, largely because of the inflow of capital from abroad, increased some 3.8 billion francs—more than double that of the previous year. Loans advanced by some 3 billion francs, or more than 50 per cent above the total for 1959. Lower Swiss interest rates than those generally prevailing abroad played a part in the loan expansion, although high levels of domestic and foreign trade were more important factors. The liquidity of the banks and other financial institutions remained excellent throughout the year and this has been important in view of the rising credit demands made in the first months of 1961—demands which will probably continue throughout the year.

Foreign Trade

As in 1959, Switzerland's foreign trade in 1960 reflected the considerable stepping-up of economic activity at home. Although there were only slight changes in prices for both import and export commodities, the two sectors made important advances. Imports started declining in mid-1957 but early in 1959 they began to turn upwards and steadily increased from then on to reach their highest level ever by the end of 1960. Exports have

SWISS FOREIGN TRADE

	Imports			Exports		
	1958	1959	1960	1958	1959	1960
	(in millions of Swiss francs*)					
EUROPE						
EEC countries						
France	757	932	1,212	494	501	544
Italy	870	951	1,013	520	593	671
West Germany	2,005	2,367	2,841	1,087	1,246	1,493
Other	679	729	824	504	562	620
Total	4,311	4,979	5,890	2,605	2,902	3,328
EFTA countries						
Austria	153	176	209	202	219	260
Britain	413	617	573	372	414	472
Sweden	106	126	175	205	201	233
Other	121	134	143	252	281	331
Total	793	1,053	1,100	1,031	1,115	1,296
Rest of Europe	352	328	384	567	614	663
Total, Europe	5,456	6,360	7,374	4,203	4,631	5,287
WESTERN HEMISPHERE						
Argentina	62	58	67	88	85	93
Brazil	51	68	48	89	90	109
Canada	170	131	171	144	152	142
Mexico	53	41	41	90	94	96
United States	837	875	1,096	658	814	807
Venezuela	12	9	6	106	104	95
Other	200	167	212	218	218	238
Total	1,385	1,349	1,641	1,393	1,557	1,580
AFRICA	219	227	251	292	301	296
ASIA	241	295	354	640	665	814
AUSTRALIA and OCEANIA	34	37	28	121	120	154
Grand total	7,335	8,268	9,648	6,649	7,274	8,131

*During these years 1 Swiss franc approximated U.S.\$0.23.

advanced steadily since the end of 1957 and in 1960 they far surpassed the record reached in 1959. Nevertheless, imports exceeded exports by 1,517 million francs—a much higher figure than in 1959.

The rapid rise in imports in 1960 reflected mainly purchases of raw materials; these increased by about 23 per cent over the previous year. In 1959, the unfavourable balance was caused mainly by purchases of durable goods, with a percentage increase over 1958 of nearly 25 per cent; raw material imports advanced by only 11 per cent. Imports of chemical and drug products and of machine tools and instruments also gained substantially in 1960; purchases of foreign-finished goods were some 15 per cent higher than in 1959, and foodstuffs and fodder imports increased for the first time since 1957.

Among the major export industries, the watch manufacturers increased their totals some 13 per cent, and the capital goods industries, which had been working at full capacity for some time, increased theirs by only a shade less. Chemical and pharmaceutical manufacturers had an excellent year and even textile exports rose, although there was considerable variation among different lines.

Traditionally, the Western European countries are of the greatest importance to Swiss foreign trade. Imports from there increased by 17 per cent in 1960, and exports to them by 12 per cent; imports from EFTA countries increased only 5 per cent and in consequence their share of total imports decreased from 13 per cent in 1959 to 11 per cent in 1960. Their share of total Swiss exports increased by 16 per

cent. The largest relative increase in Switzerland's exports in 1960 was with this group.

Switzerland's imports from the Common Market rose by 18 per cent and her exports to the Six by 15 per cent, creating a balance-of-trade deficit with these countries of 2.6 billion francs, compared with 2.1 billion in 1959. West Germany's position as Switzerland's most important trading partner was strengthened. The usual trading deficit with the United States was increased last year because of stepped-up imports and a small fall in exports. The balance of trade with Canada also showed a larger deficit.

Trade with Canada

Canadian exports to Switzerland in 1959 were down in value by about 12 per cent compared with the previous year, almost entirely because of much smaller purchases of bread and durum wheat and primary forms of aluminum. The reduction followed a record domestic crop in 1958 which was in turn surpassed again in 1959 and 1960. A further reduction in imports of wheat in 1960 might have been expected, but in fact the decrease was comparatively small and durum wheat actually made a modest gain. Exports of primary aluminum remained about the same as in 1959, and almost all other leading exports increased. The coming into operation of EFTA and the first tariff reduction among its members on July 1, 1960, caused concern among some Canadian exporters but as the year progressed the volume of trade held up well, new business even resulted for exporters of plastics, synthetic rubber (not in sheets) n.o.p., and of copper ingots, bars and billets. Other leading exports maintained their positions and values. In consequence, the 1959 total was slightly exceeded. The accompanying tables list the main commodities in Canada-Switzerland trade for 1959 and 1960. Canada's exports totalled \$26.4 million in 1960 compared with \$25.7 million

CANADIAN EXPORTS TO SWITZERLAND

(in thousands of Canadian dollars)

	1959	1960
Wheat, except seed, n.o.p.	8,462.8	6,605.3
Aluminum in primary forms	3,832.5	3,692.2
Durum wheat, except seed	2,792.8	3,334.5
Copper rods, strips, sheets	2,128.5	3,097.9
Synthetic fibre, thread, and yarn	1,275.8	1,232.9
Plastics, synthetic rubber, not sheets, n.o.p.		860.2
Barley	976.5	719.6
Copper ingots, bars, billets		486.2
Wood pulp, sulphate, kraft, bleached	339.6	482.2
Asbestos milled fibres and shorts	577.8	474.0
Bookkeeping and calculating machines and parts	529.9	426.1
Mink skins undressed, ranch and wild	240.4	336.9
Motor vehicles, n.o.p., and parts	144.8	299.2
Packages, general	218.4	295.1
Nickel fine	66.8	218.0

SWISS EXPORTS TO CANADA

(in thousands of Canadian dollars)

	1959	1960
Watch actions over one jewel	3,507.5	3,374.0
Aniline dyes	1,344.2	1,462.3
Medicinal preparations, dry	1,168.6	1,351.1
Drugs and chemicals, n.o.p.	882.9	1,222.4
Watches over one jewel	1,014.5	1,210.6
Cheese	1,160.4	1,142.8
Machinery, n.o.p., and parts	922.8	805.1
Yarn, cord, and fabric machinery and parts	475.5	653.2
Electric apparatus, n.o.p.	554.5	512.5
Switches, switchboards, and parts	682.0	469.5
Watches one or no jewel	519.3	467.0
Domestic sewing machines	525.3	415.0
Dynamos, generators, and parts, n.o.p.	718.3	358.9
Watch cases and parts	362.4	344.3
Clothing, n.o.p., wool knit, women's and girls'	247.6	318.9

in 1959. Imports from Switzerland reached \$24.3 million in 1960, compared with \$24.5 million the previous year. Transshipments, times of shipments and arrivals, and third-country handling largely account for the apparent differences in value between Canadian and Swiss statistics. The comparatively close balance of trade between the two countries that has existed for some years was maintained in 1960.

In the early months of 1961, Canadian exports to Switzerland dropped a little while Swiss exports to Canada held up well. It is too soon to predict the 1961 results but it appears likely that the large quantity of grain produced by 1960's record crop and the large purchases that year of Canadian wheat will mean a reduction in this sector of our trade in 1961. Other sectors, however, despite a further 10 per cent tariff reduction on July 1st among EFTA countries, should maintain their volume, especially if the interest generated by the Export Trade Promotion Conference in Ottawa last December continues.

The Trade Future

Switzerland is taking a hard look at the way industry and trade in Western Europe are developing and at her place in that development. The speeding up of tariff reductions among EEC countries, their greater integration of industry, their success at financial exchanges and all-round economic solidarity are causing concern to industry here. The EFTA countries themselves, forced by the pace set by EEC, will soon reduce tariffs even further. Swiss industry is exerting every effort to improve the design, quality and price of its export products in order to maintain its economic strength compared with the Six. Consequently in this market, as elsewhere in Western Europe, third countries such as Canada must make even greater efforts to offer products of the best design and quality and competitive in price if they are to increase or even maintain their sales in Switzerland. ●

Austria

Prosperous, stable, and expanding, Austria is worth investigating as a market for a range of Canadian products. The author stresses the important points an investigation should cover.

R. K. THOMSON, *Commercial Counsellor, Vienna.*

BOOM conditions continue in Austria; in 1960 the gross national product increased by 10.1 per cent over the previous year and would have been higher had there not been a labour shortage. In spite of a small deficit in the balance of payments (the first in five years), gold and foreign exchange resources were sufficient at the end of the year to cover import requirements for about six months. The Government's postwar program to reconstruct industry and achieve financial and economic stability has succeeded remarkably.

One of the smallest countries in Europe, with a population of only seven million, Austria is fortunate to have important raw material resources and a stable and efficient labour force. In addition to its major primary industries—iron and steel, forest products, machinery and equipment—the country has extensive secondary industries, among which textiles, photographic and optical equipment and machinery are important. Expansion and modernization of industry continues, with special emphasis on automation to offset labour shortages. The introduction of the 45-hour week and increases in tourist travel and construction provided total employment last summer; indeed, some construction plans had to be curtailed because of the labour shortage. Productivity per worker increased by about 7 per cent in 1960 and the total wage bill rose by 10 per cent. Consumer prices were slightly higher but the purchasing power of individual workers went up more or less in step with the rise in productivity.

The tourist trade is Austria's most important foreign-exchange earner and in terms of employment and earnings only the primary industries outrank it.

Agricultural output last year increased by 13 per cent over 1959; the harvest was particularly good and wheat and grain production rose by 18.3 per cent. Some sectors of Austrian agriculture, however, are not especially economic and require production and marketing subsidies. Surpluses of grain, beet sugar and dairy products are causing concern.

