

Australian Economy Readjusts (page two)

New Zealand Faces Problems (page six)

FOREIGN TRADE

DEPARTMENT
OF TRADE AND
COMMERCE
OTTAWA

SEPT. 23. 61

FOREIGN TRADE

SEPTEMBER 23, 1961

Vol. 116 No. 7

Established in 1904. Published fortnightly by the Department of Trade and Commerce.

The Hon. GEORGE HEES, Minister.

JAMES A. ROBERTS, Deputy Minister.

Please forward all orders to: Queen's Printer, Government Printing Bureau, Ottawa.

Price \$2.00 a year in Canada; \$5.00 abroad
Single copies: 20 cents each.

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

Australian Economy Readjusts 2

The boom has subsided and Australian imports are unlikely to equal the record highs of 1960 and early 1961. Canadian exporters will find this article valuable in assessing future market conditions "down under".

New Zealand Faces Problems 6

An adverse balance of trade is being met with stronger import restrictions, and this market will need careful cultivation if Canada is to maintain its good position there; our sales last year almost doubled the 1959 figure.

Australia's Tariff Policy 10

What policies guide the Australian Government in setting up tariffs? What protection can domestic manufacturers successfully petition for? A report on the Australian tariff machinery gives advice on when Canadian exporters might advantageously make representations before the Australian Tariff Board.

Australian Agriculture in 1961 15

A report from the Commercial Counsellor in Melbourne on the successes and problems of Australian agriculture in 1961, and its prospects in 1962.

Iran Prepares Third Development Plan 22

A year from now Iran will launch a third plan aimed at stimulating national production. The proposed allocations are large and will be financed in part by oil revenues. Now is the time for exporters to assess possibilities.

North Carolina: a Neglected Market 28

In this article, second of a series, our Trade Commissioner in New Orleans pays a visit to Charlotte, most important commercial centre in the Carolinas. His report on market opportunities there may surprise many readers.

Sweden's New Kraft Mill 8

How the Venezuelan Government Buys 18

Brazil Again Exports Peanuts 23

The Australian Jewellery Market 24

The Swiss Tobacco Industry 27

U.A.R. Expands Its Pulp and Paper Industry 30

Businessman's Bookshelf 32 **Foreign Tariffs and Trade Regulations** 26

Canada in Foreign Markets 9 **General Notes** 20

Commodity Notes 12 **Markets in Brief** 36

Foreign Exchange Rates 34 **Trade Commissioners on Tour** 33

COMING—A REVIEW OF BUSINESS CONDITIONS IN GHANA, OCTOBER 7 ISSUE

The bustle of new building goes on in Sydney. The "Canberra" berths at a new terminal, and over on Bennelong Point, left centre, the new Opera House is being built. The tall building, right centre, is for the Australian Mutual Provident Society, and overlooking it all, Sydney's Harbour Bridge.



Australian Economy Readjusts

Canadian exporters can expect fewer sales opportunities as Australia copes with balance-of-payments problems and attempts to live within its export income. Prospects for long-term development remain bright, promise larger trade, though pattern may change.

S. V. ALLEN, *Commercial Counsellor, Sydney.*

AUSTRALIA'S economy in 1961, in contrast to the buoyant conditions of 1960, has undergone a marked readjustment to a lower tempo of activity. Over-expansion in some industries in recent years, over-production, an excess of imports, and increased competition from abroad in 1960 have all tempered domestic business conditions this year. So have government fiscal measures affecting credit imposed in November 1960. These were needed to dampen down the economy, reverse the adverse balance-of-payments trend, and thus achieve more stable conditions

"between inflation and deflation, between boom and depression," to quote a government White Paper of May 1961.

Although a nation-wide survey conducted recently by the Bank of New South Wales and the Chamber of Manufactures in Australia indicated that conditions are improving somewhat and the outlook for the remainder of the year is for a modest upturn in business, it is doubtful whether the prosperous and inflationary conditions of 1960 will return for some time. Much will depend on the Government's budget proposals due shortly and their

effect on the country's economy. Speculation centres on what the Government will do to revive the economy and especially to stimulate consumer spending.

Whatever the results may be, it is unlikely that imports will rise to the levels of 1960 and early 1961, when record sales by foreign countries to Australia, following the relaxing of most import licensing in 1960, posed a serious threat to the foreign exchange resources.

The Bank of New South Wales in its June 1961 report states the current problem thus: "The dilemma and the risk for the Govern-

ment in putting its policy of deflation into reverse is that of re-activating the domestic economy too widely before it is certain of resolving the fundamental problem of the large deficit in the balance of payments."

The year 1962 may be a slightly better one than 1961, but lacking a marked short-term increase in foreign exchange earnings from exports or increased foreign investment, Australia may still have to discourage any undue resurgence of imports that renewed prosperity and expansion will engender. Full employment and rising activity have normally increased import demands and brought about balance-of-payments difficulties. Three such crises have occurred in twelve years—1951-52, 1954-55 and 1955-56, and 1960-61. During these, however, phenomenal growth in population, industrial production, and resource development has taken place. Import licensing during much of this period protected local industry from competition in many areas, bolstered manufacturing progress and resources development.

Unemployment Increases

During the past eight months, for the first time in several years, Australia has experienced growing unemployment and decreasing industrial output and sales. Even though unemployment currently represents less than 3 per cent of the work force compared with 1.2 per cent a year ago, short-time employment and decreased overtime have also contributed to lower consumer spending.

Following boom conditions in 1960, a decline set in that continued into June 1961, when 117,700 (47,200 on July 1, 1960) were registered for employment. Recipients of unemployment benefits rose from 16,300 to 57,200 over the same period. Additional layoffs are expected before an upturn occurs, but the rate of increase in unemployment has been declining since April. Civilian employment (not in-

cluding rural workers and female domestic workers) reached its peak of 3,088,000 in December 1960 and dropped to 3,022,000 in June. The marked transfer of labour that has occurred as industries chronically short of workers for years have absorbed many employees, and the heavy labour turnover, has sustained this figure. The Government's long-term immigration target of 125,000 persons a year has been temporarily modified to reduce the inflow of unskilled workers and to give priority admission to other classes of labour.

Production, Sales Down

Compared with increases in quarterly retail sales for the first half of 1960 over 1959 of 11.3 per cent, the increase in the January-March period of 1961 over 1960 was 3.5 per cent; for the April-June quarter, sales declined by .5 per cent. Consumer instalment debt also declined appreciably during the March-June quarter this year and, at A £412 million, was 10 per cent lower than in December 1960. This decrease reflects the effect on retail business, especially in consumer durable products including automobiles, of the credit restrictions imposed in November 1960, although market saturation played a part. Registrations of new cars averaged 21,200 a month during July-December 1960; they dropped to 12,700 in January 1961 and averaged about 15,000 a month in the January-June period of 1961.

Decreases in production of major electrical appliances in the June quarter this year ranged from 20 (washing machines) to 45 per cent (television sets), and sections of the textile industry were operating at 20-36 per cent below the same quarter of 1960. Basic materials, however, (including pig iron, tinplate and ingot steel output) registered increases of between 5-8 per cent; electricity generated rose by 3.8 per cent, but indices for certain building materials, carpets and lawnmowers all paralleled the decline in

private building. Over-all current production is probably running at 20-25 per cent below last year.

