Selling in Saudi Arabia (page two)

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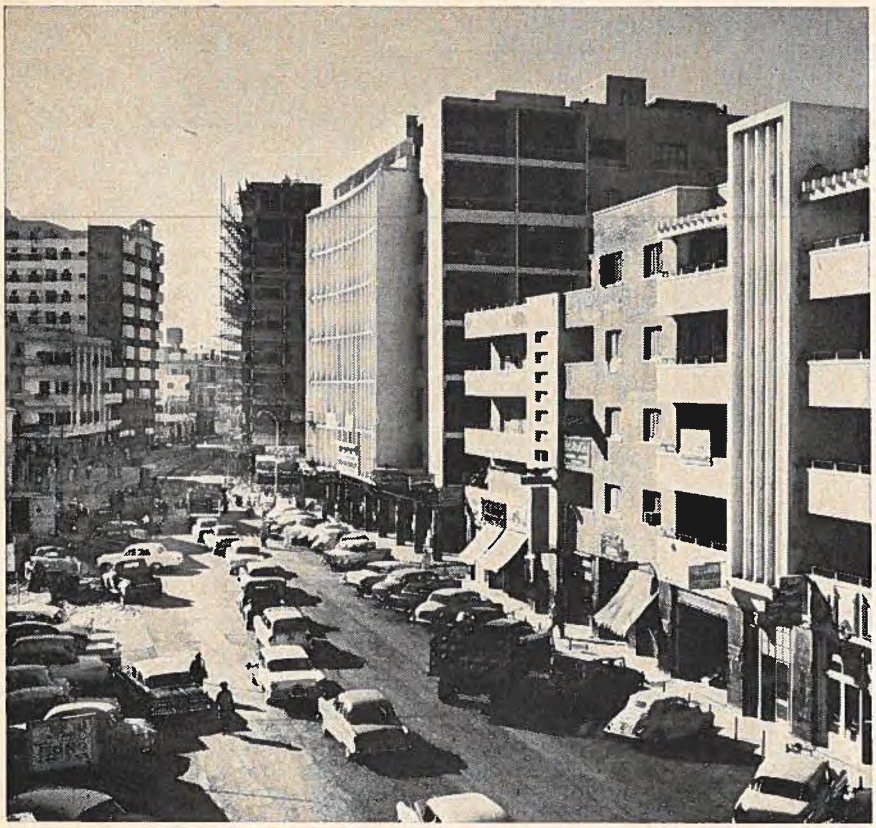
COMING——Selling to Government Purchasing Missions in the U.S., January 13 issue



—Aramco Photo.
Jeddah, Saudi Arabia's principal port, is gradually being transformed under government supervision into a modern city, with new buildings thrusting up everywhere.

Selling to Saudi Arabia

Here is an unusual and interesting market, with money to spend on consumer goods, building materials and some machinery, but with few European trading firms, limited experience in corresponding in English, and little enthusiasm for business visitors.

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

CANADIAN exports to Saudi Arabia have increased since 1955 by an average 20 per cent each year and last year they approached a value of $3 million—second only to Lebanon in the Arab Middle East. Some 60 to 80 per cent of imports from Canada consists of seed wheat but in addition Canadian export statistics list 88 separate commodities entering into the trade. Recognizing the importance of this growing market, the Trade Commissioner Service intends to appoint an Honorary Commercial Agent in Jeddah to be the correspondent in Saudi Arabia for the Trade Commissioner in Cairo.

Because the Trade Commissioner in Cairo will continue to be responsible for trade promotion in Saudi Arabia, Canadian exporters should continue to address their inquiries to the Commercial Counsellor, Canadian Embassy, Cairo.

Oil Wealth Vital

Saudi Arabia, a vast waterless desert about the size of Ontario and Quebec, is the home of some six million hardy nomadic Arabs who for centuries before World War II lived practically on a subsistence level. There was little agriculture and industry was confined to handicrafts, fishing and pearling. The sole source of income was the revenue —about $20 million a year—from Moslem pilgrims to Mecca and the other holy places. Imports were confined to clothing and basic foodstuffs—rice, sugar, tea, etc.—and to products such as Persian carpets that the pilgrims brought with them.

In the last fifteen years, exploitation of Saudi Arabia's enormous oil reserves (estimated to last 100 years at the present rate of production) has given the country an income that now exceeds $400 million a year. As a result, tremendous development has taken place in all fields—transportation, social services, public utilities, etc.—and, of course, in the import trade. Because, with the exception of petroleum, there is little industry in Saudi Arabia, imports are mainly confined to consumer goods, building materials, and some machinery such as pumps and generators.

Inexperienced in Foreign Trade

Like all Arabs, the Saudis are traders by instinct but it is a bazaar type of business acumen and they have had only a short experience of foreign trade in the international sense. The annual pilgrimage to Arabia of Islam's faithful from West Africa to Indonesia brought in a great variety of foreign currencies and money-changers abound in the main centres even today, sitting cross-legged in the market (or suq) clinking handfuls of Maria Therese thalers. It was only in 1928 that a national currency was adopted, using gold, silver and cupro-nickel coins. In 1953 pilgrims' receipts were issued to relieve pilgrims of the necessity of carrying large sums in heavy silver coins. These receipts have become today's paper money.

One successful money-changer is now head of a large national bank and, like many other prominent Saudis, he is totally illiterate. This points up another problem of the country: traditionally education has been confined to religious subjects and until recently little attention was paid to languages, commercial practice, or even the three R's. Consequently it is a major effort for Saudi merchants to correspond in Arabic (let alone in English or French), to keep accounts, or to shuffle the volume of paper that is an inherent part of modern business.

Few European Firms

In many Oriental countries this problem of conducting business between East and West is solved by the establishment of European trading firms. This is not true of Saudi Arabia. With few exceptions there are no foreign business enterprises, although a few firms, mainly engineering companies, employ foreign technical personnel on a contract basis, usually Moslems from Pakistan, Egypt and Lebanon. One important exception is the four western banks—British, United States, French and Dutch—that established branches in recent years to conduct international commercial banking services. Another major exception is the Arabian-American Oil Co. (Aramco) owned jointly by Standard of California, Texaco, Standard of New Jersey and Socony Mobil.

Trade is the only way in which Saudi Arabia's newly acquired wealth can be put to use. There are almost no investment opportunities and thus far the refinements of income tax have not been a burden to the population. The first proceeds from the oil wealth were spent on luxuries such as automobiles and air-conditioners but purchases have broadened to include nearly all consumer goods. Few of the importers specialize in any particular commodities—a money-changer may invest in a shipment of radios, a large wheat and flour importer has opened Jeddah's first department store—and consequently business is risky in this still unsophisticated commercial community.

Specific Opportunities

What opportunities are there for Canadian exporters and how can they be developed? In general, the best ones are in foodstuffs, clothing, automobiles, household goods, appliances, drugs and medicines.

Foodstuffs—in particular, most types of canned or preserved foodstuffs that can meet competition from the United States, Europe and Australia will sell. One exception is pork products since this is a Moslem country; another is spirits because of the prohibition of alcoholic beverages. Seed wheat, which is ground into a whole wheat flour, is the largest single commodity in Canadian exports to Saudi Arabia. Canadian flour, on the other hand, is sold only in limited quantities because this is a price and not a quality market for flour. Canned fish is not a usual item in the Arab diet and thus the market is limited.

Clothing—Partly because of climate and partly because of custom, the clothing, at least outer garments, normally worn by Saudis is unlike anything known to western countries. However, if the hot desert climate militates against heavy clothing, progress and prosperity are challenging tradition. Both men and women are becoming increasingly conscious of western fashions and there is a demand for shoes, socks, shirts and underclothing. Suits, fall and winter dresses, overcoats, sweaters, hats, rainwear, etc., are not in demand because the climate does not call for them.

Household utensils, appliances and furnishings—These are generally in demand although there has been a good deal of over-importing in many lines. Buyers must have descriptive literature, samples where possible, and of course c.i.f. prices. If a product in this class is being sold successfully in other Middle Eastern countries, the chances are that there is a market for it in Saudi Arabia. In fact, there is some possibility that products sold to other countries (say Lebanon) are transhipped or resold to Saudi Arabia. Saudi merchants acquire information on new products on trips to Beirut, Cairo and Europe.

Building materials—Depending on the state of the market, there is usually a good demand for building materials, including hardware, ironmongery, etc. Compared with European competitors, Canadian exporters face the obstacle of relatively higher ocean freight to the two principal ports, Dammam on the Persian Gulf and Jeddah on the Red Sea. For bulky commodities such as lumber, charter freights might overcome this hurdle but the market is hardly large enough at the moment for Saudi importers to take such risks.

Machinery—With an almost total lack of industry or plans for industrial development, there is little interest in machinery or raw materials except for generators and pumps,

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vehicles and parts—and of course the needs of the oil industry, which does most of its buying through offices abroad. The Government buys construction machinery and earthmoving equipment for the roadbuilding program, as well as railway equipment for the Dammam-Ryadh line and some telephone and telecommunications equipment. Apart from a United States military installation in Dhahran, there is no television in Saudi Arabia.

First Steps

Contrary to the usual advice given to Canadian exporters, personal visits are not essential nor even useful as a means of developing sales in Saudi Arabia. Furthermore, unless a visitor has a sponsor he may not be able to secure a visa readily and he is certainly at a disadvantage if he does not know the language. If initial efforts are made by mail this is adequate, provided the exporter is persistent and does not give up after one or two unanswered letters.

The first step for a potential exporter to Saudi Arabia is to determine whether his product is competitive and in demand. Reference to Canadian and United States export statistics may provide an indication (Saudi Arabia does not publish detailed import statistics). If the exporter or his competitors are selling in other Arab countries, there may be possibilities for business. The Canadian Trade Commissioner in Cairo can provide information and assistance.

The next and more difficult step is to contact potential agents and importers. Trade inquiries are published in many trade journals, banks with correspondents in Saudi Arabia may be able to assist, and again the Trade Commissioner can supply names and addresses. Exporters will find, however, that Saudi merchants do not always answer letters unless they can clearly see opportunities for profitable trade. Therefore it is essential for exporters to provide c.i.f. prices, literature and, if possible, samples, and to follow up their correspondence periodically.

It is worth mentioning that the experience of Canadian exporters who have been successful is: write letters, send sales literature, etc., to Saudi Arabia; in return, receive nothing except letters of credit. ●

Ecuador Expands Banana Industry

This country now supplies Canada with nearly twice as many bananas as any other; is planning for larger and more efficient production and is trying to cultivate new markets.

R. A. BULL, *Assistant Commercial Secretary, Bogotá.*

IN 1960 Canada imported nearly 200,000 tons of bananas worth $24.5 million f.o.b. Nearly half of these ($10.5 million worth) came from Ecuador and accounted for 95 per cent of our imports from that country and over 20 per cent of total Ecuadorian banana exports.

Ecuador is not a "banana republic". Bananas are its most important but not its only export; they totalled U.S.$46 million or 44 per cent of total exports valued at U.S.$105 million in 1960. Coffee and cocoa exports in the same year earned about $22 million each. Nor are the banana plantations concentrated in the hands of one or a few large companies. In the central growing area, for example, 63 growers on 70 farms covering 11,334 hectares (28,000 acres) produce nearly seven million stems of bananas a year, 20 per cent of the production of the country. The Chamber of Commerce of Guayaquil, one of the main export ports, lists 56 different exporters of bananas in Guayaquil, Esmeraldas and Bahia de Caraquez.

The banana exporters and producers have formed La Asociacion de Bananeros del Ecuador (ANBE), an organization that assists them to compete more effectively with the other Latin American and African producers in world markets. ANBE has made a careful study of the banana-growing areas of Colombia, Mexico and Central America. It concluded that these countries are using all the land they have that is suitable for bananas and unless they can expand production by clearing up sigatoka, the disease that has so seriously affected output, they have practically achieved the maximum possible exports. Ecuador, on the other hand, still has large areas where banana growing could be carried on. In the central area, some 200,000 hectares would be suitable; of these, 5,000 hectares have lately been planted with bananas and 6,000-odd are in production. If half the possible central areas were in production, banana exports could be doubled comfortably, but a number of problems would have to be solved first.

ECUADORIAN BANANA EXPORTS, 1960

	(U.S.$ million)
United States	24.0
Canada	10.5
West Germany	6.0
Belgium	3.1
Chile	2.2
All others	.5
Total	**46.3**

Ecuadorian bananas have farther to go to markets in the United States and Europe than do their competitors and they must pay the tolls on the Panama Canal. Their f.o.b. price must be low enough to offset these cost disadvantages and their quality as high as any.

Bananas should not be an expensive fruit. Where they grow, they are a staple. Low prices should secure Ecuador not only a fair share of traditional markets but also new, more cost-conscious markets like Japan, Central and Southern Europe, the Communist Bloc countries, and Latin America. Last January Japan announced a quota of U.S.$341,000 to begin in March but with a possible increase later. During a visit to Quito in March by the Soviet Ambassador to Mexico, the possibility of an Ecuadorian trade mission to the U.S.S.R. was considered. In August a Soviet goodwill mission to Ecuador discussed a barter agreement covering bananas.

Transportation costs between the point of production in Ecuador and the market can amount to as much as 70 per cent of the c.i.f. price of the bananas. Ocean shipping costs could be reduced by port improvements that would speed loading and shorten turnaround time and by the provision of enough refrigerated shipping space and return cargoes for these ships. Port improvements are in progress at Esmeraldas and Guayaquil and ANBE has proposed construction of a new banana port at Bahia de Caraquez. This is an excellent natural harbour on the coast between Guayaquil and Esmeraldas, about 100 miles by a projected road from the central banana-growing area and with room for port construction. Of the 35.7 million stems shipped last year, Guayaquil handled 22.5 million, Puerto Bolivar 8.6 million, Esmeraldas 4.6 million, and Bahia de Caraquez 40,000.

There has long been a feeling in Ecuador that the only way to meet the competition is with an Ecuadorian shipping line. Talks were held with a Spanish official delegation in June 1961 to explore the possibility of exchanging Ecuadorian products for four ships equipped to carry bananas worth U.S.$18 million.

Ecuadorian Shipping Line

On July 20, a government decree authorized ANBE to form a shipping company to be known as Flota Naviera Bananera Ecuatoriana to transport bananas overseas. Initial capital is to be 50 million sucres (U.S.$2.75 million) and shares will be paid for by an export tax of two stems per 100 on bananas sold to traditional markets and four stems per 100 on sales to new markets. Individual exporters will receive shares in the Flota according to the amount of tax each pays. A dividend of not less than 6 per cent is guaranteed and profits and dividends are tax-free for ten years. Once operating, this line should show whether costs can be reduced significantly between the ports of export and import.

Within Ecuador, several cost-saving measures have been suggested. Export taxes—very popular in Latin America—might well be removed or if they must be levied the tax money could be applied (as above) to serving the exporter and not, as is customary, to protecting the potential taxpayer from direct taxation. Bananas start to ripen within 48 hours of cutting unless they are refrigerated. Central banana-reception and storage warehouses, perhaps financed by co-operatives as many plantations are, could be built to preserve the fruit and organize packing and shipment to the ports. Tax concessions to encourage the packing of bananas in crates and cartons (9,000 and 20,000 respectively in 1960) would stimulate this centralization and small growers would be saved the problems of marketing.