Foreign Trade

Because the Austrian economy depends so much on export trade and is influenced by recession in other countries, the Government has maintained a conservative trade policy. Import restrictions, a number of them frankly protective, are still retained despite the sizable gold and foreign exchange reserves. Imports from OEEC countries and the dollar area are for the most part completely liberalized, but a number of Canadian products are still subject to import restrictions or prohibitions.

Austria's principal supplier and principal market continues to be West Germany, which takes 26 per cent of Austrian exports and supplies 40 per cent of its imports. Other neighbouring countries, such as Italy and Switzerland, are also important suppliers and markets. The United States comes third among Austria's suppliers and fourth among its export markets. It is interesting to note that despite the lowering of tariffs in the countries

of the European Free Trade Association (of which Austria is a member) and in those of the European Economic Community, Austrian exports to member countries of EFTA constituted only 12.5 per cent of the total and increased in 1960 by only 0.9 per cent. On the other hand, Austrian exports to EEC countries in 1960 made up 50.4 per cent of its total exports and actually increased by 1.1 per cent. Imports from the EEC countries declined slightly last year.

The division of Europe into competing trading blocs has not yet had any appreciable effect on Austrian trade with other Western European countries. Eastern European countries have long been trade partners of Austria; in 1960 some 12 per cent of Austrian trade was conducted with Czechoslovakia, Hungary, Rumania, Bulgaria, Poland and the U.S.S.R.

Trade with Canada

According to Austrian trade statistics, imports from Canada dropped from \$16.7 million in 1959 to \$12.5 million in 1960, the result of an excellent grain crop which reduced imports of Canadian wheat. Wheat is Austria's principal import from Canada and last year purchases were valued at approximately \$6.3 million compared with approximately \$10.5 million in 1959. Other imports of interest included nickel (\$1.8 million), and minerals (\$1.6 million), principally asbestos and synthetic rubber. Smaller amounts of tobacco, fish products, hides and skins, chemicals, iron and steel, copper, business machines and other machinery were sold to Austria by Canadian firms in 1960.

Canadian imports from Austria increased from approximately \$6 million in 1959 to approximately \$6.8 million in 1960 (Austrian statistics). They consisted of a wide range of products, principally consumer goods, including costume jewellery, textiles, photographic equipment, sporting goods, and machinery of different types.

When You Think of the Austrian Market, Consider . . .

- The import restrictions that are still maintained on some products.
- The tariff structure, and take a close look at the advantages EFTA members have.
- The competition, strong from traditional suppliers in neighbouring countries.
- Credit terms and delivery times that competitors offer. Can you meet them, taking into consideration the quality of your product?
- Approaching the Austrian market in conjunction with promotion of your product in other Western European markets, particularly those using the German language.

The Austrian market presents an interesting challenge to Canadian producers and exporters, with its growing prosperity, virtually full employment, improved standard of living, rehabilitation of old and establishment of new industries, and considerable capital investment (both private and by the government) in roads, hydroelectric plants, factories and housing.

This is a lively though not a large market for many products ranging from industrial raw materials and agricultural products to capital equipment and luxury consumer goods. But it is not an easy one. Austria produces a wide variety of commodities, some of which compete with Canadian products in world markets; it is conservative and, as mentioned earlier, still imposes certain import restrictions. The competition for business is strong, not only from traditional suppliers such as Germany, Italy, Switzerland, the United Kingdom, but also from other parts of the world. Traders from neighbouring Western European countries enjoy a decided advantage because their products have been

known in this market for many years. Moreover, they are able to keep in close contact with their Austrian customers through frequent visits, and can keep consignment stocks in Austria or provide quicker deliveries than can Canadian exporters facing the problem of a long haul.

Assessing Opportunities

In assessing the Austrian market the Canadian exporter will first wish to find out whether any of the import restrictions affect his product. The tariff structure should be examined at the same time, and in particular the tariff advantages enjoyed by member countries of the European Free Trade Association. Second, he will wish to see where the competition lies and to gain some understanding of the quality of competitive products, the facilities for delivery, the holding of spare parts and the price structure. He will wish to examine the credit that particular producers extend to customers or distributors in this market and decide whether he can offer competitive terms. These are all important factors in determining

the sales possibilities for Canadian products. Once the exporter is convinced that through quality and price he can stand up to the competition, the next important step is to introduce his product and/or select an agent or distributor to do it for him.

During initial negotiations with a potential customer, agent or distributor, it is essential that the Canadian exporter provide:

(a) c.i.f. prices, at least c.i.f. North European port, preferably free Austrian border (f.o.b. factory or f.a.s. Canadian port quotations are rarely of interest to the Austrian importer)

(b) sales literature printed in the German language, or if this is impossible, a synopsis in German providing essential details, particularly technical specifications

(c) specifications converted into the metric system; European standard specifications should be used whenever possible.

Although it is not always essential, the ability to correspond in German with a customer is a great asset. For certain consumer goods and chemicals it is helpful if stocks are maintained in Austria or at a European free port so that they will be quickly available to end-users or customers.

Not all these problems must be overcome but they should all be considered by an exporter approaching the Austrian market. The range of Canadian products now exported to Austria is not wide but it does vary from industrial raw materials to technical equipment and consumer goods. There is evidence of even greater sales possibilities if the Canadian exporter is willing to take pains to assess and pursue them.

We recommend that exporters consider exploiting the Austrian market in conjunction with sales promotion in neighbouring markets, particularly those where the German language is used, notably Ger-

many and Switzerland. Sales literature in German, the translation of technical terms into European equivalents, the quotation of prices are all factors in these three markets. Although conditions may differ in these countries, requirements

and tastes are frequently similar and the Canadian product that will sell in West Germany and Switzerland may also attract buyers in Austria.

Canadian businessmen can, if they wish, combine pleasure with business in this historic and beauti-

ful country that offers winter sports, alpine scenery, and a rich heritage of music and art. The Office of the Commercial Counsellor for Canada in Vienna will be happy to assist Canadians who are planning a business visit here. ●

West Germany

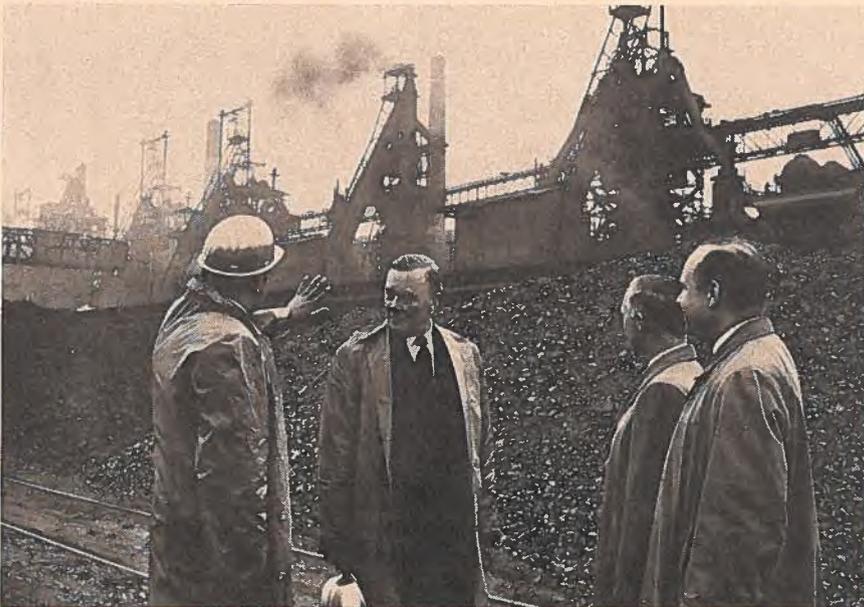
Revaluation of Deutsche Mark may slow down expansion of German exports in '61 and increase imports. It should not affect Canadian sales, as main competition comes not from domestic but other foreign suppliers. Foodstuffs and industrial raw materials continue to be our best sellers in this market.

J. A. STILES, *Commercial Counsellor, Bonn.*

THE West German economy continues its impressive expansion. In 1960 the gross national product increased by 8 per cent in real terms compared with 6.7 per cent in 1959.

The outlook for 1961 is for a further increase of 5 to 6 per cent; the labour shortage is one of the principal reasons for the slower growth rate expected this year.

The Canadian Ambassador to Germany, Escott Reid (second from left) and the Commercial Counsellor, J. A. Stiles (second from right) photographed against piles of Canadian iron ore at a Krupp subsidiary. The firm buys about \$3½ million worth of Canadian ore a year; iron ore sales to Germany total \$6.7 million.



At the end of April 1961 there were 567,920 job vacancies compared with only 131,191 registered unemployed, or more than four jobs available for each person seeking work. Last year some 325,000 foreign workers worked in West Germany under contract and it is expected that this number will rise to nearly 600,000 by the end of 1961. In 1960 the total working population averaged 25.5 million.

Industrial production in West Germany rose in 1960 by 12.1 per cent, compared with 7.9 per cent in 1959 and 3.4 per cent in 1958. The basic and producer goods industries raised their output in 1960 by 14.5, the capital goods industries by 15.8, and the consumer goods industries by 8.8 per cent. Outstanding was the rise in crude steel production which reached a record 34.1 million tons, 15.8 per cent above the previous year. The growing strength of the automotive industry is reflected in the fact that more than two million cars and trucks were produced in 1960 compared with 1.7 million in 1959.

Foreign Trade

West Germany's foreign trade also rose sharply. Imports went up by 19 per cent to the equivalent of \$10.2 billion. Imports of semi-finished and finished goods and of industrial raw materials increased substantially as a result of the general rise in economic activity. Exports last year rose by 16 per

When Exporting to West Germany . . .