Building and Banking

New houses and apartments under way at the end of June numbered 47,870 (10 per cent down from June 30, 1960, and 6 per cent less than March 31 this year) the lowest figure since June 1948. New housing starts in the June quarter this year totalled 19,051 compared with 24,956 a year ago.

Some sectors of the economy have not reflected the downturn in the economy. In contrast to the decline in residential construction, large building projects of both government and private industry have increased. Capital expenditure by private industry—estimated at A £446.5 million in 1959/60—probably reached A £520 million in the year 1960/61. Large office building projects in Sydney, for example, are changing the face of the city. Approved government building programs totalled A £131.4 million, compared with A £115.8 million in the previous fiscal year. Taxation revenues of the State and Federal Governments rose from A £1.36 billion to A £1.54 billion in the same period.

Banking and financial indices, however, have dropped. Savings bank deposits, which rose about 4 per cent between November and June in the two previous years, remained stationary in 1960/61. Deposits with the commercial banks in June were down compared with a year ago but the monthly average for the year was slightly higher. Share prices dropped by over 15 per cent in the October-December quarter 1960, but by June this year the Sydney Stock Exchange index was up to within 7 per cent of the peak a year ago.

Trend in Import Trade

Since November 1960, attention has been focussed on the Australian monthly trade returns as the excess of imports over exports has gradually declined, in response to the

TABLE I
AUSTRALIA'S TRADE WITH SELECTED COUNTRIES
(years ending June 30)

	Exports to		Imports from		Change '61 against '60	
	1960	1961	1960	1961	Exports	Imports
	(millions of A £)				(per cent)	
United Kingdom	247.3	231.8	330.3	340.6	-15.5	+ 10.3
CANADA	13.9	17.0	29.6	45.7	+ 3.1	+ 16.1
New Zealand	54.3	62.0	15.9	17.4	+ 7.7	+ 1.5
Malaya	12.7	12.0	17.8	15.2	- .7	- 2.6
India	16.2	13.9	18.2	22.7	- 2.3	+ 4.5
Borneo (Br.)	1.4	1.4	15.8	12.3	- .0	- 3.5
South Africa	8.1	7.3	7.3	9.2	- .8	+ 1.9
Ceylon	7.7	7.2	11.2	10.2	- .5	- 1.0
Hong Kong	9.3	18.5	5.1	6.2	+ 9.2	+ 1.1
Pakistan	5.0	4.9	3.4	5.5	- .1	+ 2.1
All Commonwealth countries	429.9	433.7	485.1	516.2	+ 3.8	+ 31.1
United States	75.9	72.6	150.0	217.1	- 3.3	+ 67.1
Japan	134.7	161.8	41.5	65.5	+27.1	+ 24.0
West Germany	38.3	26.6	53.9	66.2	-11.7	+ 12.3
Indonesia	3.2	5.1	29.4	28.1	+ 1.9	- 1.3
Sweden	2.1	2.3	14.3	17.9	+ .2	+ 3.6
Netherlands	5.6	6.0	18.7	17.0	+ .4	- 1.7
France	60.3	51.1	13.7	16.7	- 9.2	+ 3.0
Italy	46.6	47.1	13.0	15.8	+ .5	+ 2.8
Switzerland	1.9	2.1	11.9	13.8	+ .2	+ 1.9
Belgium-Luxembourg	24.3	22.8	8.5	11.2	- 1.5	+ 2.7
Communist China	16.1	40.1	4.4	4.0	+24.0	- .4
U.S.S.R.	12.6	8.2	.5	.8	- 4.4	+ .3
All foreign countries	507.7	535.8	442.0	571.5	+28.1	+129.5
Total, all countries	937.7	969.5	927.1	1,087.7	+31.8	+160.6

curtailment of credit facilities in that month and declining demand since.

Whereas Australia's cumulative adverse commodity balance for the period July 1960 through April this year amounted to A £194 million, during the subsequent May-July period exports progressively exceeded imports by a total of A £53.8 million for the three months. Imports in July 1961 of A £69.7 million, moreover, were the lowest for any month in the year and over 20 per cent below July 1960.

Conversely, exports in recent months have been at the highest levels for a year. Assuming that favourable business conditions abroad will sustain export sales, and that in 1961/62 the total equals the 1960/61 exports of A £929 million, an average monthly import

rate of about A £75 million would be necessary compared with a monthly average in 1960/61 of A £90 million, if the country is to live within its exchange earnings from exports. Although this oversimplified estimate disregards important factors related to the international payments account (such as foreign investment flow and use of reserves) it does indicate the approximate level of imports that exports alone could sustain, barring an appreciable upward surge in sales abroad.

Imports short-term are unlikely to rise much above recent levels (May-July 1961 monthly average was A £74.3 million) as stocks of many imported goods are still sizeable. Moreover, many commodities imported on speculation last year will not be reordered abroad as new Australian production, stimulated

in part by foreign competition, will fill the demand. In other instances, higher customs duties will deter foreign suppliers; so will new facilities coming into production.

Trade with Selected Countries

Table I provides comparative figures on Australia's trade with selected countries during the past two years.

Most countries increased their exports to Australia in 1960/61 but Japan's increase of 58 per cent over 1959/60 was the largest, followed by Canada (54 per cent) and the United States (44 per cent). Increased exports by Australia to Communist China, Japan, Hong Kong and New Zealand were significant.

In both fiscal years, Canada ranked fifth as a source of Australian imports but eleventh as a market for Australian goods. Exports to and from Canada, which accounted for 2.3 per cent of Australia's total foreign trade in 1959/60, rose to 3.0 per cent in 1960/61.

Trend of Canadian Exports

Appraisal of any recent decline in Canadian exports of specific commodities to Australia, within the over-all drop in Australia's imports during May, June and July 1961, is not yet possible. At least to the end of June 1961, however, our trade with Australia was still running at a high level by comparison with other supplying countries. During May and June this year, total imports dropped 15 per cent below the same two months in 1960, but imports from Canada dropped only 2 per cent.

Monthly figures for the year 1960/61, shown in Table II, indicate that Australia's imports from Canada each month have exceeded the first half of 1960, except during June 1961. The figures are of some interest when it is recalled that: import licensing was relaxed in February 1960; credit restrictions were imposed and Australian bank credit tightened last November; any impact on our trade of these measures and

TABLE II

AUSTRALIA'S IMPORTS FROM CANADA

Months	1959/60 (thousands of A £)	1960/61
July	1,533	3,220
August	2,586	5,851
September	2,450	3,980
Total for quarter	6,569	13,051
October	2,111	4,032
November	2,029	3,232
December	2,106	3,897
Total for quarter	6,246	11,161
January	2,625	3,743
February	2,344	3,359
March	2,706	3,577
Total for quarter	7,675	10,679
April	2,799	4,455
May	2,465	2,898
June	4,067	3,500*
Total for quarter	9,331	10,853
Total for year	29,825	45,745

*Estimated.

the downturn in Australia's economy is a delayed one, and monthly swings are related to shipping facilities and seasonal variations.