Roads Needed

The greatest contribution to cost saving, however, would come from the provision of adequate roads. Most banana-growing areas in Ecuador are close to the coast. Good roads would not only cut transportation costs (ANBE says by one sucre a stem or 30 million sucres, nearly U.S.$2 million a year) in return for a small investment but would also save the 10 per cent or more now lost through damage to fruit transported over rough roads.

The central growing area—the one underdeveloped area left—has been held back because of its distance from Esmeraldas and Guayaquil. Transportation costs to these ports are often as high as 10 sucres a stem, the same amount that the grower receives. ANBE has proposed that a really good road be built between San Diego and Quevedo, across the area, 90 miles long and costing U.S.$92,000 a mile. This would permit the use of large trailer trucks and save up to four sucres a stem. Given a 20 per cent increase in shipments each year (from the 5,000 hectares now growing but not producing, plus new plantings) these savings in three years would match the cost of the road. A town for the reception and storage of bananas could be built 28 miles from Quevedo. From there a four-lane highway would connect with the proposed new port at Bahia de Caraquez. When 100,000 hectares (half the potential area) are producing, this road would carry 1.5 million tons of bananas a year, 1,000 trips a day by five-ton trucks to the port plus 1,000 return trips loaded with the imports carried by the new Flota on its return voyages from the markets of the world. ●

Advertising Abroad

In Britain, **the trade press and trade journals may be the best medium for the Canadian exporter to use in introducing new products; for goods with mass appeal, television may be the answer.**

S. G. HARRIS, *Assistant Commercial Secretary, London.*

TO the advertising man, Britain consists of approximately 55 million people tightly packed into a small island and abundantly served by all forms of mass media. It is usually considered a prime example of an "aging population" and indeed it probably supports a larger percentage of older citizens than any other country. However, as in many other western countries, Britain now has an increasing number of young people as a result of the baby boom after the last war and, contrary to expectation, this boom is continuing. As in Canada, the trend is to larger families. Over the past ten years, British population estimates have had to be revised upwards and the number of school leavers (young wage-earners) increases year by year. Thus, as in North America of recent years, there is an expanding market among younger people.

In addition, the British people now have much more money to spend. Wages have risen rapidly in the past fifteen years and the unemployed represent only a paltry 1.4 per cent of the population. Furthermore, Britain has the highest percentage of working women (32 per cent) of any country. Thus, although individual wages are lower than in North America, the income per household is much closer to the North American figure than is generally realized. This all adds up to a large, well-paid, compact market that is widely influenced by modern advertising in all its forms. Estimates of advertising expenditures in Britain run to £500 million a year and these expenditures are increasing at the rate of 8 to 10 per cent a year.

The importance of the various advertising media may be judged from the estimates in the accompanying table, prepared by the *Financial Times.*

National and Local Press

Approximately 16 million newspapers are sold every day in Britain and on Sundays about 25 million copies of the special editions and weekly newspapers are sold. Added to this are sales of 11 million copies a week of various glossy magazines and a trade press of about 2,000 journals of widely differing interests and distribution.

Newspapers vary from the mass circulation dailies such as the *Mirror* and *Express,* with over four million circulation, to the more sophisticated papers such as *The Times* and *Guardian,* with a quarter of a million each.

Besides these national papers there are the hundreds of local and provincial papers serving particular regions. The Englishman still has more daily papers to choose from than any other national. Many, of course, consist of only four or five pages and only the large dailies and weeklies begin to approach North American publications in number of pages and amount of advertising carried. Generally speaking, advertising in the daily press is not nearly as much developed as in Canada.

The cost of advertising space varies from £10 per column inch in *The Times* to £30 per column inch in the *Daily Express.*

Magazines and Periodicals

In addition to the newspapers, there are the glossy magazines appearing weekly or monthly and aimed almost entirely at women. These are an ideal medium for advertising home appliances, clothing and food products. A certain group of these magazines cater to the carriage trade and they can successfully promote many luxury goods that enjoy a small market. Advertising rates vary from £500 to £800 per page in the best of these magazines.

TOTAL ADVERTISING EXPENDITURE

	1960 £m.
Press	
Space	
national newspapers*	74
provincial newspapers	52
magazines and periodicals	41
trade, technical and other journals	37
Production costs	16
Total press	220
Other**	
Outdoor	25
Catalogues, leaflets	39
Window and interior display	26
Exhibitions	16
Free samples, gift schemes	16
Television	80
Miscellaneous (including film and radio)	8
Administration	26
Grand total	**456**

*National dailies, London evenings and national Sundays.

**All the non-press items include production costs.

Of greater importance to the Canadian exporter getting started in Britain are the trade press and trade journals. There is one (and in many cases several) specialized trade paper for almost any commodity and trade one can name.

Advertising in one of these provides one of the quickest and most direct methods of introducing a new product to the trade. Hardware, appliances, special machinery, tools and services, and many other products can perhaps best be introduced through this medium. Because these journals are smaller and more dependent on advertising, it is often possible with a diplomatic approach to obtain an editorial write-up of a new product with the advertising and thus receive quicker recognition. Space prices vary greatly but full-page advertisements can be obtained for about £50 in the best of these journals and they are certainly worth it.

Radio, Television, Cinema

Radio advertising is not allowed in Britain but a special English-language radio station in Luxembourg, beamed to England, does carry commercials plus music and news in the manner common to local Canadian stations.

Independent television, which carries commercials, was introduced about five years ago and now covers 90 per cent of the country. Expenditure on this type of advertising has increased rapidly and now amounts to £80 million a year. Programs are not sponsored as in North America; instead, advertising time is sold as 10- to 60-second spot announcements interspersed throughout the day's programming. Prices vary with the time of day and the region served—from about £50 for a 10-second off-peak announcement on a provincial network to £3,000 for a 60-second prime Sunday evening announcement on a channel serving the Greater London area. The average is £2,000 for a 15-second commercial on a national network. Television is becoming more and more the accepted medium for reaching large numbers of people with products of mass appeal, such as food, drink and home appliances.

Cinema advertising in the form of short filmstrips or stills shown during refreshment breaks is still widely used. Cinema attendance has fallen sharply, however, in recent years and this medium is of little interest to Canadian exporters.

Direct Mail

Direct mailing of brochures, leaflets and small catalogues is another widely used means of advertising and expenditure on this is exceeded only by amounts spent on the press and television. Numerous classified trade directories are available, and so are the electoral registers for blanket mailing campaigns. Britain also has several "mailing houses" that specialize in keeping up-to-date lists of classified addresses for direct mailing. Some firms claim that direct mail advertising can achieve up to a 5 per cent response in actual business. Typical cost for mailing 5,000 letters consisting of a leaflet and a printed letter is about £100, inclusive of postage and addressing.

Direct mailing may be used for almost any commodity, from mass consumption goods to luxury or special technical products aimed at a selected clientele. Many British firms have separate divisions to handle direct mail advertising.

Billboards and Posters

Finally, there is billboard advertising. Apart from the neon lights of Piccadilly Circus, billboard advertising is strictly curtailed in Britain. All sites are subject to planning board approval and this type of advertising is not widely used. More important are the poster advertisements carried in railway and underground stations and trains and on city transport buses. This is another effective means of reaching the mass market. Prices vary from £1 per year for a 6 × 18 inch poster in a London tube train to £50 per year for a 17 × 2 foot poster on the side of a London Transport double-decker bus.

Government Requirements

There are few government regulations covering advertising and apart from restrictions on location of billboards, etc., they are designed to prevent unwarranted claims, infringement of drug and food laws, and unfair derogation of a competitive product. There is no tax levied on advertising as such. However, as of September 1 last, a government directive to counteract inflation has levied a 10 per cent tax on television advertising.

There are many British public relations and advertising firms eager and able to help the Canadian exporter. They vary from large internationally known companies to small ones with a printing press and half-a-dozen employees. The Office of the Minister (Commercial), Commercial Division, Office of the High Commissioner for Canada, One Grosvenor Square, London, W.1., is ready to help any Canadian exporter who wants more information on this subject.

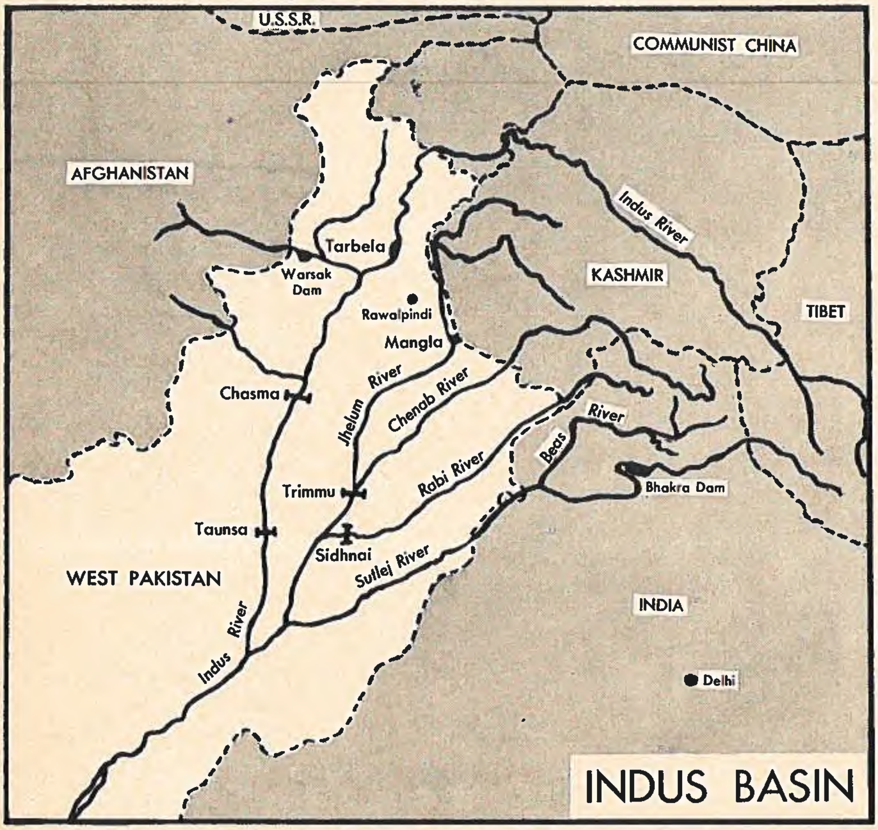
Tours of Commodity Officers

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.

Development on the Indus



AN ambitious one-billion-dollar development project for the Indus Basin now under way in Pakistan will provide hydroelectric power and irrigation in a region where both are badly needed.

Basically, the objective is first to provide irrigation waters from the Indus River and its two westernmost tributaries, the Jhelum and the Chenab, to make up for the loss of water being diverted to India under treaty from the eastern tributaries—the Ravi, Sutlej and Beas Rivers (the latter flows through Indian territory). Thus, life-giving waters will continue to be available for the irrigation canals of West Pakistan and the Punjab, which before partition in 1947 were known as the "bread-basket" of the sub-continent.

Second, blocks of hydroelectric power will be generated from developments at Mangla and Tarbela. Some of this power will be used to activate thousands of tube wells which are required to lower the high water table that is ruining crops in the area. Ample surface water for the crops will also assist in leaching away the heavy salt deposits that are taking out of production thousands of acres of West Pakistan's arable land on which 45 million people depend. Two huge dams will be built at Mangla and Tarbela, a series of seven link canals will connect the Indus River and four of its tributaries, and there will be subsidiary construction.

The Water and Power Development Authority, West Pakistan, (WAPDA) is the agent designated by the Government of Pakistan to carry out this scheme under the auspices of the World Bank, Washington, which has evolved a plan to finance the required expenditures. A number of western countries including Canada (her share is $22.1 million) have pledged various sums to support this project, which is being carried out in two phases over ten years at a cost of $1 billion.

Phases One and Two

The first phase of the scheme now under way includes the Mangla Dam, which reportedly will be the largest earthfill dam in the world. The initial hydropower capacity of 300,000 kw. will be stepped up ultimately to 800,000. Construction of a series of canals linking the Indus and three of its four tributaries is also beginning. Tenders for the Mangla Dam and the Trimmu-Sidhnai link canal have already been opened and firms not "prequalified" are too late to be considered for this first stage. Completion date for Mangla is 1967-1968.

The second phase of the scheme, which includes development work and construction of the Tarbela Dam on the Indus, is now being studied. It will provide for water storage and also for a hydroelectric power development of one million kw. Completion date is 1970. Further link canals will be built, as well as a barrage across the Indus at Chasma and another at Taunsa.

Firms Must Prequalify

Any Canadian firm interested in consulting or contracting engineering work on the Indus scheme must be prequalified by WAPDA and its consultants and be acceptable to the World Bank. This in essence means providing sufficient data on its financial resources, business experience and contracts held, etc., to convince WAPDA and the World Bank that the firm is fully capable of carrying out its commitments.

Because of the size of the over-all scheme, several world-wide engineering firms have formed consortia to tackle various aspects of the work and these too must be prequalified.

Further details on prequalification requirements may be obtained from Sir Alexander Gibb and Partners, United Kingdom, engineering consultants to the Bank, or Harza Engineering Company of Chicago, consultants to WAPDA.

The Indus Basin Scheme is international in scope and is much too big a concept to interest any but well financed and broadly experienced companies. Firms interested in direct contracting work should be prepared to send representatives overseas to see whether they are in a position to undertake contracts and to study the scheme at first hand. ●

Netherlands Jewellery Market

Canadian jewellery of good design and finish could find a worthwhile market in the Netherlands, if exhibits at trade fairs and advertisements in trade journals are followed by personal visits.

J. R. CAUX, *Assistant Commercial Secretary, The Hague.*

THE Dutch consumer is now in a better position than ever to buy luxuries such as jewellery. The Netherlands has experienced an economic boom that has raised per capita income from 2,640 guilders in 1957 to 3,075 in 1960. A population numbering 10 million in 1958 now stands at 11.6 million. More than 91,000 jobs were available in the month of June, as against only 25,000 unemployed.

However, the Netherlander has not yet come into the "gold and silver" era, and in spite of his increased purchasing power, he is not spending as much of his income on jewellery as a citizen of another country with comparable spending power would. He spent roughly 50 guilders on cars last year and approximately 10 guilders on television, but only 3.25 on gold and silver articles. According to the experts, this situation can be corrected, provided steps are taken to create a greater demand.

Domestic Production

The jewellery industry in the Netherlands supplies more than half the domestic requirements and makes articles of gold and silver as well as jewels. Production of gold articles in 1960 totalled 2,600 kilos and of silver 13,100 kilos, a rise of 15¾ per cent and 19½ per cent, respectively, over 1959. Over-all production, however, is not large when compared with West Germany and Italy—where most imports come from. The only protection for local manufacturers lies in the import duty, but to remain competitive they are moving toward mass production of cheaper articles.