DO

- Consider the value of a personal visit to the market. Your product is sure to receive better consideration if you explain its advantages personally to a prospective customer. Chances are that you will come away with some new ideas which will be helpful to you.
- Try to correspond in the German language whenever possible. Make it easy for your customer to know what you are offering.
- Support your German agent as strongly as you would your Canadian sales representatives. Whenever feasible, arrange for him to visit your Canadian factory, so that he can do the best possible selling job on your behalf.
- Bear in mind the importance of continuity of supply. You are not likely to get a second order if your German customer believes you are not prepared to consider Germany one of your regular markets.
- Quote prices c.i.f. German port. Local firms are too busy to work out your quotations, especially when your numerous competitors are prepared to do so.

DON'T

- Overlook the possibility of exhibiting your products at a German trade fair. The fair is a traditional medium of doing business in Germany and is an excellent way of getting started in this market.
- Forget that the German trade offices in Ottawa, Montreal, Toronto, Winnipeg and Vancouver can provide helpful information about German market conditions. Examine the excellent English-language trade publications about Germany that they have on hand.
- Let the German customer wait three to four weeks for your answer by seaimail. Your competitors correspond by airmail.

cent to \$11.4 billion; the result was a surplus on current account of \$1.2 billion.

German exports to and imports from the other members of the

European Economic Community increased steadily in 1960, reflecting a trend evident since the formation of the Community. Exports to EFTA countries rose slightly, but

imports from this area have begun to decline.

German Trade with EEC and EFTA

(per cent of total value)

Exports to	1958	1959	1960
EEC countries	27.3	27.8	29.5
EFTA countries	27.5	27.0	28.0
Imports from	1958	1959	1960
EEC countries	25.6	28.8	29.7
EFTA countries	20.8	20.7	19.6

Between January 1, 1959, and January 1, 1961, internal tariffs on industrial products traded within the EEC were reduced by 30 per cent. The main effect to date has been a greater flow of manufactured goods, particularly automobiles and steel products, between member countries.

One of the most noticeable developments resulting from the formation of the EEC has been the increasing amount of United States direct investment coming into the Community. Since June 1958, U.S. firms have established 75 new manufacturing or processing plants in West Germany, plus more than 100 branches engaged in distribution or servicing operations. U.S. direct investments in Germany now amount to over \$800 million.

Revaluation of Deutsche Mark

Largely because of the restrictive monetary policy followed by the Central Bank, the outflow of capital was reversed in 1960. This development, added to the heavy current account surplus, caused German gold and foreign exchange reserves to rise by nearly \$2 billion by the end of the year to some \$7.5 billion. The Government then took a decision effective March 5, 1961, to revalue the German currency upwards by approximately 5 per cent, with the object of strengthening the D-Mark and preserving the stability of the German price level. The new parity of the D-mark in relation to the U.S. dollar is U.S.\$1=DM 4.

This move caught German industry by surprise as government officials on several occasions had denied that a revaluation of the currency was contemplated. It is too

PRINCIPAL CANADIAN EXPORTS TO WEST GERMANY

	\$ 1959	\$ 1960
Barley	668,418	2,999,357
Oats		1,598,764
Durum wheat	11,184,307	14,358,462
Wheat except seed n.o.p.	40,487,263	25,366,700
Whisky	810,794	956,200
Flaxseed n.o.p.	3,382,292	2,284,753
Tobacco bright flue-cured	1,286,605	678,491
Cattle hides raw	1,033,572	1,875,170
Pulp, sulphate, kraft bleached	1,831,292	2,716,902
Pulp, sulphate, kraft semi-bleached	859,957	1,477,849
Pulp, sulphate, kraft unbleached	522,256	1,152,831
Iron ore, crude concentrated	5,159,102	6,743,384
Pig iron	43,940	1,915,901
Sheet and strip steel n.o.p.		1,237,189
Engines, aircraft and parts	3,754,293	4,647,554
Bookkeeping calculating machines and parts	1,153,016	3,238,710
Aluminum scrap	649,868	1,075,431
Aluminum in primary forms	14,274,078	32,942,522
Brass scrap, dross and ashes	220,651	977,680
Copper scrap, slag skimmings	490,559	2,402,901
Copper ingots, bars, billets	5,469,552	7,867,171
Lead in ore	1,773,363	2,024,806
Nickel, fine	3,926,726	9,220,237
Telegraph and telephone apparatus	292,681	1,834,310
Radio wireless apparatus n.o.p.	163,832	963,050
Asbestos, milled fibres	6,762,111	
Asbestos, milled fibres, group 3		1,070,936
Asbestos, milled fibres, group 4, 5		6,647,655
Asbestos shorts, group 6, 7, 8, 9	1,734,176	1,897,645
Non-metallic minerals, n.o.p.	1,683,217	4,255,452
Plastics, synthetic rubber, not sheets, n.o.p.		5,386,855
Polystyrene	2,196,895	530,051
Aircraft parts	215,074	1,045,744
TOTAL, including all commodities	129,344,727	165,596,516

Note: For certain items in the table, the 1959 blanks are due to statistical reclassifications.

early yet to see clearly what the effects of this move on West Germany's trade will be. So far as German exports are concerned, it seems likely that many local firms will try to absorb the 5 per cent, or at least part of it, rather than pass on the full price increase to the foreign buyer. It is also worth noting that German exports in March were lower than in the same month a year ago. Officials in the German Economics Ministry believe that the results of the currency move will be a slowing down in the growth of German exports and an increase in the volume of imports; this will mean a much smaller German export surplus in 1961. Government and banking representatives are also currently denying strongly that a second revaluation is being considered.

Canadian-German Trade

Canadian exports to West Germany in 1960 rose to \$165.6 million, a 27 per cent increase over 1959. As the accompanying table shows, our exports to this market consist largely of foodstuffs and industrial raw materials. The main increases in our exports in 1960 were in aluminum, copper, nickel, iron ore, asbestos and wood pulp—a direct result of the higher level of industrial production in Germany plus some stockpiling of aluminum. The recent revaluation of the D-Mark will probably make little difference in our over-all sales here because the bulk of our exports compete with supplies from outside Germany that also benefit from the German currency revaluation.

Canadian imports from West Germany increased by 2.4 per cent in 1960 to \$126.6 million compared with \$123.3 million in 1959. German automobiles, machinery, and iron and steel products were outstanding in this trade.

Canadian Export Opportunities

The most promising export opportunities for Canadian suppliers continue to be in foodstuffs and industrial raw materials. West Ger-

many produces only three quarters of its food requirements and must import each year substantial quantities of grains, fruit and vegetables. Canada is a major supplier of durum and bread wheat to this market and strong efforts must be made to retain this position by continuing to provide good quality, delivery and service. A major factor affecting sales prospects for our grains will be the outcome of current negotiations on the EEC common agricultural policy. Some food lines in which we could improve our position are frozen poultry, frozen fruits and vegetables, egg products and apples.

With the growing strength of German industry, the demand for

imported industrial metals and minerals will no doubt increase. Germany does not have sufficient quantities available from domestic sources and local importers are always interested in considering Canadian offers. Some of the larger German firms have also shown interest in participating financially in the development of Canadian industrial minerals and metals, with the object of securing regular sources of supply. During the visit of the Canadian Trade Mission to the EEC in October 1960, the desire of German companies to establish closer relations with Canadian firms in this field was frequently expressed.

The opportunities for manufactured goods from Canada are more limited because of the wide range of efficient industries which are well established in West Germany. There are, however, exceptions where business is possible because of current long delivery dates from domestic suppliers, or new developments for which local manufacturers are as yet unable to cover the demand. Examples of the former are special steels and aircraft components, and of the latter lightweight garden furniture, freezing units and oil-burners. In addition, there are now opportunities for high quality consumer goods as a result of the rising standard of living. In the last ten years, per capita income in West Germany has increased by some 130 per cent.

Approaching the Market

The main point for Canadian exporters to bear in mind is that almost anything can be sold here, provided it can stand up to domestic and foreign competition. There are now only a very few German import restrictions on non-agricultural products, and foreign exchange difficulties have disappeared.

An easy way to test the market is to supply literature and prices to local importers of the commodity. Lists of firms can be obtained from the Canadian trade offices in Hamburg and Bonn. German companies are receiving offers from all over the world, so Canadian quotations must be carefully prepared with the requirements of the buyer in mind. Such points as supplying metric measurements, literature in the German language, prices free German port, will all help in ensuring that your product receives careful consideration.

Most Canadian firms now selling to this market have found that a good local agent is the best channel through which to promote sales. German agents and trade associations, as well as the Canadian trade offices, can be helpful in arranging suitable representation for Canadian exporters wishing to sell here. ●



— ★ indicates Trade Commissioner Service office

Portugal

Membership in EFTA has encouraged Portugal to step up development programs; trade with other members is increasing. Canadian sales to both continental Portugal and its overseas provinces expanded last year.

T. J. MONTY, *Commercial Counsellor, Lisbon.*

PORTUGAL is still basically an agricultural country, producing mainly products such as olives, olive oil, corkwood, and wines (chiefly port and Madeira). It also produces minerals, such as iron ore, pyrites, tungsten and tin; sardines and other canned fish, and fish oils. Today the country is industrializing gradually under the impetus provided by development plans.

In 1959 Portugal's gross national product rose by 4.5 per cent—a higher rate than the average and said to approximate the rate in other parts of Western Europe. The principal factor in this rise was the expansion in industry and in electrical energy. The 1960 figure has not yet been published but it is believed to be close to that of 1959. Since 1955, agriculture has shown signs of becoming a less important

factor in national output. In 1959, agricultural production was valued at only \$396 million and it declined still further last year, according to estimates. To remedy this situation the Government has introduced assistance in the form of agricultural credits and technical aid. One bright spot was forest products, production of which rose to a value of \$77.7 million largely because of the cork harvest. The average export price for cork, however, fell from \$275 to \$268 per ton.

Industrial production, on the other hand, rose last year; the index for the first six months increased from 146 to 156 (1953 equals 100), or 7 per cent.