In spite of the increase in Canadian trade recorded for the full year 1960/61, the quarterly increases over 1959/60 reached their peak in the third quarter of 1960 and declined progressively from A £6.4 million to A £1.5 million in the second quarter of this year.

Table III contains the latest comparative data covering Australia's imports of the major categories of goods Canada supplied in the fiscal year 1959/60 and the July-May period (11 months) of 1960/61.

The reader will note that our trade in consumer goods with Australia in the past two years has been very limited, and that our rôle as a supplier of essential raw materials and equipment became more important under competitive conditions following decontrol of most imports in early 1960.

Future Outlook

The pace and extent of Australia's long-term development will continue to be governed in part by

TABLE III

MAJOR CATEGORIES OF IMPORTS FROM CANADA

	1959/60	1960/61 (11 months) (Australian £)
Foodstuffs of animal origin (including canned fish)	642,427	1,210,184
Foodstuffs of vegetable origin		100,633
Alcoholic beverages	28,578	11,659
Tobacco	25,301	13,145
Animal substances, not foodstuffs	37,483	30,522
Yarns and manufactured fibres	66,325	369,982
Textiles	226,313	350,192
Wearing apparel	2,271	19,658
Pigments, paints and varnishes	73,305	39,440
Rocks, minerals and hydrocarbons	1,738,687	1,481,681
Metals and metal manufactures	10,947,800	14,710,165
Electrical machinery	210,550	485,734
Other machines and machinery	1,643,071	2,937,068
Rubber, rubber products and leather manufactures	1,044,059	1,295,846
Timber and wood products	3,578,807	4,667,980
Earthenware, cement, china, glass, etc.	79,422	186,600
Pulp, paper and board	6,889,409	10,052,869
Paper manufactures and stationery	40,489	52,919
Sporting materials, toys, jewellery, timepieces, etc.	9,043	72,077
Optical, scientific instruments, etc., and sensitized film	123,797	123,227
Chemicals, medicinal products, etc.	797,779	1,027,552
Other miscellaneous products	1,222,844	2,818,518

export earnings and the country's ability to cope with a probable short-run rise in demand for imported goods when present inventories are worked off. Strenuous efforts are being made to increase Australia's export trade and creditable progress has been achieved. Foreign investment interest and confidence in Australia's future is high, and despite some temporary loss of confidence, future development prospects have not been seriously impaired.

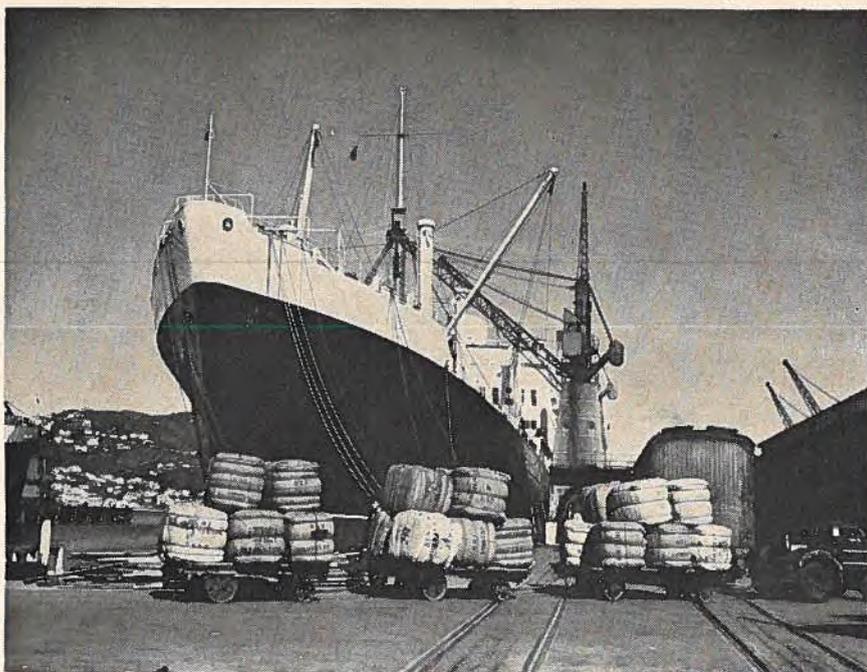
Although the quarterly percentage increase in the country's gross national product since June 30, 1960, has averaged 6.9 per cent compared with an estimated growth of 10.3 per cent during the fiscal year 1959/60, some tapering off was inevitable. The G.N.P. for that year (A £6,836 million) recorded the highest yearly rate of expansion of the economy for a long time.

The Australian Industries Development Association recently reported on development prospects up

to 1970. Although balance-of-payments problems and the occasional need for restrictions and credit control are expected, progress comparable with that of recent years will result from an estimated rise in population of 25 per cent, a doubling of industrial output, greater efficiency, and an increase in the gross national product of 60 to 80 per cent over 1961. Investment on the scale needed for such growth is confidently expected. It is officially recognized, however, that variations in Australian economic activity and well-being are bound to occur as the basic problem of reconciling a continued high rate of expansion with stability still remains.

Canadian exporters will continue to enjoy a good market in Australia, provided that they adapt themselves adequately to the country's long-term changing production pattern and requirements and, in the short term, to somewhat reduced sales opportunities for the next six months. ●

From sheepfold to ship's hold is the first leg of the journey for an important New Zealand export: these bales of wool on Wellington Wharves are headed for markets throughout the world.



New Zealand Faces Problems

Sharp drop in exchange reserves has forced reduction in imports; anxiety about U.K. market continues. Canadian sales nearly doubled during 1960; careful attention to prices, customers' needs, should help Canadian exporters to hold their gains this year.

J. H. STONE, *Commercial Counsellor, Wellington.*

THE buoyant business climate of 1960, which boosted Canada's exports to New Zealand to the highest figure on record, has given way to a period of intensified import restrictions and business hesitation. An adverse balance of trade, uncertain market prospects for the main New Zealand export commodities, and apprehension about the effect on the United Kingdom market for mutton, butter and cheese if that country joins the European Common Market, add up to a business climate in which Canadian exporters will do well to hold their recent gains.

Over the past two years, New Zealand import controls had been

progressively lifted to the point where they had little real effect on the level of a significant proportion of total imports. Provision had been made for the regular annual growth of trade in a large number of commodities and discrimination against the dollar area had disappeared, for all practical purposes. This was the situation in March 1961.

In the last half of 1960, however, a persistent downward trend in foreign exchange reserves had appeared which led this April to a reduction in the import program for the current year. Later the decision was taken to spin out the already reduced 1961 program, originally designed to cover a calendar year,

over 18 months. Current import licences, with the aid of a modest supplementary import schedule, will have to cover the requirements of the country until June 30, 1962.

Business Remained Buoyant

The year that ended in March 1961 was unquestionably for most New Zealanders one of the most prosperous ever. Retail trade increased by 10 per cent over the previous year, there were over 30 vacant jobs for every unemployed person, farm and factory production continued to rise, and manufacturers' stocks of materials were built up heavily. Price levels remained stable, despite a large expansion in

bank credit that began during the last half of 1960; commercial bank advances to borrowers rose 30 per cent during the 12 months ended in May 1961. Business was excellent, although farm incomes did not share fully in this general prosperity.