Imports

Although the local industry is active and prosperous, Holland's jewellery imports in 1960 totalled 7.5 million guilders, of which half was supplied by other EEC countries. West Germany was the most important supplier, with sales valued at 2.5 million guilders—mostly imitation jewellery. The U.K. sold over 2 million guilders worth and Italy 863,000. Czechoslovakia, Austria, Hungary and France were also important suppliers.

Because of the lower import duties and wage scales, prices of jewellery imported from EEC countries, particularly Italy, are extremely competitive. The Canadian exporter will find it difficult to compete in many lines. However, good quality and finish are likely to attract the attention of a serious Dutch importer. For jewellery, as for nearly every other product, Holland is a price market. The customer is always glad to have the price-difference between two similar articles explained to him. This should be remembered by Canadian exporters when they are arranging advertising.

Netherlands Jewellery Trade with United States and Canada

	Imports		Exports	
	Canada	U.S.	Canada	U.S.
	(thousands of guilders)			
1957	—	123	46	262
1958	—	105	28	249
1959	—	56	—	287
1960	—	70	47	294

Selling and Distribution

Selling and distribution methods in North America differ from those in the Netherlands. About 50 per cent of the jewellery sales in the United States are made through

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large department stores. In the Dutch market, independent retailers have the largest share of the sales. On January 1, 1960, retail shops engaged in selling jewellery totalled 1,162. Here, jewels are considered something personal and intimate and the customer prefers to buy from somebody who can give advice and in whose shop he can compare the desired article with similar products. There is no tendency to buy from pamphlets or catalogues and offers from mail-order houses seldom succeed. Selling on the instalment plan is practically unknown; buyers pay cash. However, instalment buying may, in the future, be used more frequently to stimulate demand.

In North America, manufacturers supply direct to retailers and department stores. The Dutch retailer buys from wholesale firms, of which there are more than 100. These wholesalers, who sometimes specialize in one or two different lines, usually keep a large stock of samples from which the retailer selects what he wants to show his clients. The profit margin taken by the wholesaler varies between 30 and 40 per cent; the retailer's profit may go as high as 70 per cent. A still higher percentage is usually taken on sales of jewels that have been carried in stock for some years.

Styling and Packaging

The Dutch are traditionally sober in tastes and habits. This characteristic is reflected in the jewellery trade. Plain designs are more readily accepted than flashy and ornamental styles. Both modern and classic styles are popular; tableware sells best in classic designs and jewellery tends toward the modern. In any case, preference is given to simple functional designs.

Packaging is not as important in Holland as in other countries. Normally jewels are imported without jewel cases and the jeweller has cases made in local shops according to his own specifications and often bearing his own trademark. Tableware is the exception and is always imported in chests of various sizes.

Restrictions and Duties

There are no restrictions on jewellery imports into the Netherlands other than the Benelux import duties. These vary with the type. On imitation jewellery from EEC countries, a duty of 12.6 per cent is levied, compared with a general import duty of 18 per cent. A tariff of 22 per cent, applicable to all countries other than members of the EEC, has been proposed as the final tariff of the Common Market. On every article of jewellery of Dutch or foreign origin a sales tax is imposed, ranging from 5 to 21 per cent of the duty-paid value. In addition, imported articles of gold and silver must be provided with a Netherlands stamp. Stamp charges are 0.15 guilders per gram of gold and 0.07 guilders per 10 grams of silver.

Advertising, Trade Fairs

Dutch jewellers prefer to advertise to the trade through newspapers, trade journals and other publications. The most important medium is a trade journal published monthly by the Federation of Gold and Silver, called *Edelmetaal*. It has been published for 14 years and has a circulation of 2,400. Practically all manufacturers, wholesalers and retailers subscribe to it. Each issue has approximately 50 pages, half of which carry advertisements. German and Swiss firms advertise regularly in *Edelmetaal*. Rates vary between eight guilders for one sixteenth of a page to 112.50 for a full page. Reduced rates are offered for a series of six or 12 ads.

Joint advertising for jewellery is not being carried on in the Netherlands at present. Some businessmen realize that it would be one of the most effective ways of promoting sales but they lack the funds to do it.

There are no specialized jewellery trade fairs held in this country but many Dutch firms exhibit in the Utrecht Fair held during the spring and fall. This fair attracts a considerable number of visitors and can prove important in creating a demand for a particular type of jewellery. The Canadian exporter who decides to exhibit in this fair should bear in mind, however, that he must do so year after year to make it worthwhile. He should also remember that introducing a new line in Holland takes patience and a good deal of effort.

Exhibiting at Utrecht is not the only way Dutch jewellers advertise their products. Twice a year, in February and August, there are exhibitions of jewellery in every important hotel in Amsterdam and Rotterdam. Some hotels rent showcases to jewellers for permanent display. Some jewellers own showrooms to which they periodically invite the trade. The reader will realize that the tendency in jewellery advertising is toward directness and the creation of a visual impression, rather than describing an unseen product.

Personal Visits

It would be wise for a Canadian exporter planning a trip to the Netherlands to prepare for his visit carefully. He should arrange a trade-wide distribution of catalogues and price lists before he leaves Canada. Merchants would then select items they thought would sell and that they would like to examine more closely. Advertising in the trade journal *Edelmetaal* for a period in advance would help to create an interest in his products. The prospective Canadian exporter should then arrive, equipped with a sample collection that can be brought into the country without much difficulty.

If Canadian jewellery is adapted to Dutch tastes, and competitive in price, it should be possible to develop a worthwhile volume of sales in this small but prosperous country —after a careful program of publicity and personal contacts has paved the way. ●

Mexico Expands Power Facilities

The Mexican electrical industry, now nationalized, has ambitious expansion plans. The author discusses the potential market for electrical equipment that these plans involve and how to go about getting some of this business.

G. L. GAGNE, *Assistant Commercial Secretary, Mexico, D.F.*

THE most important political and economic event in Mexico during 1960 was the nationalization of the electrical industry. One of the goals of the present administration was thus reached. The Government is now proceeding with a large expansion program that will double the 1960 electrical capacity by the end of 1964.

In the last decade, electrical generating capacity has increased at an average rate of 13 per cent a year—from 1,234,511 kw. in 1950 to 2,848,000 in 1960. Of total installed capacity in Mexico, approximately 47 per cent is derived from hydro installations and 53 per cent from thermal plants.

The Comisión Federal de Electricidad (CFE) was created by Presidential decree in 1937 "to organize and direct a national system of generation, transmission and distribution of electric energy to the benefit of the general interest of the country." Between 1944 and 1960 it purchased total or controlling interests in all the privately owned power companies, including the large Mexican Light and Power Company which served the Federal District and which was controlled by Anglo-Canadian and Belgian capital registered in Toronto.

New Projects

In 1960 Mexico started construction of nine hydroelectric plants with a combined capacity of 1,119,000 kw. By far the largest was the Infiernillo project in the State of Michoacán, designed for a maximum capacity of 600,000 kw., the largest in Latin America. This was made possible by a long-term French loan of approximately $80 million, of which $43 million is to be used to buy equipment in France.

Thirteen thermoelectric plants with a total capacity of 768,000 kw. were also initiated last year. Their average size is small by Canadian standards but the total new capacity being installed is impressive in relation to existing facilities. The table below shows the increase in electrical consumption since 1910.

CONSUMPTION OF ELECTRICITY IN MEXICO

Year	Population (millions)	Annual per capita consumption (kilowatt hours)
1910	15	2.5
1930	25	80
1947	33	105
1960	35	386

Source: *CFE Electrificacion No. 8*, 1961.

Expansion Needed

The large per capita increase in consumption in the last 13 years reflects a more intensive use of electricity but not necessarily an extensive distribution of power. Of the 35 million Mexicans, only 11.5 million enjoy the use of electricity. The percentage of electricity users varies greatly in the different states: from 70 per cent in Baja California and 63.5 per cent in the Federal District to 5.3 per cent in the State of Oaxaca. Since only 45 per cent of the total population live in villages and cities of more than 2,500, there is ample ground for expansion in both the rural and urban sectors. The Government has very ambitious programs on the books to more than treble the electrical capacity of the Republic in the next decade. As water resources are limited because of low rainfalls and their concentration during the rainy season (May to October), thermoelectric generation is bound to supply an increasing percentage of total capacity. Smaller thermal plants can be located near the main consumption centers. They require less initial capital outlay and transmission costs are lower.

What Mexico Buys

The accelerated expansion of the industry is supported by government grants and credits from international lending agencies, such as the Export-Import Bank and the World Bank, and commercial banks in the United States and Europe. Private companies supplying equipment also extend long-term credits at relatively low rates of interest in order to compete.

At the end of 1959, foreign credits used and available were:

Source	Used	Made available
	($'000)	
Eximbank		7,218
World Bank		6,015
Private banks	4,680	4,680
Suppliers	10,014	10,014
Total	14,694	27,926

Source: Banco Nacional de México, S.A.

MEXICAN IMPORTS OF ELECTRICAL MACHINERY AND MATERIAL

	Value (U.S.$'000,000)
1960	27.0
1959	22.2
1958	36.6
1957	30.3
1956	26.3

CHIEF ELECTRICAL PRODUCT IMPORTS, 1960

	Value (U.S.$'000,000)
Electric motors, all sizes	3.36
Dynamos and electric generators	3.28
Electric switches	2.04
Electric condensers	1.72
Voltage regulators	1.16
Electric stators and rotors	.92
Porcelain and glass insulators	.84
Cables of common metal	.75
Electric towers	.50

Source: *Anuario Estadistico 1960.*

Machinery is imported mainly on long-term credits of five to ten years. The initial cost of certain equipment may not be the critical factor in choosing the source of supply. The ultimate cost of the equipment—market price plus debt amortization costs—appears to be the strongest criterion on which the authorities base their decisions. Except in special circumstances, only firms ready to extend long-term credits stand a good chance of winning a contract.

Mexico plans to invest $2 billion, or 9 per cent of its total investment, on power developments during the next decade. This will provide an installed capacity of 7.7 million kilowatts by 1970. If past trends continue, approximately 60 per cent of this invested money will be spent abroad on heavy power-generating equipment.

Certain equipment—such as small transformers, motors and cable—is made in Mexico by well-known companies such as General Electric, Westinghouse, and Anaconda Pirelli.

The Comisión Federal de Electricidad has assembled during the past few years a group of qualified engineers who are capable of designing and supervising most of the new electrical projects. Foreign consulting engineers are called in only if a difficult problem arises that requires specialized knowledge or experience.

Bidding on Contracts

Most large government contracts are awarded by tender. Sometimes tenders are called for entire installations, a package price; at other times a tender call is issued separately for the equipment and specific bids are requested for each item, such as turbines, generators, gates, cables, etc.

Before bidding on a government contract, a Canadian firm should:

- Register its name with the Comisión Federal de Electricidad, giving details of the equipment available, its experience in the field of electricity, and some indication of its financial strength.

- Appoint a Mexican individual or company as its agent. The agent's duty will be to advise the Canadian company on new tenders being called; to secure copies of specifications; counsel his principals on the advisability of tendering for specific projects, and present the official bid in the name of his principals.

- Be prepared to study technical documents in the Spanish language. Although bids may be submitted in English, the original request for tender is naturally written in Spanish and precious time may be saved if a firm has facilities for reading Spanish.

- Be ready to consider giving long-term credits.

Power Seminar

Mexico City was host this year to the Latin American Seminar on Electric Power, to which many European countries as well as Canada and the United States sent delegates. The power needs of Latin America and the means of achieving faster electrical development were studied in detail. It was generally concluded that the countries concerned should treble their established capacity during this decade. To attain this goal of 200,000 million kwh. capacity by 1970, a gross investment of $13 billion would be necessary. The demand for heavy electrical equipment in this area should therefore increase and remain strong for many years.

Telephone Numbers Changed

EFFECTIVE November 27, all federal government telephone locals in Ottawa that began with the prefix 6 now begin with the prefix 2. For example, if you wish to call the editor of *Foreign Trade* (formerly local 6-6588), you now dial 9 (to get the government exchange) and then 2-6588. Only the 6-prefix locals are changed; all others remain as before.

Mozambique's Trade Slackens

Exports fell off in last half of 1960, earnings on invisibles decreased, and trade deficit reached $46 million for the year. Canadian sales increased; imports from dollar countries limited to essentials.

C. R. GALLOW, *Trade Commissioner, Johannesburg.*

IN Lourenco Marques during my visit in late August the weather was humid and oppressive; business was stagnant. Like the atmosphere, the aim of many businessmen seemed to be to keep liquid and the up-country trader was reported to be particularly keen. Money is tight and credit is used for all it is worth. There is little interest in building up inventory; rather, the inclination is to wear down existing stocks and the trend is to extend bills rather than pay them. Cash is at a premium. Wholesale and retail trade, both in the cities and the interior, is dull and in a few inland areas, it is said to be reverting to a barter basis.

Recent changes in the administration have generated some optimism for more action in the future. The new Governor General is a man of consequence from Portugal and the hope is that he will exercise broad powers of decision, backed by adequate funds, to give substance to development plans that have to be financed largely by loans from the Metropolitan Government. The promotion of the Controller of Imports and Exports and the appointment of a new Controller of Exchange are expected to improve and coordinate those services. However, the transfer of the official who was actively pushing the industrial expansion of the province and the development of a current statistical scrvice may, probably will, leave a gap difficult to fill. There is much to be done in opening up the interior and pushing settlement in the North.

One of the newer railway bridges in Mozambique crossing the Limpopo River; improvement of transportation to the interior has been stressed in development plans.

Development and Taxation

According to press reports, the Government in Portugal is expected to provide something over $20 million for investment in Mozambique under the 1961 Development Plan. This is to be distributed as follows: roads 24 per cent, harbours 6, airports 5, settlement 18, development of resources 18, schooling and health 12, local improvements 3, and scientific exploration 2.

The introduction of some form of internal taxation, possibly a purchase tax, is expected as import duties on goods from Portugal are to be abolished progressively, beginning in January 1962 and ending in December 1971. The revenue will have to be made up from some other source. Industry is expanding, but on its own initiative and slowly and the principal export crops are mainly a preserve of Portuguese importers who set their own prices and quotas. Hence neither of these fields as yet presents a good prospect for increased tax revenues.

Crop Reports Satisfactory

All areas report a sufficiency of food and the condition of the subsistence crops (kaffir corn, maize, sweet potatoes, manioc, beans, vegetables and rice) continues to be satisfactory. The latest estimate places the 1961 cotton crop at approximately 113,250 tons. The cashew-nut market is quiet; neither India nor the United States is showing any great interest in it and the unsold stocks approximate 10,000 tons. Although the trees are flowering well, it is too early for an estimate of the next crop.

Mozambique regularly runs a deficit in its balance of trade; for 1960 this approximated $46 million. In past years the deficit usually has been made up by the earnings of the ports and railway handling goods in transit to the Republic of South Africa and the Federation of Rhodesia and Nyasaland, by the earnings of Portuguese natives working in these neighbouring countries, and by tourist receipts. However, for two years now these earnings have fallen short, resulting in a small deficit in the over-all balance of payments. This deficit seems likely to be repeated when the final figures for 1960 are available. Despite increased import restrictions introduced last year, the total value of imports rose slightly and was matched by an increase in total value of exports. Unfortunately, the considerable improvement in exports during the early part of the year was short-lived and they fell off noticeably towards the end. The latest available figures show Mozambique's principal customers as Portugal (48 per cent), India (9), Britain (8), United States (6), Federation of Rhodesia and Nyasaland (4), and the Republic of South Africa (3). The principal commodities exported are cotton, sugar, cashew nuts, copra, sisal and tea.