The Second Development Plan, which began in 1959, was carried forward in 1960. During the year progress was made on the new steel

TABLE I
PORTUGAL'S TRADE WITH EEC AND EFTA

Countries	Imports from			Exports to		
	1958	1959	1960	1958	1959	1960
	(in millions of dollars)					
European Economic Community (EEC)	178	176	197	68	63	67
West Germany	80	80	88	21	23	28
Belgium-Luxembourg	33	28	31	10	9	10
France	35	34	43	18	12	11
Netherlands	13	16	17	7	8	8
Italy	17	19	19	12	11	11
European Free Trade Association (EFTA)	98	93	102	48	48	63
Austria	4	4	3	1	2	1
Denmark	4	3	2	3	3	4
Norway	5	4	3	2	3	3
United Kingdom	59	58	61	31	31	9
Sweden	13	10	12	6	6	9
Switzerland	15	15	20	4	3	4

TABLE II
PORTUGAL'S FOREIGN TRADE

		1958	1959	1960
		(in millions of dollars)		
Imports from	Port. overseas provinces	67	64	74
	Other countries	388	387	442
	TOTAL:	455	451	516
Exports to	Port. overseas provinces	75	80	79
	Other countries	199	196	229
	TOTAL:	274	276	308
Balance	Port. overseas provinces	+ 8	+ 16	+ 5
	Other countries	-190	-192	-212
	TOTAL:	-182	-176	-207

mill and on an atomic research reactor, which is now in operation. (The Plan was the subject of an article in the June 17, 1961, issue of *Foreign Trade*.) About \$140 million was spent on it in 1960, or 96 per cent of the sum budgeted.

Regional Trading Blocs

Developments within the two trading blocs—the EEC and EFTA—are being followed in Portugal with great attention. EFTA, with which Portugal is associated, lowered its tariffs for goods imported from member countries by 20 per cent on July 1, 1960, and another 10 per cent cut is expected on July 1, 1961. (These reductions do not apply, however, to agricultural and fisheries products.) The established trading pattern has not altered, as Table I shows.

Portugal's total trade with each of the groups increased in 1960 over the previous year by approximately the same amount (roughly \$23 million). The Portuguese deficit on trade with EEC, however, rose by about \$16.5 million but with EFTA it decreased by about \$5 million. This seems to indicate a growing market in the six other EFTA countries for Portuguese goods. The country's association with EFTA has certainly stimulated economic development to bring it closer to that in other EFTA countries.

Both Portugal and its overseas provinces traditionally have a deficit on their balance of trade and this held true in 1960. Imports rose from \$451 million in 1959 to \$516 million last year, and exports increased from \$276 million to \$309

TABLE III
PRINCIPAL CANADIAN EXPORTS TO PORTUGAL

	1959	1960
	(in Canadian dollars)	
Cod	\$861,578	\$904,379
Flaxseed	669,889	507,579
Copper ingots, bars and billets	160,965	332,128
Aluminum and its products	184,965	332,074
Synthetic fibre thread and yarn	75,995	147,823
Plastics, synthetic rubber		317,388
Wheat flour	72,773	131,336
Asbestos products	62,803	115,064
Tobacco	260,913	104,750
Pulp, sulphite		90,219

TABLE IV
CANADIAN EXPORTS TO OVERSEAS PROVINCES

	1959	1960
Mozambique	\$2,011,526	\$3,145,371
Angola		67,436
Portuguese Africa	305,253	279,317
Portuguese India		385,246
Portuguese Asia	358,238	93,383

million. The trade deficit rose to \$207.3 million from \$175.9 million in 1959.

Table II gives the figures on total trade for the last three years.

Trade with Canada

Canada's sales to Portugal increased by about \$85,000 in 1960—or from \$3.25 million to \$3.34 million. The ten principal commodities in this trade are detailed in Table III.

The composition of our exports to Portugal changes little from year to year; cod continues to be the leading product sold there. Sales of flaxseed have fallen slightly and so have exports of tobacco, both burley and flue-cured. Plastics, synthetic rubber, and sulphite pulp were included among the top ten for the first time last year. In addition to the products mentioned, we also sell fairly substantial quantities of iron and steel products (\$79,200 in 1960) and of aircraft and automotive engines and parts (\$84,091). Wheat, lumber and

newsprint are among the products sold to the overseas provinces.

Canadian exports to the Portuguese overseas provinces went up considerably last year, especially to Mozambique, which buys mainly lumber and newsprint. Wheat and wheat flour are important exports to

Portuguese Asia and Portuguese Africa. Table IV shows the trade for the last two years.

Our imports from these provinces are extremely small—only about \$210,000 in 1960, and about \$155,000 of this represents purchases of coffee from Angola.

Canada's imports from continental Portugal expanded slightly in 1960—to \$3.21 million from \$3.12 million in 1959. Leading commodities imported were, in round figures: cork slabs \$1,141,000; wines \$423,000; anchovies \$341,000, and cotton fabrics \$269,000. ●

Italy

Canada's exports to Italy more than doubled last year in response to Italy's rapid industrial expansion. Sales of primary and semi-manufactured products increased most, but new liberalization measures and greater prosperity give promise for larger exports of other commodities in the future.

RICHARD GREW, *Commercial Counsellor, Rome.*

THE Italian economy at present is strong and prosperous, though there are indications that the rate of expansion may not be as high in 1961 as in the past two or three years. In some quarters this is considered desirable because of the possible dangers of a too rapid expansion without a solid basis. In other words, if the economy reverts to a more normal rate of growth, it will lessen anxiety about the risks of inflation.

Agricultural Output Down

One sector of the Italian economy—agriculture—has not shared the marked improvement shown by industry. In fact, agricultural production in 1960 declined for the first time in five years as the index fell from 116.4 to 112.9. Bad weather was the main reason for the poorer yields and wheat probably suffered more than any other crop.

Italy is classified as a wheat-exporting country and until the end of 1959 it found disposing of its surpluses a problem, though they were gradually liquidated at considerable financial loss just at the time when the 1960 crop fell far below normal. Ordinarily Italy produces about 9 million tons of wheat and consumes

about 8.5 million. Last year, production totalled only 6.8 million, necessitating the import of 2 million tons. Canada supplied approximately 185,000 tons, all of it durum.

For some years the authorities have set fixed prices for the two types of wheat, hard and soft, when these are sold to millers. All wheat except durum is considered soft, so that our Manitoba No. 1 Hard, for example, is considered a soft wheat in Italy.

It seems probable that Italy will again import wheat during the current season. Bad weather in the autumn and early months of this year, combined with a reduction of approximately 9 per cent in the area sown to wheat, means that imports will probably be at least as large as in the previous season.

Over-all agricultural production last year declined in value by 3.5 per cent. Grains and fruits suffered most, but vegetables and forage crops (especially the latter) showed some improvement.

Industry Expands

The best indication of Italy's economic progress in 1960 is the rise in production. Again according to preliminary estimates, the

gross national product for 1960 should reach \$26 billion (at 1959 prices), an increase of \$2 billion over the preceding year. This represents a development rate of 7 per cent, compared with 6.6 per cent between 1958 and 1959 and an average rate over the past ten years of 5.5.

Industrial activity made the major contribution to the rise in national income. The unusual expansion in industrial production (favoured by growing domestic and foreign demand for goods) was made possible by three important factors:

- reserve productive capacity in many industrial sectors
- the still abundant supply of manpower
- the banks' ample liquid reserves which enabled them to help finance new production with a record expansion of short-term loans.

The highest rate of development was achieved in the sectors in which the 1959 recovery was the slowest, or in which the slump of the preceding years was the most prolonged. Examples are the metallurgical industry, with a 22.9 per cent increase in 1960; the mechanical industry (excluding means of conveyance) 17.9 per cent, and the rubber industry 26.3 per cent. The latter had stagnated for three years or more at a particularly low level.

Despite the good results achieved in 1959, a second group of industries continued to progress even farther during 1960 because of



Food and wine are high on the list of Canadian imports from Italy. The distinctive bottles of the Society Chianti Ruffino are filled for export by women at the company's Pontassieve factory. Other large imports are marble and machinery.

highly favourable circumstances or new technical developments. The automotive industry was one of this group. The pressure of large foreign demand in 1959 (especially from the United States and Germany) gave the first push and production went up 10 per cent that year; a second stronger spurt came in 1960 (up 18.2 per cent) because of an unexpected rise in domestic demand. Italian automotive production has reached almost 700,000 units a year.

Another success story is the cellulose and artificial fibre (especially synthetic fibre) industries, which achieved a 30.5 per cent rise between 1958 and 1959, and a further 21.2 per cent increase in 1960. The chemical industry experienced similar expansion, although its development rate was somewhat more modest (16 per cent). The rate in other production sectors stayed just below the average, although one other case is noteworthy—the 12 per cent rise in electric power production.

This production picture for Italian industry can be supplemented by a glance at more recent developments. The year 1960 closed on a minor key. The intensive

development rates which had prevailed during the second half of 1959 and the first half of 1960 gave way, especially after August, to a more moderate rise in the general index of industrial production. From all the evidence, a pause at a high level is indicated for 1961—that is, a period of consolidation following one of extraordinarily rapid development.

Services Group Important

Any diagnosis of Italy's economic health in 1960 would not be complete without some mention of the services group. Income here rose by 8 per cent (constant prices),

with the greatest progress shown in the transportation services field. In addition, commercial and business turnover statistics showed marked improvement.

The year 1960 therefore will go down in Italian economic history as one of the most prosperous since the war. If agriculture had not been so hard hit by adverse weather, the results might have been even more outstanding.

Foreign Trade Increases

The foreign trade of Italy, both imports and exports, expanded considerably during 1960, compared with the previous year. The accompanying tables give the figures for Italy's exports and imports from her principal trading partners in the last two years, according to official Italian statistics.

With the exception of exports to Poland, both imports and exports to all the countries mentioned in the tables increased.

Although Italy had an unfavourable trade balance of \$1,072 million—\$613 million more than in 1959—the balance-of-payments position remained steady and the year ended with foreign exchange reserves standing at about \$3,000 million. The tourist trade, remittances from abroad, and foreign investment more than made up the trade deficit.