It is now clear that these boom conditions produced a level of consumption well above what the country could afford, particularly as a large proportion of the goods New Zealand uses are either imported or produced from imported materials. The 1959 recovery in world prices of the main export commodities faltered during 1960, with the export price index (1957 = 100) falling to 94; the index of import prices rose from 97 to 99. The terms of trade, standing at an index of 100 in 1959, dropped to 95 and it is officially calculated that New Zealand's terms of trade have deteriorated by some 15 per cent over the past five years.

Payments Problem Appears

As the year wore on, the level of imports grew out of proportion to the lower export earnings. An alarming deterioration in the balance of payments appeared and this led to the import restrictions described above. There was a deficit on current account for the year ended March 31, 1961, of £50 million, compared with a surplus of £31 million in the previous year; payments received for exports dropped £18 million, invisibles produced a deficit of £5 million, and import payments went up by £58 million. The net overseas assets of the banking system were consequently reduced by £44 million; at mid-June they were down to less than half the figure of a year earlier, far too low for comfort.

The prospects for full recovery this year are not bright. New Zealand depends to a very large extent on wool, meat and dairy products for its earnings of foreign exchange, and there seems no early prospect of improved prices for these commodities in the principal

TABLE I
SOME CANADIAN EXPORTS TO NEW ZEALAND

	1959	1960
	(Can.\$'000)	
Newsprint	1,648	4,140
Steel bar, plate and sheet	411	2,796
Motor vehicles and parts	1,458	2,352
Machinery, other	1,504	2,032
Aluminum	694	1,401
Canned fish	740	1,362
Drugs and chemicals, n.o.p. synthetic resins, n.o.p., and synthetic rubber	487	1,237
Copper and brass	661	1,195
Wood products (chiefly cedar and Douglas fir lumber)	1,058	1,111
Textile products	202	433
Fine paper	230	325
Wallpaper	86	193
Engines	724	560
Agricultural machinery and implements	30	231
Office machinery	20	166
Hand tools	380	581
Electrical apparatus	567	823
Asbestos	483	577
Plastic film	465	640
Total exports, including all others	13,316	23,859

markets—especially in the United Kingdom. That country alone takes over half of New Zealand's total exports and almost all of its cheese, butter and mutton. For this reason, the prospect of Britain joining the European Economic Community is causing the Government a great deal of concern and also the primary producer, who sees his main free market threatened.

Measures Taken

Despite a declared intention to reduce the level of controls affecting business in New Zealand, the Government has had to take steps to lower imports and to decrease the pressure of internal demand.

The Replacement Licensing Scheme which had opened opportunities to many Canadian exporters has been cancelled. Token import licensing, which allowed a variety of consumer goods to enter, has been abandoned. Although an Import Schedule has been published showing licences available during

TABLE II
PRINCIPAL SUPPLIERS TO NEW ZEALAND

	Value	
	1959	1960
	(£ million)	
United Kingdom	97.0	109.6
Australia	37.1	45.4
United States	16.7	26.2
Canada	4.8	7.9
Germany	6.1	7.8
Japan	3.6	7.2
India	4.3	5.6
Total imports, in- cluding all suppliers	205.1	251.8

Source: N.Z. Department of Statistics.

the first half of 1962, total imports during the 18 months from January 1961 to June 1962 are unlikely to exceed the value originally planned for the current calendar year. Although import licences already issued will remain valid, the growth factor of Replacement Licensing has been removed, so that Canadian exports which benefited so greatly from this last year cannot be expected to continue their rise. Priority will be given to imports of materials and components for manufacturers, but even in this field, stocks will have to be used up before further imports will be permitted.

Internally, bank credit is being restricted, limits have been placed on instalment buying, the Government's program of public works is being slowed down, and public spending generally is to be held to current levels. The Government has announced a program of borrowing abroad to restore foreign exchange reserves and has applied for membership in the International Monetary Fund and the World Bank.

Canadian Trade in 1960

The elimination of dollar discrimination helped to boost Canadian sales in New Zealand during 1960 to almost \$24 million, almost double the 1959 figure. The improvement was well spread over a

wide range of commodities and a number of new products were introduced to the market. Traditional "best sellers" like salmon, cedar, newsprint, non-ferrous metals, synthetic rubber, automobiles and lumbering machinery made very large gains. Steel products, office machinery, chain saws, textiles, hand tools and other manufactured products recovered sharply from the doldrums of recent years.

Table I shows those products (or groups of them) that are particularly important in our trade and those that have made outstanding gains over the past year. Of particular interest is the growth of exports incorporating a substantial value of manufacturing, such as machinery, tools, textiles, motor vehicles and electrical apparatus. Not yet reflected in the statistics are very substantial orders for generators and turbines for hydroelectric stations, diesel locomotives, and other forward purchases to be delivered in 1961. An initial shipment of oral polio vaccine has arrived and will be administered to all infants under 12 months.

Canada made the largest proportional gains in this market of any major supplier, judging by the preliminary statistics, and displaced Germany as the fourth most important supplier, following the United Kingdom, Australia and the United States, in that order. At that, we supplied only 3.2 per cent of total imports, well below the first three countries, as Table II shows.

New Zealand's exports to Canada also improved significantly, with larger shipments of meat, wool, apples and seeds. A Trade Commissioner post is to be opened in Vancouver, with the aim of increasing and diversifying trade.

Although the current outlook is not favourable for the introduction of new products, a useful number of Canadian firms have formed valuable connections as a result of the Export Trade Promotion Conference in Ottawa last December. Negotiations are still in progress

between a large number of potential agents and Canadian manufacturers and new sales of goods, ranging from costume jewellery through wallpaper and dental equipment to road graders, have followed from the discussions in Ottawa.

Immediate Prospects Uncertain

The next twelve months are unlikely to produce concrete results of the order of those of 1960. Current import controls not only limit the volume of sales that can be made but tend to restrict importers to their traditional suppliers. At the same time, there is a definite shift in the pattern of New Zealand trade

towards the countries surrounding the Pacific, and within limits there is scope for Canadian suppliers to supplant those in Europe and other Commonwealth countries. With persistence, keen pricing, and close attention to the requirements of their New Zealand customers, Canadian exporters can hold the present level of trade and look forward to new gains when the economic situation improves. The slower pace will give importers the time to review their sources of supply and to look at new products. The coming twelve months may well be an ideal time to make that visit to New Zealand.

Sweden's New Kraft Mill

A kraft paper mill equipped with a 100-metre-long Fourdrinier machine with an annual capacity of 65,000 tons has just been put into operation by the large timber processing company, Wifstavarf, near Sundsvall, North Sweden. Previously a producer of sulphite and sulphate pulp, hardboard and timber (based largely on raw material from its own vast forests), the company now adds another line to its production.