The main suppliers of Mozambique's imports are Portugal (29 per cent), Britain (14), Republic of South Africa (12), West Germany (10), United States (6).

Imports are strictly controlled on the basis of quotas set in Portugal and preference is given to the countries with which Portugal has trade agreements. Merchants report that it is difficult to get a dollar licence, that quotas are not made public, and that they can only find out if a licence will be considered by making a specific application. Imports from dollar countries are limited to essential commodities, a list of which is available from the European Division, International Trade Relations Branch.

Last year the principal commodities in Canada's exports to Mozambique were newsprint, wheat, motor vehicles and parts, engines and parts (both marine and aircraft), and plastic film and sheet; total sales to Mozambique reached Can.$3.15 million compared with $2.0 million in 1959. For the first half of 1961, our sales totalled $916,000 as against $1.1 million in the first half of 1960. In 1960, interest by importers in other supplies from Canada was limited to aircraft parts for DC-3's, filler for motor-car bodies, portable water-purification units, prefabricated aluminum huts, and rubber dinghies. ●

BUSINESSMAN'S BOOKSHELF

Guide to Investment in Greece

Industrial Development Corporation S. A., Athens. 100 pages. $15.00.

BUSINESSMEN who are considering business investment within the EEC countries will find this comprehensive study of the main phases of the Greek economy of particular interest. The benefits of low labour costs, under-development, equal rights for Greek and foreign nationals, exploitable natural resources and an upward economic trend in Greece are stressed. The implementation of a five year plan of economic development, designed primarily to exploit natural resources, could provide a market for Canadian mining and agricultural machinery, roadbuilding equipment, and hydroelectric power installations and this section should therefore interest exporters.

The association of Greece with the EEC is pointed out as an incentive to foreign investors wishing to develop business within the EEC.

This publication adequately covers financing, income tax, incentives for productive activity, and cost factors. Fourteen pages of tables on the most pertinent economic factors and investment opportunities are also included.

Order from: Industrial Development Corporation S. A., 8 Dragatsaniou Str., Athens, Greece.

A Geography of the U.S.S.R.—The Background to a Planned Economy

By J. P. Cole and F. C. Germany. 290 pages. $8.50.

LAST October Mr. N. S. Krushchov presented a report on the program of the Communist Party of the Soviet Union at its 22nd Congress in Moscow. Among the major tasks that he foresaw for the next decade was the defeat of the United States in its economic competition with the U.S.S.R. By the end of the second decade (that is, by 1980) he was confident that Soviet Russia would leave the United States far behind in industrial and agricultural output per head of the population.

Is such a forecast realistic and are there any means to assess the economic potential of the Soviet Union in the light of the ambitious targets that the Soviet Communist Party has set itself? This newly published book by two British scholars, J. P. Cole and F. C. Germany, which provides an excellent survey of Soviet Russia's economic resources, comes as a welcome aid in studying these questions. It offers a good background on which to base a comparative study of the two rival economies. A short chapter at the end of the book is specially devoted to the economic race between them. It indicates not only the many resemblances and great contrasts between the two economies but reveals also the great complexity of the problem when it comes to assessing the outcome of the race. In addition, the scarcity of available statistical material—which the authors have culled from Soviet sources with patience, diligence and thoroughness—leaves many gaps unfilled and makes an unqualified answer to Mr. Krushchov's confident forecast rather hazardous.

This scholarly study deserves to be recommended also as an excellent manual on Soviet Russia's economic progress and on Soviet economic planning. It also provides a well documented assessment of Soviet economic achievements in the last decade. Perhaps a general map of Soviet Russia could have usefully been added to the text.

Order from: Butterworth & Co. (Canada) Ltd., 1367 Danforth Avenue, Toronto 6, Ontario.

Fraser's Canadian Trade Directory, 48th Edition

Fraser's Trade Directories Limited. 1,876 pages. $12.50.

THIS valuable annual directory again provides an up-to-date source of reference for answering many questions that arise in day-to-day business. Included are: a classification of all manufacturers, wholesalers and agents for thousands of products; alphabetical listings of manufacturers, of trade names, and of agents or distributors for foreign firms in Canada, plus a section on market data. The sections are set out in different colours to assist in finding the one needed promptly. Businessmen who are unfamiliar with the directory will find it useful, as have the many others already aware of its value.

Order from: Fraser's Trade Directories Limited, 6833 de l'Epée Avenue, Montreal 15, Quebec.

Teleurope—European Economic and Telegraphic Service

6th Edition, 1961. 2,800 pages. $14.30.

"EACH firm participating in international commerce is supposed to have a telegraphic address officially registered." This useful directory of 190,000 importing and exporting companies in Britain, 15 Western European countries, Iceland, Ireland and Turkey is based upon this simple fact.

Part A gives the registered telegraphic addresses alphabetically for each country, with the registrant's name and address. Part B lists, also alphabetically by country, the individual firms, with their telegraphic and postal addresses. Part C should be particularly useful to Canadian exporters because it classifies all these companies by products, beginning with "energy supply". A businessman consulting this directory can discover how many firms in each country make a particular product. Information on forwarding agencies, banks, insurance companies, transport and communications firms, etc., is also included.

Order from: Teleurope, Holzhofallee 38, Darmstadt, Germany.

The West Indies Federation—Perspectives on a New Nation

Edited by David Lowenthal. 135 pages. $3.00.

IN April 1959, Carleton University in Ottawa, with the aid of the Canada Council, sponsored four evening lectures on the one-year-old West Indies Federation. Three North Americans and one West Indian undertook to "evaluate the past, examine the present, and ponder the future of The West Indies." These lectures, revised up to the end of 1960, are now published as one of the Research Series put out by the American Geographical Society.

In the light of Jamaica's decision to withdraw from the Federation, it is interesting to examine the chapter on political development, where some of the reasons for "Jamaica's disenchantment" with the idea of federation are set out. Here too is the statement that The West Indies is "one of the weakest federal systems ever to come into existence"; the reasons for that statement become apparent as the reader reaches the end of this chapter.

The sections on the historic background of these islands and on their social development give valuable insight into the economic problems that face the Federation—a number of widely separated units, steeped in regionalism, trying to become one. In one area—the living together of several races in harmony—The West Indies has set an example for other new states to follow.

Canadians, with their long-continued and special interest in this Caribbean neighbour, should find this analysis of its potentialities and its problems both illuminating and encouraging. Appended is a useful "Selected West Indian Reading List", carefully annotated and covering all sorts of material—from government documents to belles lettres.

Published by: Columbia University Press, 2960 Broadway, New York 27, New York.

What's current in commodities?

Heating Equipment

Britain—Part II of a two-part study on this market concentrates on the best methods of establishing sales outlets, packing and shipping, and promotion; discusses trade terms, discounts, duties and taxes. Part I appeared in our December 16 number.

GEORGE W. ROONEY, *Office of the Minister (Commercial), London.*

FEW North American heating manufacturers have visited Britain since the war, mainly because British import controls on such equipment were in force until June 1959. Since then, a half-dozen North American firms have surveyed the market and some are now starting to develop it. Canada has about 100 heating manufacturers (warm air) for a population of 18 million; there could be enough business in Britain for at least this number, especially if they were distributed regionally and spent the time and money to develop the market. However, selling practices may have to be adapted, proper packing and promotion studied, and trade terms made attractive.

Distribution

Canadian methods of distribution peculiar to the warm-air heating industry may be used to advantage, provided certain features of the British heating industry are allowed for and possibly blended with Canadian methods.

There is a ready-made network of builders' merchants and heating engineers in every town in Britain and all are keen to get more business. When warm-air heating is properly explained, most of them are eager to participate in this new field.

Builders' merchants (and plumbers' merchants) buy in quantity and hold stocks for sale to builders. Some very large builders buy building materials in quantity direct from the manufacturer, but only a few large ones buy heating equipment direct from the manufacturer and usually only when the heating equipment is simple enough to install without the help of a heating engineer.

All installers of central heating equipment in Britain are called heating engineers. The heating engineer sells and installs all heating equipment for existing homes and most new homes. He buys oil-fired boilers and radiators from the manufacturers if possible and his small-bore piping and fittings from the builders' merchants. Many British boiler manufacturers, however, prefer to sell in quantity to the builders' merchants for stockholding and distribution to builders and heating engineers. Some builders' merchants have a network of outlets with showrooms for the display and demonstration of equipment to heating engineers and the public of several counties—for example, Surrey, Kent and Sussex. Builders' merchants give heating engineers and builders short-term credit facilities and hold stocks for large projects.

Canadian heating manufacturers starting in this market therefore have two choices for distribution:

1. Set up their own sales subsidiary to import from Canada and distribute throughout Britain direct to heating engineers.

2. Sell to five or six builders' merchants in regions throughout Britain who will act as importers, stockholders and distributors to heating engineers in their respective regions.

Gas-fired warm-air equipment may be sold and installed through the regional Gas Boards, which have excellent showrooms in every town throughout the country. Gas is very popular for cooking in the British Isles and over the years the Boards have added many gas-appliance lines to their sales programs. The Boards have also built up their own forces of gas-appliance installers and servicemen throughout Britain. As mentioned before, all equipment they handle must have Gas Council approval; the Gas Council is the central testing authority for the regional Gas Boards.

Packing and Shipping

Furnaces must be better packed for ocean shipment than for inland freight in Canada. Canadian manufacturers have found that wooden crates containing four 60,000 BTU counter-flow furnaces in cartons on a pallet are about the best pack. Otherwise, furnaces are invariably damaged and consequently unsaleable.

Ductwork should be nested and also shipped in wooden crates.

Snaplock 4- and 5-inch pipe should be packed separately from fittings, grills and registers, so that their excessive weight will not be thrown against the weaker components when slung on board ship.

With proper documentation, exported equipment takes about one month for delivery door to door (say, Toronto to London) but more time should be allowed for reserving shipping space, making the total shipping time about six weeks. For estimating purposes, freight insurance, customs clearance and forwarding agent charges for shipping fifty 250-pound furnaces at a time total approximately $40 a furnace, including packing.

Tariffs

No customs duty is levied on domestic warm-air furnaces and ductwork, etc., imported from Canada where Commonwealth content is at least 50 per cent. The majority of components or spares made in the United States are charged duty at 17½ per cent. Such items should be documented and shipped separately. There is no purchase tax (comparable to the sales tax in Canada) on domestic central heating equipment sold in Britain.

Certain machinery of a type or kind not obtainable in Britain, such as pipe machines and elbow machines, may be imported duty-free if it is over £2,000 in value.

Trade Terms and Discounts

British heating engineers (dealers) are accustomed to paying "net monthly account" rather than "net 30 days". They also collect in the same manner from their customers. "Net monthly account" means that the bill is payable at the end of the month following date of invoice. Moreover, 2½ per cent discount is often given for prompt payment on these terms. The usual trade discount to the heating engineer is 17½ per cent. The trade discount to the builders' merchant is 30 to 35 per cent and he passes on 17½ per cent to the heating engineer. Quantity discounts and cash discounts are by negotiation.

Whichever method is used, but especially if exclusive dealers are required, a network of heating engineer dealers will have to be trained in Canadian warm-air installation methods, as they are now familiar with radiator systems only. The Canadian manufacturer would have to send over a technical man to spend several months training technical representatives of each of the five or six builders' merchants who, in turn, would train and supervise the network of heating engineers in their region.

One advantage in working through builders' merchants is that they hold stocks of ductwork and fittings for sale over the counter to heating engineers, as they already do with small-bore equipment. They might also be encouraged in time to operate a sheet-metal shop and provide the return air fittings that must be almost tailormade for most existing houses and even some new houses.

Most builders follow the RIBA (Royal Institute of British Architects) terms of trading. Contracts that require payment to subcontractors for heating are payable on receipt of certificate from the architect at regular intervals for value of work completed, less 10 per cent holdback until completion of the contract. Then 5 per cent of value of contract is held for six months for "final satisfaction certificate".

Publicity and Advertising

The British public is vitally intercsted in finding an answer to its heating problems and all publicity and advertising on this subject is read avidly. One oil company is reported to have set aside £5 million over five years, beginning in 1959, for promotion of oil-fired central heating in the United Kingdom. In addition to advertising, it is giving free training to heating engineers (who are appointed as their "authorized installers") in oil central-heating installation methods; subsidizing the painting of heating engineers' trucks; providing free uniforms for installers; paying commissions to builders and heating engineers for introducing new oil customers; maintaining its own network of oil-heating salesmen; passing on inquiries from the public to the heating engineers, and holding exhibitions of heating equipment at fairs and in builders' show houses.

However, as warm-air heating is comparatively new and comprises only 1 per cent of heating sales to date, further publicity is needed to educate the public that warm air is cheaper, fresher, more flexible for sudden temperature changes, and more effective than other systems of heating in Britain. Possibly Canadian manufacturers as a group, when their numbers grow, could join with the oil companies in a publicity program along these lines, both on a national basis and at point of sale. Meanwhile, advertising in London and county papers, exhibiting at the Builders' Exhibition, the Ideal Home Exhibition, and the Heating Exhibition are all good ways to start selling.

Investigate Personally

There can be no doubt that a substantial demand for central-heating equipment in Britain remains to be filled. The British public is receptive to the idea and most of the antagonism of earlier years to this form of heating has disappeared. Comfort during the winter months is no longer considered a luxury and the average householder is prepared to spend his savings on home improvements that will achieve this objective.

This report provides preliminary information only for Canadian heating-equipment manufacturers; they would be well advised to make a more detailed study of the potential market in Britain by a personal on-the-spot investigation for a few weeks. An intelligent, intensive and sustained effort in this market by Canadian firms should prove most rewarding within a few years. ●

Metals and Minerals

Iraq—Canadian exporters of tinplate, sheet steel, bolts and nuts could improve their sales to Iraq, in spite of severe competition, and this report suggests some ways to go about it.

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

THERE is a market in Iraq for metal products such as tinplate, steel sheets, bolts and nuts. Tenders are issued each year by the Oil Affairs Administration for the supply of large amounts of tinplate to be made into containers for the petroleum products manufactured in Iraq's refineries. Tenders for lithographed tinplate and cold rolled steel drum sheets are announced from time to time. Drum sheets and galvanized sheets are imported by a number of private dealers.

Canada's competitors in the Iraqi market for steel sheets and tinplate include Britain, Belgium, Japan, West Germany, the Netherlands and the United States. Japan is the main supplier of galvanized sheet; bolts and nuts are obtained principally from Britain, the United States, Japan, Belgium, Austria and Sweden. European steel prices are somewhat lower than those of North American suppliers. Nevertheless, opportunities exist and Canadian tinplate, steel sheets, bolts and nuts are being sold competitively in Iraq.