Canadian Sales Doubled

Canadian exports to Italy showed a pronounced improvement in 1960

IMPORTS INTO ITALY

From			Increase
	1959	1960	1960
	(millions of dollars)		
West Germany	468.8	670.4	201.6
France	259.2	398.6	139.4
Netherlands	92.8	124.8	32.0
Belgium,			
Luxembourg	78.1	115.2	37.1
Austria	147.2	179.2	32.0
Yugoslavia	60.8	81.6	20.8
Poland	10.8	36.8	26.0
United Kingdom	187.2	249.6	62.4
U.S.S.R.	78.1	125.0	46.9
United States	374.4	669.1	294.7
CANADA	30.4	64.0	33.6
All countries	3,368.0	4,721.6	1,353.6

EXPORTS FROM ITALY

To			Increase
	1959	1960	1960
	(millions of dollars)		
West Germany	472.0	601.6	129.6
France	179.2	275.2	96.0
Netherlands	76.0	107.2	31.2
Belgium,			
Luxembourg	73.7	94.4	20.7
Austria	81.6	112.0	30.4
Yugoslavia	65.6	104.0	39.4
Poland	16.0	10.8	-5.2
United Kingdom	201.6	251.2	46.6
U.S.S.R.	44.8	78.1	33.3
United States	345.6	385.6	40.0
CANADA	33.6	41.6	8.0
All countries	2,912.0	3,649.6	737.6

compared with the previous year—\$66 million as against \$31 million in 1959. Wheat accounted for \$12 million of this \$35 million increase, and the remainder was spread over a number of commodities, mainly raw materials and semi-processed products. The accompanying table gives the value of the principal exports for 1959 and 1960, according to DBS figures.

**PRINCIPAL CANADIAN EXPORTS
TO ITALY**

	1959	1960	Increase
	(millions of dollars)		
Wheat	6.4	18.7	12.3
Pig iron		5.5	5.5
Primary aluminum	3.0	5.3	2.3
Rapeseed	4.6	3.8	-.8
Scrap aluminum	.7	3.6	2.9
Nickel, fine	1.3	3.6	2.3
Synthetic rubber		2.7	2.7
Wood pulp	1.2	1.9	.7
Asbestos, crude	.9	1.6	.7
Synthetic fibre		1.5	1.5
Copper ingot	.8	1.5	.7
Nickel in oxide	.4	1.4	1.0
Pulpwood	1.2	1.9	.7

The products listed constitute approximately 80 per cent of Canada's exports to Italy and confirm that Italy is interested chiefly in Canadian primary and semi-manufactured products. However, recent liberalization measures, combined with increasing economic prosperity, should provide greater opportunities for other commodities.

In 1960, Canada imported goods from Italy to the value of \$42.8 million—an increase of \$5.2 million over the previous year. These imports covered a wide range—in fact, more than 670 commodities, with the emphasis on food and wines, textiles, clothing, machines, automobiles and marble. Canadian exports to Italy, on the other hand, consisted of only 275 items.

Spain

The report on business conditions in Spain, delayed in transit, will appear in our July 17 issue.

Greece

Substantial earnings from invisibles compensated in 1960 for trade deficit and provided money for imports. Canadian exports reached a record \$5.5 million; their composition reflected growth of Greek industry. Ratification of agreement for association of Greece with Common Market expected.

BRUCE A. MACDONALD, *Commercial Counsellor, Athens.*

ECONOMIC conditions and the business outlook in Greece continue to improve. If favourable conditions are sustained and the agreement for the country's association with the European Economic Community is ratified, the current year should show further substantial economic growth.

Last year agricultural production fell considerably below 1959. The Island of Crete suffered especially from pests, which affected the olive and sultana crops. Production of olives, olive oil, raisins, tobacco, wine, potatoes, table grapes, and fresh fruit decreased. On the other hand, production of oranges rose by 10 per cent, of currants by 25 per cent, and of cotton by 25 per cent.

The outlook for the current year's crops is favourable but it is too early for detailed forecasts.

One of Greece's problems is the fact that her exports do not begin to pay for her imports, as the figures of exports and imports during the past three calendar years demonstrate.

**TABLE I
GREEK FOREIGN TRADE**

	1958	1959	1960
	(in millions of U.S. dollars)		
Imports	542	470	520
Exports	243	212	208
Trade Deficit	299	258	312

Fortunately for those interested in selling to Greece, her ability to import does not depend solely or even mainly on her commercial exports. Despite the heavy deficit on current trade account, Greek

holdings of gold and foreign exchange actually increased in 1959 by \$52 million and in 1960 by \$15 million.

Offsetting Trade Deficit

The explanation is, of course, the substantial Greek earnings from invisibles, the inflow of capital as a result of the political and economic stability brought about by the present government, and grants and loans, mainly from the United States and West Germany.

Table II shows the country's balance of payments, in terms of U.S. dollars, in the past three calendar years.

The debit of \$16.6 million shown in 1960 (item 4d) represents the first payment to the foreign shareholders of the Athens-Piraeus Electricity Company, which the Greek Government Public Power Corporation purchased in 1960.

The table reveals that in 1960 foreign exchange earnings from invisibles (\$213 million) actually exceeded earnings from commodity exports (\$208 million). Greek officials and economists express some anxiety about this situation. It would appear, however, that earnings under the main headings of invisibles will continue and even, as for the tourist trade, for example, increase substantially.

In 1960, some 47,000 Greeks left the country to settle abroad. Remittances from Greek emigrants working overseas to their families at home totalled \$90 million in 1960—an all-time high. The large number of Greek workers now moving to employment in West Germany

TABLE II
GREEK BALANCE OF PAYMENTS

	1958	1959	1960
	(in millions of U.S. dollars)		
1. Foreign Trade			
Imports	542.0	470.2	520.4
Exports	243.1	212.1	208.4
Trade deficit	-298.9	-257.7	-312.0
2. Invisibles (net)			
a. Shipping	56.8	57.1	73.7
b. Tourist trade	19.2	24.3	29.4
c. NATO—infrastructure	13.3	10.6	15.5
d. Embassies—Missions	10.5	12.8	14.4
e. Other	- 1.3	3.6	-10.1
f. Emigrant remittances	76.6	88.6	90.4
	175.1	197.0	213.3
3. U.S. donations			
a. PL-480, Titles II & III	12.9	7.4	7.9
b. Technical assistance	0.7	0.6	0.7
	13.6	8.0	8.6
4. Private Capital (net)			
a. Investment under PL 2687	13.6	1.8	0.8
b. Other investment	30.1	53.5	44.5
c. Foreign suppliers' credits	21.3	- 4.5	7.8
d. Payment to APECO	0	0	-16.6
	65.0	50.8	36.5
5. Errors and omissions	- 4.2	2.3	2.1
Balance before U.S. aid, etc.	-49.4	0.4	-51.5
6. Official Financing			
a. U.S. assistance	29.9	46.4	47.6
b. European credits and grants	18.3	24.1	15.2
c. Repayments on government loans	- 4.6	-11.1	-12.0
d. IMF contribution		-15.0	
e. Non-convertible clearing & barter balances (- = increase)	-17.4	7.4	16.0
f. Gold and convertible assets (- = increase)	23.2	-52.3	-15.3
	49.4	- 0.4	51.5
Gold and convertible assets (in million of U.S. dollars)			
Beginning of period	175.5	152.3	204.6
End of period (Dec. 31)	152.3	204.6	219.9
Net change	-23.2	+52.3	+15.3

should increase these remittances substantially in 1961.

Foreign exchange earned from shipping operating abroad reached \$74.0 million in 1960 as against \$57.0 million in 1959. With tonnage under the Greek flag continuing to increase (5,562,468 g.r.t. on March 31, 1961, vs. 3,784,753 g.r.t. the same date last year) these earnings will be maintained and will probably

reach \$100 million by the end of 1961.

If the tonnage (8,000,000 g.r.t.) of Greek-owned vessels still under foreign registry were added to that at present on Greek registry it is probable that the Greek merchant fleet would be the world's third largest.

Greece is now the most rapidly developing tourist attraction in

Europe; 340,000 tourists came to Greece in 1960 as against 300,000 in 1959. Bookings are reported to be running 20/30 per cent higher this year. Earnings from visitors reached \$51 million in 1960 as against \$41 million in 1959.

Trade with Canada

Canadian exports to Greece reached a record in 1960, as Table III shows.

TABLE III
GREEK - CANADIAN TRADE

	1958	1959	1960
	(thousands of Canadian dollars)		
Exports to Greece	4,657	3,978	5,546
Imports from Greece	380	362	538
Balance in Canada's favour:	4,277	3,616	5,008

The main Canadian commodities moving to Greece, grouped into those with larger sales in 1960 over the two preceding years and those with smaller sales, are given in Tables IV and V.

TABLE IV
CANADIAN EXPORTS TO GREECE
INCREASING IN 1960

	1958	1959	1960
	(Can.\$'000)		
Aluminum ingots	460	594	1,079
Durum wheat			725
Flaxseed	338	537	588
Tires and tubes	395	507	503
Wood pulp	127		344
Fur scraps	201	160	298
Sheet and strip steel n.o.p.			227
Calf skins and kips raw	73	5	102
Copper tubing	25	26	94
Synthetic rubber			90
Milk powder	8	12	81
Fibre brick	13	37	72
Meats n.o.p. canned	3	2	58
Bookkeeping and calculating machinery	2	31	52
Synthetic fibres	30	25	51
Bolts and nuts	43	20	48
Asbestos milled fibres and shorts			41
Mining machinery and parts	6	19	40
Washing machines	26	13	28
Copper rods and strips		12	21
Asbestos brake linings and facings	17	13	21

TABLE V
CANADIAN EXPORTS TO GREECE
DECREASING IN 1960

	1958	1959	1960
	(Can.\$'000)		
Seed potatoes	207	606	125
Tallow and animal wax	211	23	86
Harvester combines	279	367	74
Dental, surgical and hospital equipment		55	54
Newsprint	196	48	42
Medicinal preparations	43	45	27
Whisky	48	26	26
Wheat flour	22	8	14
Sparkplugs	14	6	11
Polystyrene	39	16	2
Synthetic resins	18	16	
Lumber		5	

The very substantial increases in sales of some of the commodities listed above reflect the increasing industrialization and slowly rising purchasing power of Greece. Examples are aluminum ingots, copper tubing, wood pulp, and steel products.