The machine, which is provided with Svensk Flaktfabriken ventilation and heat-regeneration equipment, has a maximum output of 656 yards of paper a minute with a clean-cut width of 208 inches, making it the largest and fastest in Sweden. The wire length is 39 metres and the machine has 49 drying cylinders. It is combined with a Beloit reeling machine and a Bruderhaus re-reeling unit. Pulp is fed directly into the machine from the adjacent sulphate mill.

The plant is capable of producing grades varying from 40 to 400 grams, but is intended in the first place for unglazed and unbleached sack kraft paper. It can also turn out other unglazed qualities, such as laminating,

spinning and gumming kraft. Moreover, a secondary headbox has been installed to permit manufacture of kraftliner which can be surface-sized and made water-resistant.

The company owns 640,000 acres of forest land and has in recent years established a large forest-plant nursery close to the mills at Wifstavarf. This produces some 20 to 25 million high-quality plants a year, mainly Swedish spruce and pine, but experiments are also being carried on with foreign species. A large part of the output is sold to other forest owners. The company has initiated an interesting forest promotion scheme by which other forest owners receive one plant for every tree they deliver to any of the company's mills.

The Wifstavarf Company was founded in 1798 as a shipyard that sent its ships abroad to be sold, with their cargoes of forest products. Today it turns out products worth \$20 million a year, of which some 90 per cent are exported.

—L. B. THOMSON,

*Office of the Commercial Counsellor,
Stockholm.*

In New Zealand—A Canadian firm of consulting engineers designed this giant paper mill at Kawerau. This picture was taken during its construction when the night shift was on.

Canada in Foreign Markets

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



In Australia—Eight tons of Canadian canned chicken ready to sail for Sydney are seen off by the Western Representative, Trade Commissioner Service, the Vice-President of the processing company, and the ship's Captain (left to right).



In Australia—This pretty little lady, daughter of the Consul General for Israel, takes her polio shot like a veteran. The doctor is using Salk vaccine imported from Canada.



In New Zealand—This freezing plant in Auckland transports its lambs by double-decker; the trucks were made in Canada.

Australia's Tariff Policy

Canadians interested in the Australian market will find this explanation of the country's tariff policy and the operations of the Tariff Board a valuable aid to successful selling there.

The author points out the importance of representation at Tariff Board public inquiries.

R. B. NICKSON,
Commercial Counsellor, Canberra.

AUSTRALIAN tariff legislation is important to Canadian exporters who are or who wish to become established in the Australian market on a long-term basis. Because the tariff has a bearing on the ability of Canadian firms to compete here, it is useful for them to understand the basis on which the level of duties is determined and how they themselves can influence it.

Tariff Structure

The Australian tariff system was established in 1901 when the six colonies were federated into the Commonwealth of Australia. The tariff operates on a three-column basis: British preferential, most-favoured-nation, and general. The British preferential tariff applies without exception to United Kingdom goods that qualify in terms of content and other requirements. Under the Canada-Australia Trade Agreement 1960, Canada also receives British preferential tariff treatment on all products except a few for which it receives most-favoured-nation treatment or a special rate. The most-favoured-nation tariff applies to most Contracting Parties to the General Agreement on Tariffs and Trade, and to a few other countries with which Australia has bilateral agreements.

There is a wide variation both in the duties applicable in Australia and the margins of preference between the British preferential or rate to Canada and most-favoured-nation tariffs. Both ad valorem and specific duties exist in the Australian tariff, or combinations or alternates of these. In ad valorem terms, goods not produced in Australia are normally free of duty under the British preferential tariff and a wide range of these which are produced locally are subject to British preferential duties of 12½ to 27½ per cent. In general, the minimum margin of preference amounts to 7½ per cent and this applies to a considerable range of capital equipment and industrial materials. Higher margins of 12½ to 17½ per cent also apply, but other margins exist as well.

In addition to customs duties, there are others, known as primage duties, that apply to a narrower range of products. Margins of preference also apply in the case of many primage duties. Since primage duties have a protective effect, Canadian exporters should take them as well as ordinary customs duties into account. Primage duties do not usually exceed 5 or 10 per cent under the British preferential tariff.

Bylaws

An important provision of the Australian tariff legislation provides that essential goods, mainly industrial materials, may be imported free of duty or at lower rates than would normally apply under the British preferential tariff "when suitably equivalent goods are not reasonably available" from Australian producers. This arrangement is made through bylaws which are administrative decisions of the Department of Customs and Excise.

A tariff preference of 7½ per cent frequently applies to goods subject to bylaw. In cases where bylaws would have the effect of eliminating tariff preferences which are guaranteed to Canada under the Canadian-Australian Trade Agreement 1960, the agreement provides for consultative arrangements between the two countries that are now operative. The Australian Government has agreed to take account of representations that Canada may make.

The Australian Tariff Board

The Tariff Board was established in 1921 to inquire into what tariff assistance, if any, should be extended to Australian industry as requested by the Ministers concerned. The great majority of the cases are referred to the Board by the Minister for Trade who asks it to determine whether protective tariffs should be imposed and if so at what levels. In addition, the Minister for Customs and Excise from time to time requests the Board to determine whether dumping or other similar duties are

necessary within the context of the legislation. The Tariff Board also receives references on other matters, although these are far less frequent.

Before the Minister for Trade will refer a request for inquiry into protective tariffs, the industry must make a prima facie case to the Minister and his department proving the need for an inquiry. The Board's normal approach to tariff references is to determine whether the industry is economic and efficient and if so to recommend duties which are appropriate. The Government will not afford tariff protection to an industry until it has begun production.

Tariff Board Procedures

In 1960, fifty-three references were made to the Tariff Board, and by early August 1961, forty-nine had been made. Two types of references are made by the Minister of Trade. The first of these is to determine the need for long-term protection of the industry concerned, and the procedure provides sufficient time for all the circumstances of the industry to be taken into account. In these cases the Tariff Board informs members of the industry, importers, and any other interested parties that a reference has been received and that public inquiries will be conducted. Since many interested parties present their views, these inquiries provide a great deal of information about the industry. Evidence is taken in public on oath and a transcript may be purchased. Witnesses may give evidence in confidence and this information is available only to the Board and its staff. Inquiries are usually conducted in Sydney and Melbourne. The Head Office of the Board is in Melbourne.

The second type of reference, which came into effect in September 1960, provides for the imposition of temporary duties against imports when the industry would suffer serious damage before its case for regular tariff protection could be effected. From September 1960 to

The Australian Tariff Board Is Reviewing . . .

The following are products referred to the Australian Tariff Board up to August 21 but on which public hearings had not been held at that date. The dates of the hearings not yet announced will be published in *Foreign Trade* as they become known.

Polyethelene resins and moulding compounds (hearings in Sydney Sept. 4, in Melbourne Sept. 25)

Ballpoint pens (hearings in Sydney Sept. 5, in Melbourne Sept. 26)

Ball bearings (hearings in Sydney Sept. 6, in Melbourne Sept. 27)

Lactose (hearings in Sydney Sept. 7, in Melbourne Sept. 29)

Bolt cutters (hearings in Sydney Sept. 8, in Melbourne Oct. 3)

Textile yarns (hearings in Sydney Sept. 25, in Melbourne Sept. 4)

Electric clocks (hearings in Sydney Sept. 26, in Melbourne Sept. 5)

Woven fabrics and woollen piecegoods (hearings in Sydney Sept. 27, in Melbourne Sept. 6)

Cutlery

Coffee

Gramophone parts

Glass fibre, glass yarns and glass fabrics

Bonded fibre fabrics

Fabric dress gloves

Rubber bathing hats and caps

Domestic knitting machines and parts, including needles

Plain safety pins

Copper and brass sheet and strip

Woven piecegoods of man-made fibre

Non-folding knives

early August 1961, 22 temporary duty references were made to the Tariff Board under this new legislation.