One of the difficulties facing the Canadian exporter is lower freight costs from Europe. Another problem is credit terms; large orders are usually made against letter of credit. Nevertheless, suppliers from Britain, West Germany, etc., are prepared to extend to reputable importers credit facilities of 60 to 120 days after documents are received.

Sales Can Be Increased

These problems are not insurmountable. Canadian exporters of tinplate, sheet steel, bolts and nuts could, with more effort, increase their sales to Iraq, and here are some suggestions:

- Make a personal visit. This will permit the Canadian businessman to acquaint himself with Middle East business methods which are very different from those of North America, to make personal contacts (this is important) with Iraqi clients and government officials, and to establish close relations with a responsible agent or become better acquainted with his present representative. Many orders are placed through government or private tenders and an active local agent is a must. Past experience has shown that appointing a non-resident agent, with local sub-agents, is *not* satisfactory.

- Pay more attention to the exact specifications given by the Iraqi importer; he will check the shipment very carefully against his order. Incorrect sizes lead to complaints, delays in payment and loss of profit to all concerned.

- Give careful consideration to extending credit. The stiff competition necessitates flexibility on the part of the Canadian businessman. Payment by letter of credit is desirable, but deferred payment terms may win contracts even if one has not quoted the lowest price. Personal selection of agents and regular visits to Iraq will aid the exporter to make the proper decision in this regard. The Department of Trade and Commerce can also help.

- Provide early delivery and firm delivery dates. Goods are often required quickly and the company which can deliver in the shortest time may very well win the tender, regardless of price. Lack of shipping facilities was at one time a serious handicap to the Canadian exporter, but at present he can ship to Iraq from both the east and west coasts.

EXPORTS FROM CANADA TO IRAQ

	1959	1960	1961 (Jan.-June)
	(in Canadian dollars)		
Steel plates, sheets and strips	1,131	991,390	11,764
Bolts and nuts	11,123	15,916	19,872 (includes screws and washers)

IMPORTS INTO IRAQ

	1958	1959
	(in Iraqi dinar)	
Sheets and plates, of iron or steel, hot-rolled or cold-rolled		
(a) flat, unworked, whether or not pickled:		
Belgium	219,169	249,720
Britain	93,926	30,546
United States	1,934	27,204
France	12,462	....
West Germany	30,787	5,858
Luxembourg	....	5,830
Japan	29,320	4,255
Austria	6,544	250
U.S.S.R.	....	5,800
(b) flat, surface-worked:		
Tinned, of a thickness less than 0.35 mm.		
Canada	1,106	....
United States	60,717	3,045
Britain	42,968	173,562
Belgium	66,330	44,210
East Germany	389	....
Japan	9,051	8,754
Australia	4,470	....
Bolts and nuts, including screws and washers		
Lebanon	449	348
India	1,270	1,165
Switzerland	555	3
Britain	199,708	107,836
Communist China	....	227
Japan	23,656	16,230
West Germany	39,643	1,999
United States	37,216	30,727
Netherlands	7,935	4,190
France	1,893	366
Austria	12,013	12,998
Belgium	54,809	14,813
Czechoslovakia	311	162
Sweden	5,552	8,271
Italy	30,022	2,753
Denmark	51	739
Yugoslavia	....	412
Canada	....	2,060

The Iraqi Government annually receives petroleum royalties exceeding $250 million. Iraq also earns foreign exchange through its exports of cereals and dates (some of which go to Canada). Foreign exchange for government purchases is therefore available.

Import and exchange licences are necessary. Tighter currency restrictions, in effect since early 1961, limit to some extent the foreign exchange accorded to individual importers. However, this policy is stated to be flexible and will ease as Iraq's foreign currency position improves; the outlook is favourable since this year's crops have been generally good. There is no discrimination against dollar countries.

Customs duties on steel products and bolts and nuts are:

Sheets and plates of steel, hot-rolled or cold-rolled:

(a) flat, unworked—ID0.022* per 10 kilos

(b) flat, surface-worked:

1. tinned, thickness less than 0.35 mm. —free
2. other—6 per cent ad valorem

(c) otherwise finished or worked—8 per cent ad valorem

Bolts and nuts—10 per cent ad valorem

*One Iraqi dinar=Can.$2.89.

Prospects Are Good

There is no significant local manufacture of steel products and sales prospects for the near future are good. Iraq's five-year development program includes a steel mill project with an annual capacity of 60,000 tons. It is not expected to be in operation for several years. Iron ore deposits have been discovered in northern Iraq but at present are not commercially workable. If and when a steel plant is established, there will be a market for scrap iron and steel.

Canadian exporters desiring answers to specific questions may write to the Chief, Asia and Middle East Division, Department of Trade and Commerce, Ottawa, or directly to the Commercial Counsellor, Canadian Embassy, P.O. Box 2300, Beirut, Lebanon. •

Lebanon—Imports are large because country lacks mineral and metal resources; market generally free of controls. Some Canadian companies selling here despite costs and competition.

E. MAKLOUF, *Commercial Assistant, Beirut.*

LEBANON buys each year metal products worth over $20 million and minerals valued at about $3 million. This volume is significant when one considers the country's size (4,000 square miles) and population (1.5 million). There are no domestic mineral resources other than marble and limestone. A small deposit of iron is being exploited (mining began only recently) and during 1959 West Germany took about 25,000 tons of this ore. A local steel mill produced 19,000 tons in the same year, using scrap as well as domestic ore. Another steel plant began operating in 1961 with one furnace and a capacity of 25,000 tons a year; a second furnace will be added.

White cement, marble, phosphates, gypsum, sulphur, salt and asbestos fibres form the bulk of mineral imports. Apart from asbestos, supplied by Canada and South Africa, they come mainly from neighbouring Middle Eastern countries and Europe. The postwar residential building boom continues steadily and, together with government development projects, offers increasing possibilities for the sale of metal products. The accompanying table gives average annual purchases. Principal suppliers are France, Germany, Belgium, the U.S.S.R., Luxembourg and Britain.

IMPORTS OF METAL PRODUCTS

	Volume ('000 tons)	Value (L£ millions)
Iron and steel bars	91.0	19.5
Sheets, including tinplate	20.0	6.5
Pipes, tubes, joints and fittings	8.0	3.5
Cables and wire	5.0	2.5
Stoves, heaters, radiators, heating boilers	3.0	4.0
Chains, bolts, nuts, screws, nails, etc.	2.0	1.5
Castings	1.0	0.6
Building fittings, locks	1.0	1.7
Various wares and tools	1.5	2.2

Industry depends entirely on overseas supplies and therefore constitutes an important market. The best customers are the factories, although the small but active workshops should not be overlooked. Local production of metal furniture, pipes and conduits, house and plumbing fittings and aluminum articles is fairly large. An aluminum rolling mill recently bought an extrusion press, financed by the Development Loan Fund, at approximately $400,000. A can factory and a chemical plant producing superphosphates have also begun operating.

Import Regulations and Tariffs

The market is generally free of controls. There are no restrictions on the entry of goods, and exchange can be obtained easily at the present rate of about U.S.$1.00=L£3.05.

TARIFF ON PRINCIPAL COMMODITIES

	(in per cent)
Raw materials for industrial purposes	exempt
Other minerals	11
Iron and steel bars	11
Steel sheets and plates thickness less than 1 mm.	exempt
other	11
Wire	11
Cables	
for high voltages	1
other	25
Cast iron tubes and pipes	
for water-supply schemes	1
drainage	20
other	11
Steel tubes and pipes	
high pressure hydroelectric	1
other	11
Chains	11
Bolts and nuts	25
Stoves and central heating equipment	25
Aluminum, copper and brass sheets	11
Aluminum and copper ingots	exempt

Metal furniture, doors and windows are among the few items for which Lebanese importers must get a special permit before shipment is made from the country of origin. This ruling is for the protection of local manufacturers. Duties are moderate and are calculated at the official rate of L£2.19 to the Canadian dollar. The accompanying table gives the customs tariff on principal commodities. A municipal tax of 3 per cent is also levied on all imports.

Openings for Canadians

Asbestos is Canada's main export to Lebanon. Sales reached $346,000 in 1960 and $212,000 during the first half of 1961. One of Lebanon's two cement plants recently bought $32,000 worth of Canadian magnesite refractory bricks. Sales of metal products from Canada include aluminum ingots ($35,000 in 1960 and $51,000 in the first six months of 1961), steel sheets and strips ($28,000 and $15,000), copper tubing ($12,000 and $2,500).

The Lebanese market is extremely competitive and merchants' profits sometimes drop to rock-bottom. The following figures from a survey made by the Department of Statistics in Beirut illustrate the situation: iron and steel bars for buildings, wholesale, 8 mm. $127 a metric ton, 12 mm. $121, 16 mm. $115; galvanized wire No. 3, $26 a metric ton; centrifugal cast iron pipe, 100 mm. diameter $1.59 per linear metre, 125 mm. diameter $1.98, 150 mm. diameter $2.80.

The present price, c.i.f. Beirut, for German ⅜-inch steel bars is about $112 a ton. Tinplate of first choice from Britain is $155, waste $115, and cobbles $110 a ton, c. & f. Lebanon.

Canadian firms should not feel that their prices are necessarily out of line. Canadian quality is recognized and Canadians are selling to Lebanon and other countries of the Middle East. The Commercial Counsellor, Canadian Embassy, P.O. Box 2300, Beirut, is anxious to receive specific inquiries from exporters and will investigate market possibilities carefully. •

COMMODITY NOTES

Caustic Soda

BRAZIL—Consumption of caustic soda in Brazil in 1960 totalled an estimated 190,000 tons; local production accounted for 80,000 tons, or approximately 42 per cent. Imports of caustic soda in 1960 came mainly from the United States ($4.3 million), the United Kingdom ($1.8 million), Hungary ($500,000), and Yugoslavia ($400,000). Canada's sales to Brazil in 1960 reached $73,874—Rio de Janeiro.

Cellulose Film

COLOMBIA—Celanese Colombiana has announced that the machinery for the new transparent cellulose film plant at Barranquilla is ready and production is expected to begin in the second quarter of 1962. Initial production of two million kilos will slightly exceed annual Colombian consumption. The company has made provision to double this output and will undertake an energetic program of export to neighbouring countries—Bogotá.

Chemicals

FRANCE—Kuhlmann, France, and E. I. Dupont de Nemours of the United States will form a new company for the manufacture and sale of isocyanates, a basic raw material used in the production of polyurethane moss. The new company will be established near Lille. Construction will begin next year, with production expected by 1963. The object is to supply the Common Market countries—Paris.

Diesel Engines

INDIA—Kirloskar Oil Engines Ltd., Poona, has made an initial small shipment of five horsepower, 15,000-r.p.m. vertical-type diesel engines to the West Coast of the United States. The company entered the export field in 1952 and since then has reportedly exported more than 8,000 engines and pumps, mainly to the Middle East, South East Asia, North Africa and Central America. Its exports of engines in 1960 totalled approximately $600,000, and in 1961 about $1 million—Bombay.

Flour

SINGAPORE—Local companies will build Singapore's first two flour mills. The Government has awarded pioneer certificates to both mills, exempting them from income tax for five years from the date production begins. Plans are to have them in operation within the next twelve months. Together they will produce an estimated 70,000 tons a year but, since Singapore and the Federation of Malaya imported for consumption and re-export over 174,000 tons in 1960, production will meet only part of the demand.

Prima Ltd. is constructing a mill with a capacity of 160 tons of wheat a day. Located directly on the seafront, it will have bulk-unloading facilities and storage for 10,000 tons. The company has purchased modern milling equipment from Swiss manufacturers. The Khong Guan Biscuit Co. will build the second mill, with similar facilities, on Singapore Island's eastern shore. Using equipment purchased from Italy, the mill will have a capacity of 120 tons a day. Both companies intend to buy Canadian and Australian wheat in bulk. Byproducts will be mixed by local animal-feed mills for local consumption—Singapore.

Furniture

NORWAY—Norway's thriving furniture industry has been scoring successes in foreign markets. Exports for 1961 are likely to reach \$3.6 to \$4.3 million, compared with about \$2.5 million in 1960. A large number of important foreign buyers visited the export furniture fair in Stavanger last May and placed several big orders. Main markets for Norwegian furniture are the United States, West Germany and Sweden. However, manufacturers are making progress in the British market: Great Universal Stores has introduced Norwegian furniture and expects to sell about \$290,000 worth in the coming year. The success of a recent exhibition in Australia points to increasing sales there—Oslo.

Iron Ore

SWAZILAND—Two Japanese iron and steel companies have contracted to buy 13 million tons of iron ore from Swaziland over ten years beginning in 1964. The contract is worth over \$110 million.

To transport the ore to the Mozambique port of Lourenco Marques, a 146-mile rail link will be built to connect the mine to the Mozambique rail system. Guest, Keen and Nettlefold, the Colonial Development Corporation, and the Anglo-American-De Beers mining groups of South Africa will jointly finance both the railway and the mine. About 47 million tons of 61-63 per cent ore have been proved and the Japanese group has first option on reserves when the present contract expires. Port facilities are being expanded and improved in Lourenco Marques and Norwegian firms will build three ships of 65,000 tons each to handle the ore. Total cost of the whole project will run close to \$90 million.

A Swaziland Railway Board will be established soon and it will call tenders for the civil engineering and the material requirements. Interested Canadian companies should write the Canadian Government Trade Commissioner, P.O. Box 715, Johannesburg —Johannesburg.

Paper

COLOMBIA—A new paper mill, Planta Productora de Papeles (PROPAL), built by W. R. Grace and International Paper, began production last summer. Situated in Yumbo, near Cali, it has a projected annual production of 54,000 tons. The owners will obtain about 85 per cent of required raw materials locally, including bagasse, coal, caustic soda, chlorine, lime, alum, sodium carbonate, sulphur and starch. Expected annual savings in foreign exchange total about U.S.\$10 million.

The management has undertaken to supply a wide range of fine and printing papers. The Colombian Association of Printers claims that this policy will result in a sharp rise in the cost of paper, a shortage of certain varieties of paper, and a fall in quality. Reduced paper imports to encourage the new company have already been indicated.

Another paper factory, Papeles Nacionales, with a capital of U.S.\$3.5 million, is under construction at Pereira. It will produce paper towels and similar articles and is expected to begin production in March 1962—Bogotá.

Seeds

FRANCE—France imported about \$9.3 million worth of forage, flower and tree seeds in 1960, of which only 4 per cent originated in the franc zone. EEC countries supplied about 30 per cent, other foreign countries over 65 per cent of total imports. The United States supplied forage and grass seeds valued at \$2.25 million; Canadian exports to this market totalled \$330,000. France has liberalized imports of seeds of this type and exempted them from duty. Prospects for increased exports from Canada are therefore excellent. In fact, exports during the first six months of 1961 ran 25 per cent higher than for the same period last year—Paris.

Tires

NIGERIA—A £3½ million tire factory is being built in Port Harcourt by the Michelin Tyre Co. Ltd. of England in partnership with the Eastern Region Government. The factory will be ready for operation in October 1962 and will manufacture ten tons a day of various sizes of motor tires—Lagos.