The opening of an asbestos cement products factory in 1960 created for the first time a market in Greece for asbestos fibres, which Canadian producers were not slow in following up.

Canadian wheat, and visits by representatives of the Canadian Wheat Board, are appreciated by Greek Government officials and the grain trade, but supplies of other than durums are coming at present from the United States under PL-480 arrangements. When the Greek economy improves to the point where it is no longer dependent on foreign aid, it should present a substantial market for Canadian grain. Meanwhile our sales opportunities are confined to durums, of which \$725,000 worth were purchased in 1960. An invitation to tender for 8,000 tons of durum was issued in April of this year but unfortunately Canada could not supply adequate quantities of the desired qualities.

The small sales of canned salmon (\$17,000) and of wet salted cod (\$4,000) in 1960 are reminders that Greeks are traditionally great

lovers of fish and that their own waters do not supply their entire needs. Canned salmon is much appreciated but Canadian prices are now so high that only limited sales are possible. There is an important market for wet salted cod, provided it can be prepared in the way Greek buyers demand. This problem is being studied.

For some of the commodities listed in Table IV, there is hope that the down trend in 1960 will be temporary only. Examples are whisky (the rapidly expanding tourist traffic should eventually mean greater demand); seed potatoes (some 2,500 tons of Prince Edward Island and New Brunswick stock valued at \$200,000 have been bought so far in 1961), and newsprint, the demand for which should grow with purchasing power.

Unfortunately, in certain other cases the outlook is not favourable. In May of this year the Dow Chemical Company began construction of Greece's first polystyrene plant. It is expected to be in production by February of 1962 and will be able to supply all domestic needs, estimated at about \$1 million per year.

It seems likely that agricultural machines and implements will come to an increasing extent from the EEC countries, from the Eastern European countries under clearing agreements, or from growing domestic production.

A wide variety of new Canadian commodities, ranging from papermaker's felts to steam traps, have been and are being presented to the Greek market as a result of the Export Trade Promotion Conference in Ottawa last December. In some cases the results have been negative, usually because of high cost or protected local supply. But in many others, good possibilities have been unearthed which it is hoped will result in appreciable sales during the current year.

Canadian Imports from Greece

A persistent and disappointing feature of Canadian-Greek trade is that it runs at a ratio of ten or more

to one in Canada's favour (see Table III).

The principal Greek commodities moving into Canada in 1960 compared with 1958 and 1959 are shown in table VI.

TABLE VI
CANADA'S PRINCIPAL IMPORTS
FROM GREECE

	1958	1959	1960
	(in Canadian dollars)		
Olives	61,139	52,966	88,014
Figs dried and fig paste	641	16,783	72,179
Olive oil	39,310	26,328	67,944
Brandy, wines and liqueurs	36,366	44,547	48,409
Marine sponges	36,729	41,001	52,161
Tobacco	50,300	44,343	34,360
Fur manufacturers n.o.p.	4,959	785	28,406
Motion picture films	3,088	480	24,906
Collections of antiquities	458		16,830
Canned vegetables	8,060	8,972	7,650
Resin			9,789
Canned tomato paste	2,194	4,650	7,650
Cheese	21,441	18,424	6,159
Fruit pulp (strawberry)		4,834	5,582
Phonograph records	601	250	5,366
Cotton linters			4,752

European Economic Community

One of the main developments of 1961 so far was the initialling in Brussels on March 30, 1961, after long and difficult negotiations, of an agreement for Greece's association with the EEC.

The agreement has not yet been made public but it is known to provide, among other things,

- For the continued access, under certain safeguards, of Greek exports to the EEC countries. This is vitally important to Greece because about one half of her total exports have been going to those countries.

- For a transition period ranging from 12 to 22 years during which

Greece will have the right to adjust the progressive reduction of duties, or even to raise them or to apply new ones, in order to protect certain existing or new industries of major importance.

● For movement of workers between Greece and the EEC countries under regulations to be mutually agreed.

● That Greece shall receive from the EEC a 20-year loan equivalent to U.S. \$125 million at exceptionally low rates of interest. The total amount may be drawn within the first five years. Up to two thirds of the amount may be devoted to economic infrastructure (e.g., road construction) and for such amounts the interest rates will be, it is understood, well under 4 per cent. Higher

rates will apply to those amounts of the loan devoted to other purposes (e.g., industrial development).

The agreement is subject to ratification by the Governments of the Six and of Greece, but the hope is that ratification will take place without any substantial alterations in the initialled agreement and that this can come into effect on January 1, 1962, or shortly thereafter. ●

Import Liberalization in Europe

European Division, International Trade Relations Branch.

THE continuing economic prosperity in Western Europe during the past two years influenced favourably the trend towards further liberalization of foreign trade. In some countries the rate of liberalization increased greatly; in others, definite schedules were established for the gradual dismantling of the remaining import restrictions. Discrimination against imports from dollar countries has been removed almost completely. However, in the agricultural sector import controls were not relaxed appreciably and continue to hamper sales of certain goods of interest to Canada.

The progress achieved in individual countries is outlined in the following paragraphs.

AUSTRIA

An important step towards liberalization of imports from dollar countries was taken in July 1960, when the remaining discrimination favouring OEEC countries was removed and imports from both areas were put on the same level. Among the products that have been freed from import restrictions is a group of textiles, the import of which from Canada and the United States had previously been restricted. In addition, a small number of agricultural products were also liberalized. On the other hand, state control over trading in bread and food grains was extended; it will now apply to certain imports from OEEC countries that had previously enjoyed preferential treatment in relation to similar imports from the dollar countries.

It was recently announced that, effective July 1, 1961, Austria will extend the liberalization of imports from GATT countries—with the exception of Czechoslovakia, Cuba, and Japan—to approximately the same level as that which now applies to imports from the dollar area and OEEC.

*BENELUX

Under a common import policy, Benelux has liberalized most of its imports from OEEC countries and this liberalization has been extended to include Canada and the United States.

Two common Benelux import quota lists are in effect—List 1, applicable to Canada and most other countries, and List 2, which only applies to EEC countries. Licences for the import from third countries of commodities included in List 2 are issued only as internal market conditions require.

BELGIUM-LUXEMBOURG

Although import licences are required for some imports into Belgium and Luxembourg, they are granted freely for most imports. Restrictions apply chiefly to perishable agricultural products but also to some industrial goods. Generally speaking, the same treatment is accorded to dollar and to Western European countries, except for some quotas that are provided for EEC countries.

DENMARK

In line with the time-table adopted last year for the liberalization of additional commodities between January 1, 1961, and June 30, 1963, the Danish Ministry of Commerce has published a list of items which are now free from import restrictions. Imports of the principal commodities involved have an approximate annual value of 18 million Danish crowns (\$2.6 million) and include fresh apricots, peaches, tomato juice, certain dried and canned fruits, rubber heels and soles,

*The Belgium-Luxembourg-Netherlands Economic Union.

non-electric lighting articles, electric generators, transformers, and converters.

In addition, the allocation of import licences for commodities subject to global quotas has been raised by \$10 million for 1961. These increases apply mainly to semi-manufactures and equipment required by local industry, as well as to a few consumer goods such as chocolate, candy and honey. A new quota of \$43,500 has also been established for canned fruit salad and fruit cocktail. From July 1, 1961, imports of "footwear with outer soles of leather or composition leather; footwear with outer soles of artificial plastic materials" will no longer require import permits.

The new measures bring Denmark's liberalization to a rate of more than 97 per cent of imports (1953 basis).

FINLAND

No great change has occurred in Finland's import regime since January 1960, when imports from Canada and the United States were placed on the same basis of liberalization as those from OEEC countries. This ended the discriminatory treatment that applied to some commodities from the dollar area.

A relaxation in import procedure was announced last April, when Finnish importers were no longer required to make a prior deposit of 10 per cent of the purchase price for imports still subject to licensing.

FRANCE

France began its import liberalization program at the beginning of 1959 and extended its list of freed commodities to the dollar countries in September, November and December of 1959, in April 1960, and in April 1961. Only a small proportion of French imports remain subject to restrictions.

Discrimination in favour of OEEC countries and against the dollar countries has been progressively reduced and now applies to only four items. Discriminatory restrictions in the industrial sector are to be removed before the end of 1961.

GREECE

For most imports into Greece, import permits are granted freely, provided the necessary foreign exchange is available. Import restrictions apply to certain luxury goods and also to agricultural products of importance to Canada, such as wheat, wheat flour, and seed potatoes.

The quota system for imports introduced by the Greek Government in April 1959 was abolished at the end of July 1960 by transferring certain commodities to Import List "A" and by liberalizing other items, including wood pulp. Commodities in List A require a special import licence. Products of interest to Canada included in this list are newsprint and lumber.

ITALY

On December 14, 1960, Italy extended the list of liberalized dollar imports. This measure affected some 104 tariff items and the Italian authorities indicated that a further liberalization will be announced. At the present time, discrimination between liberalization applicable to dollar countries and to OEEC countries affects only 33 items, mainly agricultural products.

Products of interest to Canada still under import control from the dollar area but liberalized from OEEC countries include rye, canned fruits and vegetables, and various chemicals. Wheat is under import control from all sources.

THE NETHERLANDS

Since May 1960, the Netherlands has kept only 19 commodities under import control. The major portion of this list consists of agricultural products and it is being reduced as conditions permit. As from April 1959 there has been no discrimination between imports into the Netherlands from OEEC countries and the dollar countries.