Temporary duty inquiries are conducted by a deputy chairman of the Tariff Board who must report within 30 days after he receives the reference. The temporary duty must cease to operate not later than three

months after the Board's full report is received by the Government. The deputy chairman does not publicly call for evidence, but he usually receives it from parties having a substantial interest in the inquiry.

Canadian Participation

It is usually most desirable for Canadian firms to take part in the regular Tariff Board inquiries if Canadian trade interest in the item under review is sufficient. There are considerable benefits from direct participation: the Board's first step is to decide upon the intrinsic merits of the case and Canadian firms can supply much information about the circumstances of the trade that would be valuable to the Board in appreciating the importance of permitting reasonable access for imports. If the Board decides that protection is warranted then it is most desirable for the Canadian firms or industries to give information about their costs and prices. With this information the Board is able to strike a level of protection which will be reasonable to both the Australian manufacturers and the Canadian suppliers.

Canadian firms and associations can send officers to participate directly in the hearings or they can have their local representatives attend. In the last 18 months Canadian interests have been directly represented before the Tariff Board on a number of occasions and there is no doubt that this action has been in the best interests of both the Canadians and the Board. A tabulation of the regular inquiries currently before the Board is given with this article, and firms supplying these products to Australia should seriously consider arranging representation. Further information and assistance can be obtained from the Chief, Commonwealth Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa, or the Commercial Counsellor for Canada, Canberra.

Because the time factor makes it difficult for Canadians to present

their views at temporary duty inquiries, a system has been set up to advise the Australian representatives of Canadian firms of the dates of the hearings. The local representatives can then present the Canadian view.

Anti-Dumping and

Anti-Subsidy Legislation

In May 1961, new anti-dumping and anti-subsidy legislation came into effect under the Customs Tariff (Dumping and Subsidies) Act 1961. The legislation is designed to protect Australian industry against substantial injury from imports which are being either dumped or subsidized. Anti-dumping and anti-subsidy duties may not be imposed without a Tariff Board inquiry, and the Board's findings are considered

by the Government before a duty is imposed. These inquiries are referred to the Board by the Minister for Customs and Excise. Usually public hearings are held. Pending the completion of the investigations, the equivalent of anti-dumping or anti-subsidy duties may be imposed under other legislation.

Under the Canada-Australia Trade Agreement 1960, Canada is not subject to the ordinary dumping duty provided for under the Customs Tariff (Dumping and Subsidies) Act 1961. However, if the Australian Government considers that a Canadian product is being imported "under such conditions as to cause material injury to producers of like or directly competitive products" in Australia, consultations must be held "to consider

measures to prevent further injury". If a "mutually satisfactory solution does not result within 60 days from the commencement of these consultations" the Australian Government may then impose a dumping duty.

Import Licensing

The relatively few products still under import restriction amount to less than 10 per cent of total Australian imports. The restrictions have a particularly limiting effect on imports of aluminum, ball bearings, and fats and oils. A range of other products are subject to restriction, notably some textiles, clothing and a few consumer goods; most of these are subject to import quotas. ●

COMMODITY NOTES

Airplanes

MEXICO—Alaska Airlines has become the first U.S. buyer of the new Mexican-made *Lasa 60* transport plane, according to a newspaper report. The airline placed an order for five of the six-seat utility aircraft for use in Alaska on the daily run from Fairbanks to Clear—Mexico City.

Alcoholic Beverages

COLOMBIA—With the exception of beer, all alcoholic beverages made in Colombia are produced in distilleries owned by the various Colombian Departments (provinces). In addition to making rum from local sugarcane, these distilleries turn out gin, vodka, Scotch-type whisky, and brandy. Some of these spirits are produced under licensing agreements with foreign manufacturers—Bogotá.

Alumina

POLAND—The first ton of alumina obtained from ordinary clay has been sent from a testing laboratory to the aluminum foundry in Skawine, Cracow, according to a Polish news agency report. Professor Bretsznajder, a Polish chemist, developed the method of

extraction and a special commission of the Polish Academy of Sciences has approved it. The commission proposes construction of a big alumina plant with a capacity of 200,000 tons a year to be completed in 1964—Copenhagen.

Automobile Electrical Equipment

INDIA—It is reported that a new factory will be established in the Greater Bombay area to produce windshield wipers with motors, ignition coils, voltage regulators, distributors, breakers for horns, condensers, etc. The company, to be known as Globe Auto Electricals Ltd., is said to have entered into a technical collaboration agreement with Magneti Marelli of Italy—Bombay.

Banana Powder

INDIA—The Chief Minister of Maharashtra has laid the foundation stone for what is reported to be the first factory in Asia to make banana powder.

The factory is being promoted by the East Khandesh District Co-operative Marketing Society and will produce 1,000 pounds of banana powder per shift, at an

estimated cost of one rupee a pound. Future plans envisage the production of powder from papayas, mangoes, tomatoes and limes—Bombay.

Cement

ITALY—Italian cement production in 1960 reached a peak of 15.8 million tons, 1.5 million, or approximately 10.9 per cent, over 1959. Italy continues to rank second among the Common Market countries in cement production and fifth among world producers—after the United States, the U.S.S.R., Japan and Germany. Seventy companies with 111 plants situated throughout the country meet all domestic requirements and could satisfy any possible increase in demand since they are working at about 85 per cent of capacity—Rome.

Chemicals

SOUTH AFRICA—Methanol and formalin will be produced in South Africa as a by-product of the new urea-formaldehyde plant recently opened by African Explosives and Chemicals Industry. The firm has also announced plans to treble its output of polyvinyl chloride—Johannesburg.

Coffee

BRAZIL—Coffee exports in the first quarter of 1961 totalled 3.8 million bags worth U.S.\$161.5 million, compared with 3.8 million worth U.S.\$163.7 million in the first quarter of 1960—Sao Paulo.

Eggs

AUSTRALIA—In 1960/61, Australians ate 92 million dozen eggs. Production totalled 119 million dozen, an increase of 11 million dozen over 1959/60. Exports of eggs in shell more than doubled—from 2.28 million dozen in 1959/60 to 4.8 million last year. Frozen egg pulp exports to the U.K., Europe and Saudi Arabia increased by almost 40 per cent, to more than 12,000 tons—Sydney.

Fertilizer

PHILIPPINES—According to the Philippine Bureau of Census and Statistics, manufactured fertilizer imports for the year 1960 were valued at 14,937,730 pesos, made up of nitrogenous fertilizer 3,512,596 pesos, potassic fertilizer 1,610,939, and fertilizer, n.e.s. 4,751,839.