Tires and Tubes

FRANCE—Firestone Tire and Rubber Company has just completed building one of the most modern tire plants in the world at Bethune in the Pas-de-Calais area. It occupies 34,000 square meters and employs 300 people. During the first year production is expected to reach 4,000 tires and 2,300 inner tubes a day; this can be increased by 50 per cent if necessary. Most of the machinery was constructed in France, says *La France Industrielle*—Paris.

Zinc

NORWAY—The only zinc producer in Norway, Det Norske Zinkkompani A/S, a subsidiary of the Belgian firm, Cie. Royale Asturienne des Mines, is planning to expand capacity at its plant at Odda, West Norway, from 48,000 to 65,000 tons of zinc a year. Also, the firm will double its output of sulphuric acid to 100,000 tons a year and increase production of phosphoric acid. The expansion is estimated to cost 40 million kroner and is to be completed in four or five years. The nearby A/S Tyssefallene will supply hydroelectric power. Last year Det Norske Zinkkompani A/S produced 48,000 tons of electrolytic zinc, 130 tons of pure cadmium, 50,000 tons of sulphuric acid, 65,000 tons of phosphate fertilizers and a little copper. Production reached 100 million kroner in value and exports 75 million kroner—Oslo.

FOREIGN TARIFFS AND TRADE REGULATIONS

Burma

IMPORT DUTIES INCREASED—In a Customs notification dated September 15, 1961, and effective from that date, the Government of Burma announced changes in the rates of duty on some 130 tariff items. The amendment increased 160 rates of duty substantially, in some cases more than seven times.

The increased rates, for the most part, affect luxury items, such as radio receiving sets on which the rate of duty rises from 40 per cent to 150 per cent ad valorem, musical instruments from 40 to 200 per cent, binoculars from 50 to 200 per cent, and smokers' requisites from 75 to 200 per cent. Increased rates also affect some foodstuffs, such as canned fish from 35 to 75 per cent ad valorem, and canned fruits from 30 to 150 per cent ad valorem.

Other items affected that are of interest to Canadian exporters include: condensed milk from 25 to 35 per cent ad valorem; tires and tubes from 25 to 40 per cent; automobiles from 50 to 75, 125, 200 and 300 per cent ad valorem, depending upon the c.i.f. value; asbestos manufactures from 15 to 50 per cent ad valorem.

The new rate of duty on any particular commodity affected by this amendment may be obtained from the Asia and Middle East Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Lebanon

IMPORT REGULATIONS ON FLOUR AMENDED—In a decision dated October 13, 1961, and effective from that date, the Government of Lebanon announced through the Minister of National Economy that flour containing bromate in a proportion not exceeding ten million units will be considered a natural product and may be imported.

IMPORT REGULATIONS ON MILK POWDER AMENDED—In a decision dated October 4, 1961, the Minister of Agriculture of the Lebanese Government announced that the previous decision to prohibit import of milk powder containing no fat, or less than 25 per cent of fat, (see *Foreign Trade,* September 4, 1961, page 25), will not apply to shipments to the local biscuit and chocolate factories provided that the products are mixed at the factory premises with a colouring matter and their continued use is under the supervision of officials from the Customs Department and the Ministry of Agriculture.

Norway

NEW LIBERALIZATION SCHEDULES ANNOUNCED—The Norwegian Ministry of Commerce and Shipping has announced that further liberalization of imports will be carried out in three stages on January 1 and July 1, 1962, and on January 1, 1963.

To be liberalized on January 1, 1962:

Sugar confectionery, not containing cocoa
Chocolate couverture
Chocolates and filled eating chocolate
Prepared foods obtained by the swelling or roasting of cereals (puffed rice, cornflakes and the like)
Pastry, cakes and other fine bakers' wares, except biscuits and wafers
Soups and broths in liquid, solid or powder form
Household soaps
Casein glues
Plywood, blockwood, laminboard, battenboard, and similar laminated wood products (including veneered panels and sheets)
Cellular wood panels, whether or not faced with base metal
Windows and window frames of wood
Building board of wood pulp or vegetable fibre, whether or not bonded with natural or artificial resins or with similar binders
Tableware and other articles of porcelain, china and faience of a kind commonly used for domestic or toilet purposes
Bottles for beer, mineral water, juice, milk, wine and spirits
Glassware of a kind commonly used for table, kitchen, toilet or office purposes
Soil pipes and parts
Netting manufactured of wire
Table knives
Spoons and forks, not silver-plated
Refrigerators (excluding freezers) for domestic use
Deep freezers, refrigerator counters incorporating a refrigerating unit for other uses.
Refrigerating equipment
Motor vehicles for the transport of persons, including buses

Delivery vans, new and used
Trucks
Bodies for motor vehicles
Motorcycles, new, under 50 cc.'s
Trailers
Flying machines, gliders and kites; rotochutes
Tugs
Light vessels, dredgers of all kinds, floating docks
Chairs and other seats of wood, except wickerwork
Other furniture with gilding, or of wood of foreign trees, or veneered with such wood

To be liberalized on July 1, 1962:

Crude, refined or purified soya oil, cotton seed, groundnut, coconut oil
Biscuits and wafers
Soap powder
Surface active preparations and washing and cleaning preparations containing surface active agents but not containing soap
Doors and door frames of wood
Boxes, pouches, wallets and writing compendiums, containing only an assortment of paper stationery

To be liberalized on January 1, 1963:

Animal or vegetable fats and oils, hydrogenated, whether or not refined but not further prepared
Reconstituted wood, being wood shavings, wood chips, sawdust, wood flour or other ligneous waste, agglomerated with natural or artificial resins or other organic binding substances, in sheets, blocks, or the like
Enamel bathtubs other than cast tubs
Refrigerators (excluding freezers) incorporating a refrigerating unit, for domestic use, with a capacity of not more than 0.284 cubic metres
Deep freezers incorporating a refrigerating unit, for domestic use
Receiving apparatus for television
Receiving apparatus combined for radio broadcasting and television, including those incorporating gramophones and/or tape recorders
Parts for radio broadcasting and television reception apparatus, with an f.o.b. value of over Kr.100 each.

Detailed information is available from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

United States

ESCAPE CLAUSE INVESTIGATION OF CREEPING RED FESCUE SEED—Upon application filed by the Chewings Fescue and Creeping Red Fescue Commission of the State of Oregon, and others, the United States Tariff Commission, under authority of Section 7 of the Trade Agreements Extension Act of 1951 as amended, has instituted another investigation to determine whether creeping red fescue seed, classifiable under paragraph 763 of the tariff act of 1930, is, as a result in whole or in part, of the customs treatment reflecting the concessions granted thereon under the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing the like product.

A public hearing in connection with this investigation will begin at 10.00 a.m. EST on February 27, 1962, in the Hearing Room, Tariff Commission Building, Eighth and E Streets N.W., Washington, D.C. Interested parties desiring to appear and to be heard should notify the Secretary of the Commission at least five days in advance of the date set for hearing.

Venezuela

NOTARIZED COMMERCIAL INVOICES—The Foreign Exchange Control Office has issued a notice to importers which amends the instructions concerning the sworn-value declaration on commercial invoices. Under date of November 24, 1961, importers are advised that, in order to be entitled to "controlled exchange", they must present to the Office of Exchange Control, in addition to the usual import documents, a sworn declaration by the exporter certifying that the invoiced prices are the normal export prices for Venezuela on the date of the invoice. The declaration must be written on the face or on the back of the original and final invoice, and must be legalized before a Notary Public or any other official with notarial powers. In the event that there is no notary or other qualified person at the place of shipment, the sworn-value declaration may be replaced by a similar certification issued by the Chamber of Commerce and signed by its legal representatives. In the latter case, such signatures must be legalized by Venezuelan consular authorities having jurisdiction over the place of shipment.

Trade Commissioners on Tour

In Territory

D. S. ARMSTRONG, Commercial Counsellor in Cairo, United Arab Republic, will visit Khartoum from January 15-20.

F. B. CLARK, Commercial Counsellor in Mexico City, will visit Durango, Torreon and Chihuahua in central Mexico, from January 8-12.

P. V. McLANE, Trade Commissioner in Glasgow, Scotland, will visit Belfast, Northern Ireland, from January 22-26.

J. B. McLAREN, Vice Consul and Assistant Trade Commissioner in Philadelphia, will visit Baltimore January 8-12, and Wilmington January 22-24.

J. R. MIDWINTER, Commercial Secretary in Santiago, Chile, will visit Valdivia, Osorno, Puerto Montt and Punta Arenas from January 3-12.

W. J. MILLYARD, Consul and Trade Commissioner in Philadelphia, will visit Wilmington January 22-24.

M. T. STEWART, Commercial Counsellor in Madrid, Spain, will visit Gibraltar during the last week in January.

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. Armstrong at Cairo, Mr. Clark at Mexico City, Mr. McLane at Glasgow, Mr. McLaren and Mr. Millyard at Philadelphia, Mr. Midwinter at Santiago and Mr. Stewart at Madrid.

A Look at Chile's Import Policy

Import policy in Chile remains restrictive, but change-over to customs surcharges from the prior deposit system has brought a modest improvement in sales prospects. Exporters will find this concise review of current tariff policy and practice useful.

J. R. MIDWINTER, *Commercial Secretary, Santiago.*

SINCE 1959, the Government of Chile has been gradually replacing the system of prior deposits on imports by a regime of customs surcharges. With the publication on November 13 of a consolidated list of products now to be subject to surcharge instead of prior deposit, this program is virtually complete. Only a few relatively insignificant items of agricultural machinery remain liable for prior deposit and these will probably be freed soon. The over-all effect has been a modest reduction in protection and imports have risen accordingly.

The prior deposit system required importers, when ordering merchandise from abroad, to deposit with the Central Bank up to 1,500 per cent of the c.i.f. value for a period of 30 to 90 days, depending upon the commodity involved. Because of high interest rates in Chile, the cost to the importer was substantial—up to 90 per cent of the c.i.f. value for goods subject to deposit of 1,500 per cent. The system had the twin disadvantages of absorbing a high proportion of the country's scarce credit resources while producing revenue for commercial banks and other private lenders rather than the Treasury. It was to correct this situation that the Government decided to change over to customs surcharges.

The list published on November 13 includes many items of interest to Canadian exporters, such as primary aluminum, synthetic rubber, whisky, mining equipment, farm implements, synthetic fibres, asbestos fibres, and refractory brick. The effective change in import costs, however, is in almost all cases quite insignificant, amounting to fractions of 1 per cent or at best, 1 or 2 per cent. In other words, the authorities in most cases merely selected a surcharge rate to produce the same level of protection previously provided by the cost of borrowing funds to meet the prior deposit requirement.

High Tariff Country

Chile's import policy, which continues to be highly restrictive, is guided by four basic elements, three of which contribute to a high tariff level: (1) protection of existing industry; (2) government revenue needs; (3) conservation of foreign exchange, and (4) encouragement, through remission of duties, of new development in specified industries and in certain regions.

Articles produced domestically are protected by high, and in most cases prohibitive, tariffs. This protection affects particularly processed foods and beverages, appliances and other consumer durables, textile products, footwear, and a considerable range of chemical, drug and paint manufactures. A manufacturer going into a new line can reasonably anticipate receiving almost complete protection from outside competition.

The Treasury's heavy dependence on customs receipts also contributes to a high average level of tariff incidence. In 1961, for example, 20 per cent of the Government's revenue on current account was derived from the tariff.

The need to conserve scarce foreign exchange reserves for the import of industrial raw materials, food and capital goods and for the servicing of foreign debts is the third factor contributing to a high tariff level. Especially affected are luxury and other non-essential consumer goods and these are also subject to high internal taxation. Discouragement of imports to save foreign exchange obviously conflicts with the objectives of maximizing tariff revenue and maintaining stability of internal prices, and the Government has continually to balance one against the other to avoid the twin perils of inflation and currency devaluation. There is unfortunately little room for manoeuvre.

Several Charges Imposed

General duties and taxes imposed on imports currently include the following: specific duty, import excise tax, consular fee, ocean freight tax, and the customs surcharge referred to above. There are in addition special imposts against some classes of imports (such as butter, benzene, and motor vehicles) and a number of minor charges of a general nature.

The specific duty is generally, though not always, levied on gross weight (kilo bruto) and is usually relatively low. The unit of assessment is the Chilean gold peso, which equals U.S.$0.21.

The import excise tax is an ad valorem charge levied on total landed value (c.i.f. value plus specific duty, consular fee, ocean freight tax, port and warehouse charges, etc., but *excluding* the customs surcharge). The rate is 3 per cent on essential goods, 62 per cent on items classed as luxuries, and 30 per cent on all others. Goods classified in the latter two groups but which are among those on which Chile has granted tariff reductions under GATT are taxed at a lower rate.

All imports are charged a consular fee of 2½ per cent on f.o.b. value; since January 1961 this has been collected directly by the Customs authorities at the time of entry. Finally, there is a tax to support the Chilean merchant marine of 3 per cent of ocean freight charges.

It will be apparent from the above paragraphs that the landed cost of many non-essential commodities can easily mount up (with the customs surcharge) to two and three times the f.o.b. value.

Some Regions Exempted

Some relief from the generally high tariff level is afforded by a complex system of concessions and waivers designed to promote development of specific industries and to encourage development and keep down living costs in the more remote sections of the country.

The Department of Arica in the north of Chile, and the provinces of Magallanes, Chiloé and Aysén in the south have been constituted as Free Zones.

On imports into Arica, there is a general impost of only 10 per cent of the c.i.f. value (except for a few essential items which enter free) plus an additional 15 per cent on goods classed as "luxury".

Duty-free imports into the southern provinces are limited to the value of exports from that area. The quota established up to the end of November 1961 totals U.S.$15 million.

A few other areas, chiefly the northern provinces of Tarapacá and Antofagasta, receive virtually duty-free privileges on the import of some foodstuffs, including wheat, flour, powdered milk and meats. The department of Iquique and Pisagua in Tarapacá province, Taltal in Antofagasta, and Chañaral in the Province of Atacama are accorded the free import of raw materials, machinery, spare parts, commercial vehicles and fuel when suitable domestic substitutes are not available.

Specified Industries Exempted

Several statutes provide for duty-free import of machinery and equipment to stimulate establishment of new industrial enterprises and to encourage certain existing industries.

Approved new industries may be exonerated from payment of all duties and taxes on imports of machinery and other requisites, provided 80 per cent of the raw materials that the completed plant will consume are of Chilean origin. Similarly, capital goods that represent subscriptions by foreign investors in existing or new enterprises are allowed entry duty-free.

Imports of machinery and equipment by certain specified industries are exempted from some or all customs charges. These industries include mining, fishing, iron and steel, nitrates and electric power. Railways, airlines, newspaper publishers, universities, and public service organizations are also granted special import privileges from time to time.

Most farm machinery (excluding spare parts) may be imported free of all duties. In practice, 90 per cent of the latter are actually brought in by CORFO, the Government's industrial development agency, and resold to farmers on credit terms. Imports via this channel are stated to total $7 million up to the end of November 1961.

Other provisions allow for import of certain goods on consignment, postponement of payment of duties on raw and semifabricated materials until after manufacture of the finished articles, and for customs drawback on re-exports.