NORWAY

Norway is on its way to removing about two thirds of its remaining import restrictions on non-agricultural products. Toys, leather goods, and cleaned feathers for bedding were freed on April 1, 1961, and a wide measure of liberalization involving many food articles, paints and varnishes, raw materials for the soap industry, paper products, and various consumer goods was introduced on May 1. Other products such as fertilizers are scheduled to become free on July 1 of this year.

A further liberalization of foodstuffs is planned for January 1, 1962, by which time import restrictions will be limited mainly to ships, aircraft, television receivers, coffee, sugar, some vegetable oils, and alcoholic beverages.

There remain, however, four government monopolies directly concerned with foreign trade. The state grain corporation has the exclusive right to import wheat, rye, barley, oats, and feed for cattle; the wine monopoly is the sole importer of alcoholic beverages; the state medicinal depot is responsible for the import and wholesale distribution of medicines and drugs, and the state fishing gear import agency is entrusted with importing all fishing gear and raw materials for its production.

PORTUGAL

No major liberalization measures have been introduced since January 1960, when imports from Canada and the U.S. were placed on the same basis as those from OEEC countries. A number of foodstuffs and a wide range of consumer goods remain subject to import control from all sources.

SPAIN

On March 20, 1961, Spain announced a further extension of its list of liberalized imports from Western Europe, Canada, and the United States. This follows the liberalization procedures adopted on Spain's accession to the OEEC in July 1959. Other imports are admitted under global quotas applicable to the same countries. By April 1961 it was estimated that only 4.1 per cent of Spain's import trade was being conducted under bilateral trading arrangements. Some importing is carried on under monopoly state-trading arrangements.

SWEDEN

The high level of liberalization reached last year leaves only a few items under import control—mainly fish and agricultural products. Imports of automobiles and their parts for assembly are restricted, but licences are freely granted in most cases.

SWITZERLAND

The protection of domestic agricultural products through import control (state trading) remains unchanged.

Effective January 1961, a number of articles in the industrial sector that previously required import per-

mits were liberalized. Items freed from import restrictions include certain ceramics and glassware, jewellery, some products of iron and steel, copper, wolfram, molybdenum, space heating stoves and kitchen ranges, knives, cutting and razor blades, and piston engines for tractors.

Import permits are still required on a limited range of non-agricultural goods but such licences are, in most cases, granted freely.

WEST GERMANY

On January 1, 1961, West Germany took the most recent of several steps in removing restrictions on imports from dollar countries. Under a three-year GATT waiver accorded to West Germany in 1959, certain products may remain under import restriction but others are to be liberalized on specified dates. Commodities under control are largely agricultural. A number of industrial products of interest to Canada, including aluminum and synthetic rubber, were liberalized on July 1, 1960.

Licences for most of the restricted agricultural products of interest to Canada have been granted relatively freely. However, there is some discrimination in favour of certain agricultural commodities from countries with which West Germany has bilateral trading agreements.

FOREIGN TARIFFS

AND TRADE REGULATIONS

Australia

TARIFF BOARD INQUIRIES—The Australian Minister for Trade has referred the following items to the Tariff Board for inquiry and report to determine whether assistance should be accorded their production in Australia and, if so, what rates of duty should be provided for in the Australian Customs Tariff.

Lactose
Ballpoint pens and pencils and parts (including refills)
Synergists for pyrethrum-based insecticides
Bolt cutters

Hearings on bolt cutters will be held in Melbourne on July 12, and in Sydney on August 4. No dates have been set for hearings on the other items. Any firm wishing to make representations before the Tariff Board should contact the Commonwealth Division, International Trade Relations Branch, Ottawa.

Brazil

SPECIAL CATEGORY EXCHANGE AUCTIONS MODIFIED—Our Commercial Secretary in Rio de Janeiro reports that the Brazilian exchange control authorities have further defined the regulations re-establishing the Special Category exchange auctions. Of the \$180,000 which will be allocated every week for Special Category imports, it has now been announced that only \$70,000 will be for convertible currencies such as U.S. and Canadian dollars. The remaining \$110,000 a week will be allocated for Special Category purchases from countries with which Brazil has special bilateral trading agreements.

At the first Special Category exchange auction held in Rio de Janeiro since the suspension last January, the effective exchange rate for Special Category imports from convertible currency countries rose to over 1,300 cruzeiros to the dollar. Prior to suspension of Special Category exchange auctions last January, the Special

Category exchange rate was approximately 640 cruzeiros to the dollar.

Colombia

PRIOR DEPOSITS REDUCED—The Canadian Commercial Secretary in Bogota reports that, by Resolution No. 23, the Central Bank of Colombia has reduced the prior deposit requirements for a wide range of goods as follows:

- (a) those previously 130 per cent have been reduced to 100 per cent
- (b) those previously 100 per cent have been reduced to 75 per cent
- (c) those previously 65 per cent have been reduced to 50 per cent

Imports into Colombia are now subject to a prior deposit of either 1, 5, 20, 50, 75, 100, or 500 per cent, depending upon classification, with most goods falling into the 20 to 100 per cent bracket. These deposits must be paid by the importer upon application for an import licence and will be returned to him 45 days after the goods are cleared through customs.

El Salvador

FOREIGN EXCHANGE CONTROL ESTABLISHED—H. E. Lemieux, the Canadian Government Trade Commissioner responsible for El Salvador, advises that a Salvadorean decree, effective April 21, 1961, contains provisions for import licensing and foreign exchange control. The principal emphasis of the exchange regulations is on preventing a flight of capital abroad and on controlling the foreign exchange gained through exports. There are practically no restrictions on imports but they must be previously authorized by the Exchange Control Department of the Ministry of Economy.

India

REVISED MERCHANDISE MARKS REGULATIONS—The Indian Government has revised its Merchandise Marks Regulations requiring indication of the country of manufacture on imported goods. The revised regulations will become effective July 1, 1961, except for cigarettes on which they will not apply until December 1, 1961. The revised regulations specify that the origin of the goods should be indicated in large and conspicuous letters, and establish a minimum size for the lettering.

Copies of the revised regulations may be obtained from the International Trade Relations Branch.

Iran

IMPORT OF SPECIFIED COMMODITIES RESTRICTED—To meet the deteriorating foreign exchange position, the Government of Iran announced that effective June 2, 1961, foreign exchange will no longer be made available for a number of luxury and semi-luxury goods. Commodities included in this schedule of prohibited goods are automobiles, foreign

liqueurs, cigarettes, cosmetics, refrigerators, certain textiles, television sets, expensive radios, washing machines, central heating equipment.

The complete schedule of goods for which foreign exchange will not be available may be obtained from the Asia and Middle East Division, International Trade Relations Branch.

FOREIGN EXCHANGE REGULATIONS TIGHTENED—In a cablegram dated June 5, A. B. Brodie, Canadian Commercial Counsellor in Tehran, advised that the Central Bank of Iran has issued important new foreign exchange measures. Under the new regulations, all letters of credit have been frozen to allow the country to take stock of its foreign exchange position. The new regulations also introduce a lengthy list of luxury products for which foreign exchange will not now be available, including washing machines, household refrigerators, spirits, automobiles, central heating equipment, and other commodities.

Detailed information regarding the new restrictions and the complete schedule of prohibited goods will be available shortly.

Venezuela

IMPORT REGULATIONS FOR SOFT WOODS (PINE AND PITCH PINE)—The *Official Gazette*, No. 26,563, May 27, 1961, published a decree issued by the Minister of Finance and Development which places imports of soft lumber (pine and pitch pine) under compulsory import licensing. The decree went into effect on the date of publication, but it will not be enforced for shipments whose consular invoice dates are prior to May 28, 1961—Caracas.

United States

IMPORT TAX ON TOLUENE AND XYLENES—The Bureau of Customs published in the *Federal Register* of May 2, 1961, (26 FR 3786), notice that it had under review the existing practice of classifying toluene and xylene of petroleum origin as being free of import tax. The Bureau, by letter dated June 5, 1961, addressed to the Collector of Customs, Detroit, Michigan, held that this merchandise is property subject to import tax under section 4521(1), Internal Revenue Code, 1954, as modified, as liquid derivatives of crude petroleum at the reduced rate of $\frac{1}{4}$ cent per gallon (full rate is $\frac{1}{2}$ cent per gallon).

Inasmuch as this decision results in the assessment of import tax on products which have heretofore been passed free of import tax under a uniform and established practice, it shall be applied only to such or similar merchandise entered, or withdrawn from warehouse, for consumption 90 days after the date of publication of an abstract of this decision in the *Weekly Treasury Decisions*.

TRADE COMMISSIONERS ON TOUR



F. B. Clark



M. R. M. Dale



W. Jones



D. B. Laughton

In Canada

F. B. CLARK, Commercial Secretary in Mexico City:
Vancouver—July 3-7

When he completes his tour and home leave, Mr. Clark will return to Mexico City.

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

Peterborough—July 3 Quebec City—July 21
Ottawa—July 4-14 Montreal—July 24-28
Montreal—July 17-28 Fort William—Aug. 4
Granby, Richmond—July 19 Vancouver, Victoria—Aug. 7-22
Theftford Mines—July 30

When he completes his tour and home leave, Mr. Dale will return to Capetown.

W. JONES, Commercial Counsellor in Rio de Janeiro, Brazil:

Montreal—July 4 Oakville, Hamilton—July 17
Maitland, Kingston, Belle- Welland, Jerseyville, Brant-
ville—July 5 ford—July 18
Peterborough—July 6 Galt, Woodstock—July 19
Port Hope—July 7 London, Sarnia—July 20
Toronto—July 10-14 Goderich—July 21

When he completes his tour and home leave, Mr. Jones will return to Rio de Janeiro.

D. B. LAUGHTON, Agricultural Secretary in London, England:

Winnipeg—July 5-7 Calgary—July 20
Regina—July 11-12 Vancouver—July 24-26
Saskatoon—July 13-14 Victoria—July 28
Edmonton—July 17-18 Kelowna—Aug. 1-2

Because Mr. Laughton is concerned only with agriculture and fisheries, he will use special headquarters in some of the cities he visits. These are: Regina, Deputy Minister's office, Saskatchewan Department of Agriculture; Saskatoon, Saskatoon Co-operative Ltd.; Kelowna, B.C., Tree Fruits Ltd.