Of the nitrogenous fertilizers, nitrate of potash led the list, reaching a record 3,568,575 kilos valued at 312,195 pesos, followed by nitrate of soda at 25,942 pesos.

Phosphate of ammonia imports totalled 3,081,445 pesos, sulphate of potash only 186,739, sulphate of

ammonia 3,965,916, mixed fertilizer 343,720, and other fertilizer, n.e.s. 442,203—Manila.

Locomotives

SWEDEN—Three Swedish diesel-hydraulic locomotives, each weighing 22.5 tons, have been delivered to Liberia by Kalmar Verkstads AB. They will be used to transport material for building the ore-shipping railway under the Lamco scheme. The locomotives are equipped with ultra-shortwave radio. They were originally built for Swedish State Railways but have been rebuilt for service in Liberia—Stockholm.

Marble

JAMAICA—Serge Island Marble Ltd. has begun to build a factory in the eastern part of the island for mining, cutting and polishing marble for sale at home and abroad. Machinery and equipment for the plant is on its way from the United Kingdom and operations should commence shortly—Kingston.

Meat

URUGUAY—Because of the more favourable price policy, 100,000 more head of cattle were slaughtered in Uruguay in 1960 than in 1959. From January to May of this year 38,740 tons of meat were made available for export, in spite of the workers' strike in May—or more than total exports for 1959—Montevideo.

Milk

INDIA—Approximately \$75 million has been allocated for dairy research and education under the Third Five Year Plan. Authorities are proposing a number of new facilities, including 66 new milk schemes, eight creameries, four milk-product factories and two cheese factories. The milk schemes have possible implications for Canadian exporters of skim milk powder. Much of the milk produced is high-fat water-buffalo milk. A large portion of this is toned down to a lower fat level by adding water and skim milk powder. As not enough powder is produced locally, most of it must be imported. Two schemes, one in Kanpur and the other in Bombay, have recently received \$775,000 from UNICEF to assist in bringing them to completion—Bombay.

Oil

CEYLON—According to an agreement recently signed by the Minister of Trade and Commerce, Ceylon will buy 40,000 tons of petroleum products a year from the Soviet Union during the next two years. Price and other terms of delivery are subject to further negotiation. Ceylon has also agreed to buy more machinery and equipment from the Soviet Union; the

latter has, in turn, agreed to increase its purchases of Ceylon tea, rubber, coconut oil and other products—Colombo.

SPAIN—Compania Iberica de Petroleos S.A. and Ohio Oil Co. have been authorized to form a new company to construct an oil refinery in northwestern Spain. The State holds a 52 per cent interest. All equipment and raw materials for construction will be allowed into the country duty-free and a number of taxes have been reduced by 50 per cent—Madrid.

Olive Oil

ITALY—The exceptionally good olive crop in Italy in 1960 totalled 2.1 million tons against 1.6 million in 1959—an increase of 26.6 per cent. Of this, 2.06 million tons were processed for oil, yielding 380,100 metric tons compared with 291,300 in 1959—Rome.

Pearls

HONG KONG—Hong Kong is reviving its pearl industry with the help of the Colonial Government and expert Japanese consultants. Although still in the experimental stage of their plans, developers hope that within a few years cultured pearls will be produced competitively in commercial quantities—Hong Kong.

Pipeline

SPAIN—Plans are under way to construct a 150-mile pipeline from the port of Málaga to Puertollano. Work will begin in 1962. The 14-inch line will have an annual capacity of 1.2 million tons of crude oil and there is a possibility of increasing this to 2 million tons. One pumping station will be set up at the port of Málaga, and another in the province of Cordoba; large control tanks will be erected at Málaga and Puertollano. The raw material will be treated in the refinery and the new petrochemical plant to be installed at Puertollano—the first of its kind in Spain. End products will include pharmaceuticals, detergents, plastics, insecticides, etc. The \$10 million pipeline will reduce transportation costs on crude oil by about one-seventh—Madrid.

Steel

COLOMBIA—The expansion of the rolling mill of Acerías Paz del Río in Belencito, Boyacá, Colombia, was completed in June. The plant will produce black galvanized steel sheets of a thickness varying from .3 to 3 millimeters—Bogotá.

ITALY—A merger has been effected between the Societa' Ilva and the Societa' Cornigliano, two of Italy's leading steel industries. The new company will be

called Italsider Alti Forni e Acciaierie Riunite Ilva e Cornigliano—Societa' per Azioni (Italsider Ilva and Cornigliano United Smelters and Steel Mills Joint Stock Company) and will have a share capital of \$230 million. Italsider is considered one of the most important steel industries in Europe, especially in view of the expansion program now being carried out. This includes a large iron and steel industry at Taranto and an enlargement of the Ilva steel factory at Bagnoli (near Naples)—Rome.

Steel Pipe

SOUTH AFRICA—Double helical welded-steel pipe with internal diameters from 6 to 16 inches is being produced in a new pipe mill in South Africa under licence, using the Driam process—Johannesburg.

Sugar

DENMARK—Production of sugar in Denmark in 1960 reached 305,000 tons, 34 per cent above 1959. The Danish Sugar Factories produced about 265,000 tons. Since annual consumption totals about 250,000 tons, and exports last year totalled 22,000, stocks have risen—Copenhagen.

Tabular Alumina

UNITED STATES—Kaiser Aluminum and Chemical Corporation will construct a plant to manufacture tabular alumina at its Baton Rouge, Louisiana, works. Tabular alumina, a high-purity aluminum oxide that has been converted into a chemically inert and highly dense nodule form, is widely used in making high-temperature refractories, automotive sparkplugs, and in various electrical and electronic applications.

Construction of the new plant will increase fivefold the corporation's capacity to produce tabular alumina and will mark the latest stage in Kaiser Aluminum's program to expand facilities for special alumina products at the Baton Rouge works—New Orleans.

Timber

NEW ZEALAND—Timber production in New Zealand in 1960-61 reached a record 714 million board feet—double the output in 1946 and 1947. The increase has come mainly in exotic timber, which more than trebled over the period (114 million to 395 million board feet). Indigenous production increased by 80 million—Wellington.

Tractors

BRAZIL—The Fendt interests of West Germany will begin production of 25-horsepower tractors in Brazil in October. Initial production will approximate 300 tractors a month, with 70 per cent Brazilian content—Sao Paulo.

Australian Agriculture in 1961

Good crops and substantial export sales in wheat, barley and sugar marked 1961; Communist China was a new, and the leading, market for wheat. New meat sales agreements were negotiated with U.K. Wool growers, concerned about competition from man-made fibres, have raised their promotion levy and added a research levy.

H. A. GILBERT, *Commercial Counsellor, Melbourne.*

GENERALLY speaking, the 1961 crop year* in Australia was a good one. The volume of production rose 6 per cent above the previous year, and 63 per cent above the average for 1936 to 1939. In gross value production totalled £1,341 million—greater by £16 million than 1959/60†, principally as a result of the record wheat crop. Unfortunately, rising costs offset an improvement in farm income, but at least greater productivity helped to ease some of the effects of higher production costs. The budget brought down in August provides new benefits to primary producers aimed at lowering these costs. Foremost among the benefits are:

- Contribution of £13 million to the Wheat Prices Stabilization Fund, and £13.5 million to the Dairy Products Bounty.
- Allocation of £1 million to the Queensland government for construction of roads to serve the cattle industry.
- Exemption from sales tax for livestock carriers of one kind or another, used exclusively in the out-back regions.
- Expenditures for purchasing and laying of underground waterpipe for agricultural irrigation are deductible from income tax.
- Compensatory income for livestock destroyed under disease-control legislation may now be spread for tax purposes over five years instead of one.