To summarize, Canadian exporters will find it almost impossible to surmount Chile's protective tariff structure with articles already produced within the country. The market for luxuries and other non-essential consumer goods, even though these are not manufactured in Chile, is also very restricted; high duties push up landed prices to a point where only the wealthy can afford to buy. (The Free Zones are exceptions; though small markets, most commodities may be sold in them even though excluded from the rest of the country.) There are, however, no prohibitive barriers to the sale of industrial raw materials and machinery and equipment of many kinds. Chilean importers and commission agents are usually familiar with the complex system of customs exemptions which frequently makes sales possible.

New Tariff Soon

The Chilean Government is now preparing a new simplified tariff that will probably be put into effect late in 1962. This tariff, based on the Brussels nomenclature, is expected to consolidate in a single duty the various charges now imposed. The level of protection, however, is unlikely to be lowered.

The Government of Chile has attached much weight in its commercial policy to trading relations with other members of the Latin American Free Trade Association. The first round of tariff negotiations is still under way. The Government, however, in order to obtain significant advantages for Chile's important steel, copper and forest industries, may in turn extend fairly widespread concessions to other members. These may create difficulties for a few Canadian exporters. On the other hand, expansion of Chile's basic industries to serve other Latin American markets will almost certainly create much greater opportunities for Canadian suppliers of industrial raw materials not available in the Free Trade Area and for capital goods of all kinds. ●

TRANSPORTATION NOTES

Canada

REFRIGERATED SERVICE TO AFRICA—Christensen Canadian African Lines, operating between Eastern Canadian ports and ports in South and East Africa, is equipping three of its ships with refrigerated space. The 'tween decks of the vessels are to be insulated to carry oranges and deciduous fruits under refrigeration from South Africa to Canada. The reefer-equipped vessels should assist Canadian exporters in selling perishable products to South and East Africa.

The M.S. *Thorsriver* will be equipped to sail from Saint John, N.B., on February 28, 1962, and is scheduled to return to Canada from Cape Town about the end of April. The M.S. *Thorshope* will sail from Montreal on April 28 and return from Cape Town on June 16. Sailing dates of the third reefer-equipped vessel have not yet been announced.

Kerr Steamships Limited, Montreal, are agents for the Christensen Canadian African Lines—Ottawa.

REFRIGERATOR SERVICE TO AUSTRALIA—The J. Lauritzen Line recently inaugurated a new refrigerated service between Australia and Pacific Coast ports, including Vancouver, using two refrigerator vessels, the *Brazilian Reefer* and the *Peruvian Reefer*. The first sailing was scheduled for October 13, 1961, and the second for November 17, 1961. However, according to the Vancouver agents, the North Pacific Shipping Company Limited, the line is not at the present time accepting cargo from Canada for the return voyage to Australia. For some years J. Lauritzen has operated a refrigerator service between New Zealand and Vancouver—Ottawa.

Italy

BUILDING NEW VESSEL—Construction of a new passenger vessel ordered by the Home Line for the transatlantic run between the Channel ports and Canada has begun in the Monfalcone shipyards of the Cantieri Riuniti dell'Adriatico of Trieste.

The liner will accommodate 302 first- and 1,265 tourist-class passengers. Its gross tonnage will be 33,000 tons, it will have a speed of 26 knots, and will have air-conditioning throughout and the most modern type of stabilizers. The launching is expected in June 1962 and the ship will go into service toward the end of 1963—Rome.

IMPROVEMENTS TO GENOA—The Port of Genoa has received financial approval to carry out comprehensive improvements and enlargements estimated to cost $17 million. Improvements include a fifth drydock costing over $6 million, construction of which has already been started; completion of the installation of mechanical equipment, including 51 new cranes, at a cost of $3.5 million; and building of a fuel-oil port, the initial stage of which will require an expenditure of $4 million for the three wharves. Other improvements include new warehouses, roads and railway sidings—Rome.

Netherlands

OIL TANKERS—A 78,000-ton oil tanker for the Esso Petroleum Company of London, described as the largest ever built in the Netherlands, was launched at the Verolme Shipyard (Rozenburg) in September. Thirteen powerful tugs pulled the giant vessel out of a 300-metre-long dock and towed it to the Nieuwe Waterweg. The keel, 261 metres long, was laid in August 1960. As soon as the 78,000-ton tanker left the dock, workers laid the keel for an even bigger one of 86,000 tons, also for Esso—The Hague.

United States

BULK TERMINAL—A new bulk terminal has recently been opened at Chicago, connecting ocean-going and Great Lakes ships with United States railroads and Mississippi barge lines. The terminal is owned by Iroquois Terminals Inc., a subsidiary of Luria Bros. and Company, Inc. Dockside draft is 26 feet. Iroquois Terminals claims it can tranship loose bulk at the rate of 30 tank cars in 100 minutes. There are six open-storage pits, each with a capacity of about 100,000 tons of dry bulk materials—Chicago.

New Office in West Germany

THE sixty-third overseas post to serve Canadian exporters, and the third in West Germany, has been opened in Dusseldorf by Howard E. Campbell. His title is Consul and Trade Commissioner, and his address: Canadian Consulate, 11-17 Flingerstrasse (P.O. Box 2102). Dusseldorf is the focal point of the industrial Ruhr area and a distribution centre for a population of 18 million.

Mr. Campbell joined the Trade Commissioner Service in 1947 and has served in New York, Johannesburg and Kingston. He looks forward to assisting Canadian businessmen who are interested in trade in the Dusseldorf area.

Foreign Commercial Representatives in Canada

ARGENTINA
Washington—Economic Counsellor, Argentine Embassy, 1600 New Hampshire Avenue N.W.

AUSTRALIA
Ottawa—Commercial Counsellor, Australian High Commission, 90 Sparks Street.
Montreal—Australian Government Trade Commissioner, 1255 Phillips Square.
Vancouver—Australian Government Trade Commissioner, Suite 608, Burrard Bldg.

AUSTRIA
Ottawa—Commercial Counsellor, Australian High Commission, 90 Sparks Street.
Calgary—Consulate of Austria, 31 Hollinsworth Bldg.
Halifax—Consulate of Austria, 6 Young Avenue.
Montreal—Consulate General of Austria, Suite 815-817 Castle Bldg., 1410 Stanley Street.
Toronto—Austrian Trade Delegate, Suite 616, 62 Richmond Street Weat.
Vancouver—Austrian Trade Delegate, 525 Seymour Street.
Winnipeg—Consulate of Austria, 54 Harrow Street.

BAHAMAS
Toronto—Trade Commissioner, Room 707, Victory Bldg., 80 Richmond Street West.

BELGIUM
Montreal—Conaul General of Belgium, 709 Sun Life Bldg.
Toronto—Consul General of Belgium, Roome 303, 11 Adelaide Street West.
Vancouver—Consul General of Belgium, Room 1432, 355 Burrard Street.

BOLIVIA
Montreal—Consul-in-Charge, Consulate General of Bolivia, 5559 Canterbury Avenue.

BRAZIL
Ottawa—Brazilian Embassy, 305 Stewart Street.
Montreal—Brazilian Commercial Service, Room 302, 400 St. James St. West.
Toronto—Brazilian Commercial Service, Suite 1006, 2 Carlton Street.

BRITAIN
Ottawa—The Senior British Trade Commissioner in Canada and Economic Adviser to the High Commissioner, 56 Sparks Street.
Edmonton—The British Trade Commissioner in Alberta, Imperial Bank Bldg., Jasper Avenue.
Halifax—The British Trade Commissioner in the Atlantic Provinces, 65 Spring Garden Road.
Montreal—The Principal British Trade Commissioner in the Province of Quebec, 635 Dorchester Boulevard West.
Regina—The Assistant British Trade Commissioner in Saskatchewan, Room 207, Derrick Bldg., 2431 11th Avenue.
Toronto—The Principal British Trade Commissioner in Ontario, 119 Adelaide Street West.
Vancouver—The Principal British Trade Commissioner in British Columbia, Bank of Nova Scotia Bldg., 602 West Hastings Street.
Winnipeg—The British Trade Commissioner in Manitoba and Saskatchewan, 403 Royal Bank Bldg., 504 Main Street.

CHILE
Ottawa—Embassy of Chile, 56 Sparks Street.
Vancouver—Consul of Chile, 1575 West Sixth Avenue.

CHINA
Ottawa—Counaellor, Embassy of the Republic of China, 201 Wurtemberg Street.
Vancouver—Consul General of China, 510 Hastings Street West.

COLOMBIA
Ottawa—Firat Secretary and Consul, Suite 33, Roxborough Apts.
Montreal—Consul General of Colombia, 1572 Summerhill Avenue.
Toronto—Consul of Colombia, 67 Yonge Street.
Vancouver—Consul of Colombia, 1575 West Sixth Avenue.

COSTA RICA
Montreal—Consul General of Costa Rica, 4753 Lacombe Avenue.

CUBA
Cuban Trade Commissioner, Suite 1190, 1435 Saint Alexandre Street.

CZECHOSLOVAKIA
Montreal—Commercial Section, Czechoslovak Consulate General, 640 Cathcart Street.

DENMARK
Ottawa—Royal Danish Embassy, 446 Daly Avenue.
Montreal—Consul General, Royal Danish Consulate General, Room 815, Keefer Bldg., 1440 St. Catherine Street West.
Toronto—Assistant Trade Commissioner, Royal Danish Consulate, 118 Danforth Avenue.

DOMINICAN REPUBLIC
Ottawa—Consul General of the Dominican Republic, 20 Bower Street.
Montreal—Consul General of the Dominican Republic, Apt. 4, 3201 Forest Hill Avenue.

ECUADOR
Montreal—Consul General of Ecuador, Room 708, 1410 Stanley Street.
Vancouver—Consul of Ecuador, 3532 West 32nd Avenue.

EL SALVADOR

Montreal—Consul General of El Salvador, 4972 Victoria Avenue.

FINLAND

Ottawa—Attaché, Embassy of Finland, 85 Range Road.

FRANCE

Ottawa—Commercial Counsellor to the French Embassy, 464 Wilbrod Street.
Montreal—Commercial Counsellor of France, 2060 Mackay Street.
Toronto—Commercial Counsellor of France, 185 Bay Street.

GERMANY

Ottawa—First Secretary (Commercial Affairs), Embassy of the Federal Republic of Germany, 1 Waverley Street.
Montreal—Consulate General of the Federal Republic of Germany, 1501 McGregor Street.
Toronto—Consulate General of the Federal Republic of Germany, 77 Admiral Road.
Vancouver—Consulate of the Federal Republic of Germany, National Trust Bldg., 325 Howe Street.
Winnipeg—Consulate of the Federal Republic of Germany, 424 Wellington Crescent.
Edmonton—Consulate of the Federal Republic of Germany, 11618 100th Avenue.

GHANA

Ottawa—Counsellor, Office of the High Commissioner for Ghana, Suite 606, The Fuller Building, 75 Albert Street.

GREECE

Ottawa—Commercial Attaché (Honorary), Royal Greek Embassy, Suite 110, Chateau Laurier.

GUATEMALA

Montreal—Consul General of Guatemala, 3467 Wilson Avenue.

HAITI

Ottawa—Consul General, Embassy of Haiti, Apt. 111, 150 Driveway.
Halifax—Honorary Consul of Haiti, 50 Sackville Street.
Montreal—Consul General of Haiti, 3449 Prudhomme Avenue.

HONDURAS

Montreal—Consul General, Consulate General of the Republic of Honduras, 5407 Coolbrook Avenue.

INDIA

Ottawa—Second Secretary (Commercial), Office of the High Commissioner for India, 200 MacLaren Street.
Vancouver—Trade Commissioner for India, Suite 804, Standard Bldg., 510 West Hastings Street.

INDONESIA

Ottawa—Second Secretary (Economics), Indonesian Embassy, 275 MacLaren Street.

IRAN

Ottawa—Counsellor, Imperial Embassy of Iran, Apt. 502, Sandringham Apartments.

IRAQ

Washington—First Secretary (Commercial), Embassy of the Republic of Iraq, 1801 P. Street, N.W.

IRELAND

Montreal—Irish Trade Representative (Irish Export Board), 2100 Drummond Street.

ISRAEL

Montreal—Consul of Israel (Commercial), 1555 McGregor Street.

ITALY

Ottawa—Commercial Counsellor and Senior Trade Commissioner, Embassy of Italy, 172 MacLaren Street.
Montreal—Vice Consul and Trade Commissioner, 3615 Côte des Neiges Road.
Toronto—Italian Trade Commissioner, Suite 403, 34 King Street East.
Vancouver—Italian Trade Commissioner, 640 Hastings Street West.

JAPAN

Ottawa—First Secretary (Commercial), Embassy of Japan, 75 Albert Street.
Montreal—Consulate General of Japan, 1310 Greene Avenue, Westmount.
Toronto—Consulate of Japan, Imperial Life Tower, 4th Floor, 44 Victoria Street.
Vancouver—Consulate of Japan, 510 Hastings Street West.
Winnipeg—Consulate of Japan, 301 Tribune Bldg.

LEBANON

Ottawa—Embassy of Lebanon, Roxborough Apartments, Apt. 3, Laurier Avenue West.

LUXEMBOURG

Montreal—Consul General of the Grand-Duchy of Luxembourg, 4832 Western Avenue.

MEXICO

Ottawa—Embassy of Mexico, Room 706, 88 Metcalfe Street.
Quebec—Consulate of Mexico ad honorem, 51 Garden Street.
Montreal—Trade Commissioner of Mexico, Windsor Hotel.
Toronto—Consulate of Mexico, Room 309, 20 Carlton Street.
Vancouver—Consulate of Mexico, Room 607, Burrard Bldg., 1030 W. Georgia Street.

MONACO

Montreal—Consul of Monaco, Suite B, 2211 Closse Street.

NETHERLANDS

Ottawa—Commercial Secretary, Embassy of the Netherlands, 12 Marlborough Avenue.
Montreal—Netherlands Consulate General, 1103 Castle Bldg., 1410 Stanley Street.
Toronto—Netherlands Consulate General, 159 Bay Street.
Vancouver—Netherlands Consulate General, 475 Howe Street.
Edmonton—Netherlands Consulate, Merit Bldg., 10008 106th Street.

NEW ZEALAND
Montreal—New Zealand Trade Commissioner, Room 708, Prudential Assurance Bldg., 635 Dorchester Street West.

NICARAGUA
Montreal—Consul General, Consulate General of Nicaragua, 3601 Decarie Boulevard.

NORWAY
Montreal—Consul General of Norway, Norwegian Consulate General, 1410 Stanley Street.

PAKISTAN
Montreal—Trade Commissioner for Pakistan, Suite 606, 1230 McGregor Street.

PANAMA
Montreal—Consul General, Consulate General of Panama, 3553 Girouard Avenue.

PERU
Ottawa—Second Secretary, Embassy of Peru, 539 Island Park Drive.

PHILIPPINES
Vancouver—Trade Commissioner, Philippines Consulate, 615 West Pender Street.