When he completes his tour, Mr. Laughton will take home leave and then return to London.

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make

their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

In Territory

J. H. BAILEY, Commercial Secretary in Bogota, Colombia, will visit Cartagena and Barranquilla for the week beginning July 20.

P. A. FREYSENG, Assistant Commercial Secretary in Vienna, Austria, will visit Belgrade and Sarajevo in Yugoslavia from August 21-31.

C. R. GALLOW, Trade Commissioner in Johannesburg, South Africa, will visit Durban from July 10-14, Lourenco Marques in Mozambique from August 28-September 1, and Port Louis in Mauritius from September 25-29.

C. M. KERR, Assistant Commercial Secretary in Tokyo, Japan, will visit Sapporo from July 3-6.

E. H. MAGUIRE, Trade Commissioner in Singapore, will visit Kuala Lumpur, Port Swettenham, Ipoh, Penang, and possibly Malacca in the Federation of Malaya from July 24-29.

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

M. S. STRONG, Commercial Secretary in Rome, Italy, will visit Malta from July 2-8.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will visit Budapest, Hungary, from July 17-19, and Prague, Czechoslovakia, from July 26-28.

W. D. WALLACE, Commercial Counsellor in Caracas, Venezuela, will visit Maracaibo, and Aruba and Curacao in the Netherlands Antilles, from July 10-21.

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. Bailey at Bogota, Mr. Frey-seng and Mr. Thomson at Vienna, Mr. Gallow at Johannes-burg, Mr. Kerr at Tokyo, Mr. Maguire at Singapore, Mr. Richardson at Port-of-Spain, Mr. Strong at Rome, and Mr. Wallace at Caracas.

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 1.0000.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent June 19	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free .....	.01213	82.44	(1)
Austria	Schilling ..	.....	.03836	26.07	
Australia	Pound .....	.....	2.2313	.4482	
Bahamas	Pound .....	.....	2.7891	.3585	
Belgium and Luxembourg	Franc .....	.....	.02003	49.92	
Bermuda	Pound .....	.....	2.7891	.3585	
Bolivia	Boliviano ..	Free .....	.00008510	11,750.88	
British Guiana	Dollar .....	.....	.5811	1.72	
British Honduras	Dollar .....	.....	.6998	1.43	
Brazil	Cruzairo ..	Free .....	.003883	257.53	
		Special Category	†	†	
Burma	Kyat .....	.....	.2100	4.76	
Ceylon	Rupee .....	.....	.2092	4.78	
Chile	Escudo	Free .....	.9506	1.05	
Colombia	Peso	Certificate .....	.1493	6.70	
Congo, Republic of	Franc .....	.....	.02003	49.92	
Costa Rica	Colon	Official .....	.1781	5.61	
		Controlled free .....	.1504	6.65	
Cuba	Peso .....	.....	†	†
Czechoslovakia	Koruna .....	.....	.1389	7.20	
Denmark	Krone .....	.....	.1443	6.93	
Dominican Republic	Peso .....	.....	1.0000	1.00	
Ecuador	Sucre	Official .....	.06667	15.00	
		Free .....	.05700	17.54	
Egyptian Region, United Arab Rep.	Pound	Official	2.8716	.3482	
El Salvador	Colon .....	.....	.4000	2.50	
Fiji	Pound .....	.....	2.5127	.3980	
Finland	Markka .....	.....	.003125	320.00	
France, Monaco, etc.	New Franc ..	.....	.2041	4.90	(2)
Franco-African Republics, etc.	Franc .....	.....	.004082	245.98	(3)
French Pacific	Franc .....	.....	.01123	89.05	(4)
Germany	D Mark .....	.....	.2518	3.97	
Ghana	Pound .....	.....	2.7891	.3585	
Greece	Drachma .....	.....	.03333	30.00	
Guatemala	Quetzal .....	.....	1.0000	1.00	
Haiti	Gourde .....	.....	.2000	5.00	
Honduras	Lempira .....	.....	.5000	2.00	
Hong Kong	Dollar	Free* .....	.1732	5.7725	*June 2
		Official .....	.1743	5.74	
Iceland	Krona	Official .....	.02632	37.99	(5)
India	Rupee .....	.....	.2092	4.78	
Indonesia	Rupiah	Official .....	.02222	45.00	(5)
Iran	Rial .....	.....	.013201	75.75	
Iraq	Dinar .....	.....	2.800	.3571	
Ireland	Pound .....	.....	2.7891	.3581	
Israel	Pound .....	.....	.5556	1.80	
Italy	Lira .....	.....	.001612	620.35	
Japan	Yen .....	.....	.002778	359.97	

*Latest available quotation date.

†Exchange auctions will be held each week.

‡There is no trading in Cuban pesos in U.S. or Canadian banks at present.

Country	Unit	Type of Exchange	Can. dollar equivalent June 19	Units per Canadian dollar	Notes (See below)
Lebanon	Pound	Free	.3180	3.14	
Mexico	Peso		.08000	12.50	
Morocco	Dirham		.2000	5.00	
Netherlands	Florin		.2782	3.59	
Netherlands Antilles	Florin		.5303	1.88	
New Zealand	Pound		2.7891	.3585	
Nicaragua	Cordoba	Effective buying	.1515	6.60	
		Official selling	.1418	7.05	
Nigeria	Pound		2.7891	.3585	
Norway	Krone		.1395	7.17	
Pakistan	Rupee		.2092	4.78	
Panama	Balboa		1.0000	1.00	
Paraguay	Guarani	Official	.007905	126.50	
Peru	Sol		.03729	26.82	
Philippines	Peso	Free	.3333	3.00	
		Official	.5000	2.00	
Portugal & Colonies	Escudo		.0349	28.65	(6)
Singapore and Malaya	Straits Dollar		.3254	3.07	
Spain and Dependencies	Peseta		.01667	60.00	
Sweden	Krona		.1935	5.17	
Switzerland	Franc		.2314	4.32	
Syrian Region, United Arab Rep.	Pound	Free	.2793	3.58	
Thailand	Baht	Free	.04730	21.14	(5)
Tunisia	Dinar		2.4000	.4167	
Turkey	Lira		.1111	9.00	(5)
Union of South Africa	Rand		1.3946	.7170	
United Kingdom	Pound		2.7891	.3585	
United States	Dollar		1.0000	1.00	
Uruguay	Peso	Free	.09066	11.03	(7)
Venezuela	Bolivar	Official	.2985	3.35	(8)
West Indies Fed.	Dollar		.5811	1.72	(9)
	Pound		2.7891	.3585	(10)
Yugoslavia	Dinar	Official	.001333	750.19	

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. New franc is also used in Algeria, French Guiana, Guadeloupe and Martinique.
3. Chad, Central African Republic, Congo, Dahomey, Gabon, Ivory Coast, Mali, Islamic Republic of Mauritania, Niger, Senegal, Upper Volta, Cameroons, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Pierre and Miquelon.
4. New Caledonia, New Hebrides, French Polynesia.
5. Additional rates are in effect.
6. Portugal: approximately same rate for Portuguese territories in Africa.
7. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
8. 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.
9. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
10. Jamaica.

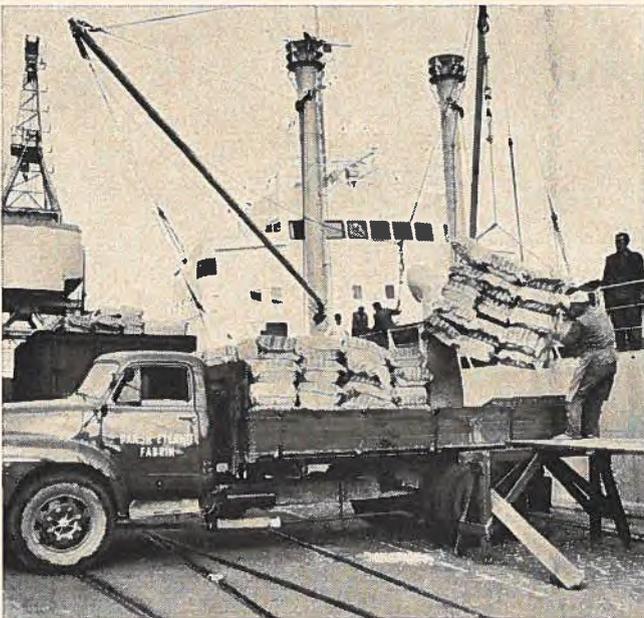
Canada in European Markets

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



In Switzerland—At 10,880 feet, in sight of the Matterhorn, a Canadian muskeg tractor ends a 30-minute run which began at the end of a ski-lift 9,350 feet up. The tractors are used by a Swiss transport service operated for skiers at Zermatt.

In Denmark—At the port of Aalborg in North Jutland stevedores move Canadian asbestos from ship to importer's truck.



In Austria—Canadian deep freezers have found a market here: in Vienna the Canadian Commercial Counsellor (left) and the manufacturer's Austrian agent (right) inspect newly-arrived unit.

In France—The Hon. Leslie M. Frost, Premier of Ontario, (centre) and Mrs. Frost, and Serge Bester, President, Salon des Industries de la Fourrure, Paris (right), are welcomed to the Canadian stand at the Paris Fur Salon by W. M. Ritchie, Canada Department of Agriculture, (left), and A. G. Knie-wasser, Commercial Counsellor for Canada (second from left).





Have Your Cake and Eat It Too

Defy *them*: *they* always say you can't and you shouldn't. Go ahead, buy two cakes—one to look at and one to slice up.

This reminds us of FOREIGN TRADE. (No matter how far we have to reach, we always get back to FOREIGN TRADE.)

Some of our readers have a problem. They want to keep each issue of FOREIGN TRADE intact. They also want to tear out certain articles and file them for quick reference.

What to do? For them we have the same defiant advice. Go ahead, buy two FOREIGN TRADE's—one to look at and one to slice up.