POLAND
Ottawa—Commercial Counsellor to the Polish Embassy, Apt. 58, 255 Stewart Street.
Montreal—Commercial Section, Polish Consulate General, 1500 Stanley Street, Suite 525.

PORTUGAL
Ottawa—Embassy of Portugal, 285 Harmer Avenue.
St. John's—Consulate of Portugal, King's Bridge Court, Apartment 2E.
Halifax—Consulate of Portugal, P.O. Box 355.
Montreal—Consulate of Portugal, 4135 Sherbrooke Street West.
North Sydney—Consulate of Portugal, P.O. Box 769.
Saint John—Consulate of Portugal, 4 North Wharf.
Toronto—Consulate of Portugal, 159 Bay Street.
Vancouver—Consulate of Portugal, 1929 West Broadway.

REPUBLIC OF SOUTH AFRICA
Ottawa—Commercial Secretary, South African Embassy, 15 Sussex Drive.

SPAIN
Ottawa—Commercial Counsellor to the Spanish Embassy, 162 Daly Avenue.

SWEDEN
Ottawa—Secretary, Royal Embassy of Sweden, Suite 704, 140 Wellington Street.
Montreal—Royal Consulate General of Sweden, 2055 Bishop Street.
Toronto—Trade Commissioner for Sweden, 1057 Bay Street.
Vancouver—Trade Commissioner for Sweden, Dominion Bank Bldg., Room 914, 207 West Hastings Street.

SWITZERLAND
Ottawa—Counsellor of Embassy, Swiss Embassy, 5 Marlborough Avenue.
Montreal—Consul General of Switzerland, 1572 McGregor Street.
Toronto—Consul of Switzerland, 100 University Avenue.
Vancouver—Consul of Switzerland, 402 West Pender Street.
Winnipeg—Consul of Switzerland, 200 Bradburn Bldg., 269 Kennedy Street.

THAILAND
Toronto—Consul of Thailand, Suite 600, 199 Bay Street.
Vancouver—Consul of Thailand, 5416 Marguerite Street.

TURKEY
New York—Commercial Counsellor, Turkish Embassy, Empire State Bldg., 350 Fifth Avenue.

UNION OF SOVIET SOCIALIST REPUBLICS
Ottawa—Commercial Counsellor, Embassy of the USSR, 24 Blackburn Avenue.

UNITED ARAB REPUBLIC
Ottawa—Commercial Secretary, Embassy of the United Arab Republic, Roxborough Apts., Apt. 62.

UNITED STATES
Ottawa—Commercial Attaché, Embassy of the United States, 100 Wellington Street.
Calgary—Consul of the United States, 315-8th Avenue, S.W.
Edmonton—Consul of the United States, 1004 Jasper Avenue.
Halifax—Consul General of the United States, Bank of Nova Scotia Bldg.
Montreal—Consul General of the United States, 1558 McGregor Avenue.
Quebec—Consul of the United States, 1 Ste. Genevieve Avenue.
Saint John—Consul of the United States, 206 Union Street.
St. John's—Consul General of the United States, King's Bridge Road.
Toronto—Consul General of the United States, 360 University Avenue.
Vancouver—Consul General of the United States, Burrard Bldg., 1030 W. Georgia Street.
Windsor—Consul of the United States, Canada Trust Bldg.
Winnipeg—Consul General of the United States, 402 Tribune Bldg.

URUGUAY
Ottawa—Chargé d'Affaires a.i., the Roxborough Apts., Apt. 32

VENEZUELA
Halifax—Consul of Venezuela, Roy Bldg., Barrington Stret.
Montreal—Consul General of Venezuela, 2052 St. Catherine Street West.
Vancouver—Consul of Venezuela, 525 Seymour Street.

THE WEST INDIES, BRITISH GUIANA, AND BRITISH HONDURAS
Montreal—Commissioner for The West Indies, British Guiana, and British Honduras, Suite 200, 1210 Sherbrooke Street West.

YUGOSLAVIA
Ottawa—Embassy of the Federal People's Republic of Yugoslavia, 17 Blackburn Avenue.
Toronto—Consul General of the FPR of Yugoslavia, 377 Spadina Road.

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 .958947.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 18	Units per Canadian dollar	Notes (See below)
Argentina	Peso		.01263	79.16	
Austria	Schilling		.04039	24.76	
Australia	Pound		2.3448	.4265	
Bahamas	Pound		2.9310	.3412	
Belgium and Luxembourg	Franc		.02095	47.73	
Bermuda	Pound		2.9310	.3412	
Bolivia	Boliviano	Free	.00006692	11,246.06	
British Guiana	Dollar		.6106	1.64	
British Honduras	Dollar		.7427	1.35	
Brazil	Cruzeiro	Free	.002877	347.58	
		Special Category	†	†	
Burma	Kyat		.2190	4.57	
Ceylon	Rupee		.2198	4.55	
Chile	Escudo	Free	.9913	1.01	
Colombia	Peso	Certificate	.1558	6.43	
Congo, Republic of.	Franc		.02095	47.73	
Costa Rica	Colon		.1574	8.35	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1448	8.91	
Denmark	Krone		.1518	8.59	
Dominican Republic	Peso		1.04281	.9569	
Ecuador	Sucre	Official	.05793	17.26	
		Free	.04823	20.73	
El Salvador	Colon		.4171	2.40	
Fiji	Pound		2.6405	.3787	
Finland	Markka		.003259	306.84	
France, Monaco, etc.	New Franc		.2128	4.70	(1)
Franco-African Republics, etc.	Franc		.004256	234.96	(2)
French Pacific	Franc		.01170	65.47	(3)
Germany	D Mark		.2608	3.63	
Ghana	Pound		2.9310	.3412	
Greece	Drachma		.03476	28.77	
Guatemala	Quetzal		1.04281	.9569	
Haiti	Gourde		.2086	4.79	
Honduras	Lempira		.5214	1.92	
Hong Kong	Dollar	Free*	.1831	5.48	*Dec. 6
		Official	.1832	5.46	
Iceland	Krona	Official	.02425	41.24	(4)
India	Rupee		.2198	4.55	
Indonesia	Rupiah	Official	.02317	43.15	(4)
Iran	Rial		.01377	72.84	
Iraq	Dinar		2.9199	.3425	
Ireland	Pound		2.9310	.3412	
Israel	Pound		.5793	1.73	
Italy	Lira		.001880	595.24	
Japan	Yen		.002897	345.18	

†Exchange auctions will be held each week for limited amounts of exchange.
‡There is no trading in Cuban pesos in U.S. or Canadian banks at present.
*Latest available quotation date.

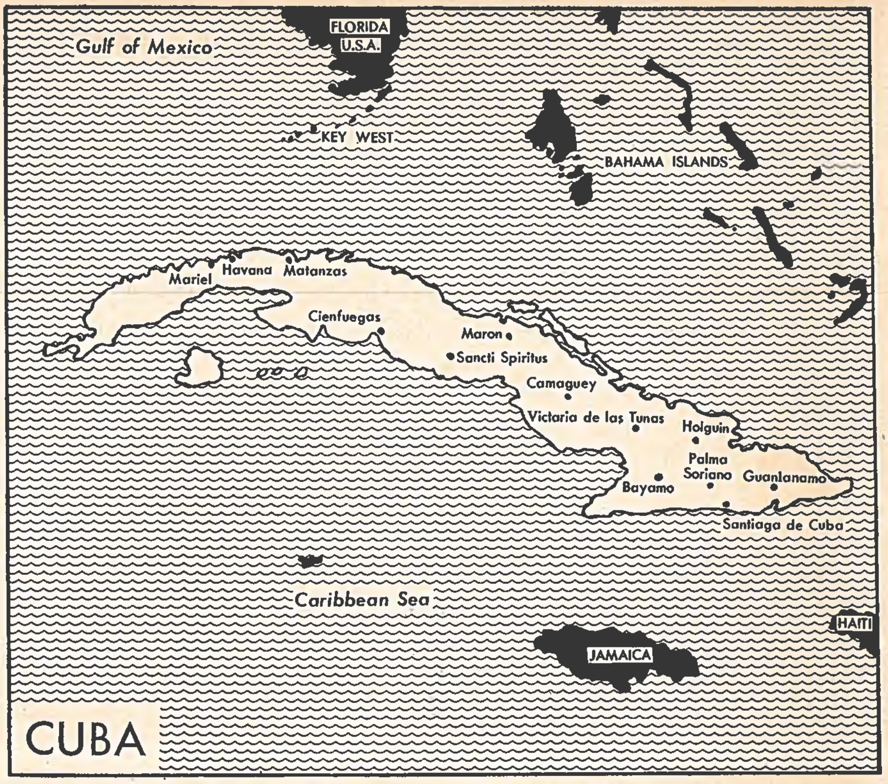
Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 18	Units per Canadian dollar	Notes (See below)
Lebanon	Pound	Free	.3277	3.05	
Mexico	Peso		.08343	11.99	
Morocco	Dirham		.2086	4.79	
Netherlands	Florin		.2895	3.45	
Netherlands Antilles	Florin		.5530	1.81	
New Zealand	Pound		2.9110	.3435	
Nicaragua	Cordoba	Effective buying	.1580	6.33	
		Official selling	.1479	6.76	
Nigeria	Pound		2.9310	.3412	
Norway	Krone		.1465	6.82	
Pakistan	Rupee		.2198	4.55	
Panama	Balboa		1.04281	.9589	
Paraguay	Guarani	Official	.008244	121.30	
Peru	Sol		.03887	25.73	
Philippines	Peso	Free	.3476	2.88	
		Official	.5214	1.92	
Portugal & Colonies	Escudo		.03639	27.48	(5)
Republic of South Africa	Rand		1.4655	.6824	
Singapore and Malaya	Straits Dollar		.3420	2.92	
Spain and Dependencies	Peseta		.01738	57.54	
Sweden	Krona		.2020	4.95	
Switzerland	Franc		.2417	4.14	
Syria	Pound	Free	.2915	3.43	
Thailand	Baht	Free	.04933	20.3	(4)
Tunisia	Dinar		2.5236	.3962	
Turkey	Lira		.1159	8.63	(4)
United Arab Republic	Pound	Official	2.9945	.3339	
United Kingdom	Pound		2.9310	.3412	
United States	Dollar		1.0428125	.958947	
Uruguay	Peso	Free	.09528	10.49	
Venezuela	Bolivar	Free	.2280	4.38	
		Official	.3115	3.21	
West Indies Fed.	Dollar		.6106	1.64	(6)
	Pound		2.9310	.3412	(7)
Yugoslavia	Dinar	Official	.001390	719.42	

Notes

1. New franc is also used in Algeria, French Guiana, Guadeloupe and Martinique.
2. 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.
3. New Caledonia, New Hebrides, French Polynesia.
4. Additional rates are in effect.
5. Portugal: approximately same rate for Portuguese territories in Africa.
6. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
7. Jamaica.

Markets in Brief

CUBA



Area: 44,164 square miles.

Population: 7,000,000, approximately.

Climate: subtropical; cooler season from November to March.

Language: Spanish, but some businessmen also understand English.

Currency: peso; there is no trading in Cuban pesos in U.S. or Canadian banks at present.

Weights and measures: metric system is being introduced but many North American standard weights and measures are of necessity still being used.

Capital: Havana.

Chief ports: the principal port is Havana; other important ones are Mariel and Matanzas on the north coast; Cienfuegos, Guantanamo, and Santiago de Cuba on the south coast.

Marketing centres: (Havana (population) 1,157,445; Holguin 226,571; Camaguey 204,254; Santiago de Cuba 166,189; Bayamo 143,617; Victoria de las Tunas 131,183; Guantanamo 125,731; Sancti Spiritus 115,484; Moron 105,131; Palma Soriano 100,157.

Economy: basically agricultural—sugar, tobacco, coffee, cattle, rice—plus mining, fishing, some light industry.

Total Cuban imports: 1958—U.S.$777 million; 1959—U.S.$615 million; 1960—no information published on 1960 trade.

Chief imports: (in per cent) 1958—machinery, apparatus and vehicles 26.2, foodstuffs and beverages 22.4, petroleum and minerals 14.2, metals and metal manufactures 10.2, chemicals and pharmaceuticals 8.9, paper and products 4.8.

Chief suppliers: (in per cent) 1958—United States 69.8, Venezuela 8.6, West Germany 3.1, Britain 2.8, Canada 2.3. (Details for 1960/61 not available but indications are that chief suppliers are the U.S.S.R. and other Soviet bloc countries.)

Value of imports from Canada: 1959—$15,252,742; 1960—$13,037,868; 1961 (five months)—$12,431,326.

Chief imports from Canada: (Can.$ million) 1960—salt cod 1.5, malt 1.3, table potatoes 1.2, newsprint 1.1, wheat flour 0.9, seed potatoes 0.9, wood pulp 0.8, drugs and medicines 0.6, plastics 0.5, sheet and strip steel 0.3, aircraft engines and parts 0.3.

Total Cuban exports: 1958—U.S.$733,518,578; 1959—U.S. $637,918,875.

Chief exports: (in per cent) 1958—sugar and products 80.9, leaf tobacco and manufactures 6.8, minerals 6.0, agricultural products 3.0.

Chief markets: 1958—U.S., Britain, Japan, Canada, Spain, U.S.S.R.; 1960—U.S.S.R., U.S., Communist China and Sino-Soviet bloc; 1961—U.S.S.R., Communist China and other Sino-Soviet bloc countries.

Value of Canadian purchases: 1959—$12,045,508; 1960—$7,243,092; 1961 (five months) $2,675,096.

Chief Canadian purchases: (Can.$ million) 1960—raw sugar 4.1, molasses 0.6, baler and binder twine 0.5, leaf tobacco 0.4, fresh pineapples 0.3, canned fruit and pulp 0.1, fresh tomatoes 0.1, synthetic fibres 0.1.

Dollar exchange: shortage of foreign exchange; payment terms should be confirmed irrevocable letter of credit.

Prices: quote in U.S. or Canadian dollars f.o.b. port of embarkation or c.i.f. destination.

Trading practices: a government department (Ministerio del Comercio Exterior) directs foreign trade; separate agencies (as sole importer and exporter) effect the actual imports and exports—Empresa Cubana de Importaciones (purchases) and Empresa Cubana de Exportaciones (sales).

Samples: samples and literature should be forwarded to the Commercial Counsellor, Canadian Embassy, Gaveta 6125, Havana, or to sole importer, Empresa Cubana de Importaciones, if direct contact has been established.

Trade agreements: Cuba is a member of GATT and also has concluded bilateral barter trade and payments agreements with practically all Sino-Soviet bloc countries; this has led to ever-increasing trade with the latter.

Import controls, documentation, customs tariffs, marking and labelling: shipments to Cuba are consigned to Empresa Cubana de Importaciones against purchase orders issued by this entity. Further details available from International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Foreign banks: foreign banks, including Canadian, no longer operate in Cuba.

Correspondence: use airmail, 10 cents each half ounce.

For detailed information on this market write to:

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

or

Commercial Counsellor
Canadian Embassy
Gaveta 6125
Havana, Cuba

Roger Duhamel
QUEEN'S PRINTER

If undelivered return to:
The Queen's Printer, Ottawa, Canada