*Australian agricultural and fiscal year ended June 30. Hence, "1961" is the period July 1, 1960, to June 30, 1961.

†Australian pound=Can.\$2.31.

● Provision of £2.25 million for the War Service Land Settlement Scheme—£200,000 more than last year.

The volume of agricultural exports rose by 7 per cent above 1960's all-time high; again, large wheat shipments were the important factor. There was a fall of over 10 per cent in prices, however, and the value dropped by 4 per cent to £700 million. Farm exports in 1961 accounted for 75 per cent of Australia's merchandise exports of £929 million: wool made up 38 per cent of the total, (although both value and volume dropped), wheat and flour 13 per cent, meats 6½, sugar and dairy products nearly 4, and other agricultural exports 9½ per cent.

Wool

Wool growers are becoming more and more concerned about the competition from man-made fibres. The Australian Wool Growers and Graziers Council and the Australian Wool and Meat Producers Federation met in July and agreed to an increase of 5/- a bale for one year in the wool promotion levy, which now stands at 10/- a bale, with an additional 2/- a bale for research.

The wool clip for the 1961 season totalled 1,632 million pounds on a greasy wool basis, 3 per cent below the 1960 crop but still the second largest clip in Australian history. The number of sheep and lambs in Australia in March was estimated at 152.7 million, 2.5 million fewer than 1960's record 155.2 million, and a reversal in the steady upward climb in numbers since 1947. This could be attributed to a lower lambing and a higher death

rate (especially in New South Wales and Queensland), record slaughtering, and some movement away from sheep into beef cattle and wheat. Fine and crossbred wools enjoyed good support in the 1961 auctions and the margin between these types was narrowed, apparently because of the increased demand for crossbreds for blending with synthetics. The wool clip for 1962 is forecast at 1,679 million pounds, approximately 3 per cent higher than that for the season just ended.

Wool sales this year totalled £314.5 million, about 12½ per cent lower than last season (£359.4 million) as a result of a drop in the average price on a greasy basis of 5.72d a pound, nearly 10 per cent below last year's 52.06d a pound. Wool and wool sheepskin exports decreased by £53 million to £356 million. Japanese imports accounted for approximately 30 per cent of all Australian shipments of wool and wool sheepskins.

Wheat

The 1961 wheat crop surpassed all others in Australia's history, totalling 270.9 million bushels. The second largest acreage ever planted yielded 20.3 bushels per acre, which has been bettered only once in the

last six years—by four tenths of a bushel per acre. Moreover, the carryover from this year to next will not create a burdensome surplus; it will, in fact, just meet the country's domestic requirements for seed, feed and flour. Prospects for the future are good. Next year's crop is not likely to equal this one's but may reach 240 million bushels.

In exports, the outstanding event was the opening up of the market in Communist China with two separate contracts totalling 1.8 million long tons worth £47 million. The first contract was a cash sale of 1.05 million tons* at £27 million, the second, on terms, was for 750,000 tons at £20 million. In addition, shipments to Europe increased because of poor crops there. Headed by Communist China, the leading buyers this year were the United Kingdom, Japan, Italy, New Zealand and West Germany.

Coarse Grains

Barley—The 1961 crop set a new record of 64.5 million bushels from an all-time-high acreage of 2.7 million. Although in 1960 Japan had imported some 32,250 tons of Australian barley worth £724,000, in 1961 it purchased none at all.

*One ton=2,240 pounds.

Nevertheless, total exports were 10 million bushels higher than last year. Again, sales to Communist China of 320,000 tons were a major factor.

Oats—The 66.6 million-bushel oat crop was a good one also, second only to the record crop of 1959 and second highest in acreage sown and yield per acre. Twenty-four million bushels were exported (double 1960 total), but next year's prospects do not appear encouraging; the European wheat crop was poor and large quantities of it are available there for feed.

Maize—The maize crop was the highest since 1941, yielding 6.8 million bushels from a planting of 205,000 acres.

Grain Sorghum—Despite a record 280,000 acres sown to grain sorghum, 1961 production was 1.6 million bushels below last year's 8.1 million.

Sugar

Raw sugar is Canada's leading import by value from Australia. For the past three years shipments have averaged slightly over 167,000 tons a year; in 1961, they reached 192,300 tons worth £5.8 million. Australia's sugar exports to all markets totalled 796,500 tons worth £35.1 million. Smaller production in other Commonwealth countries permitted Australian exports to go beyond the basic quotas set by the British Commonwealth Sugar Agreement. A slightly higher price was paid for the 1961 exports that were sold at the "negotiated price".

By the end of the season, 9.2 million tons of cane had been crushed, almost 200,000 tons more



This is a familiar sight in Australia. Concerned about competition from man-made fibres, the wool growers have increased their levy for promotion and added one for research.

than in 1960. The yield per ton was also greater, only 6.5 tons being needed for each ton of raw sugar at 94 net litre. The value of the cane cut is estimated at £47 million, nearly 8 per cent higher than the previous year.

Tobacco

Tobacco production has increased rapidly over the years. Acreage rose from 13,200 in 1958 to 30,200 in 1961 and production of dried leaf from 11.6 million to 31.1 million pounds. Manufacturers, however, are becoming increasingly selective in their purchases of domestic leaf as it becomes a major component of manufactured products. The Government has increased the stipulated percentage-usage rates for cigarette tobacco that manufacturers must observe to obtain concessions on imported leaf from 7 per cent (in 1955) to 43 per cent. There seems to be a marketing problem for Australian leaf this year, and the question of future market stability is causing concern.

Meat

The United Kingdom-Australia Fifteen Year Meat Agreement has been a great stimulus to the Australian industry. The agreement guarantees the producer a market in the U.K. for a significant proportion of his output, plus a guaranteed floor price. Early in August a United Kingdom delegation met representatives of the Australian Meat Board and officers of the Department of Primary Industry to negotiate minimum or floor prices for beef and veal, effective from October of this year until the conclusion of the Agreement in October 1967, and for mutton and lamb for a period to be determined.

Minimum prices for beef and veal for 1961/64 were fixed at about 4½ per cent higher than those negotiated for 1958/61, and they were also extended to cover the period 1964/67. In the 1958 negotiations, Australia accepted a 9 per cent reduction in the 1958/61 prices to obtain a relaxation of the

quantitative restrictions on beef and veal shipments to countries other than to the United Kingdom. This relaxation enabled the American market to be developed.

For lamb, the existing minimum prices will continue until October 1962, after which they will drop 2½ per cent (about one-third of a penny) until October 1964. Minimum prices for 1964-67 will be negotiated in 1964. No minimum price was set for mutton since marketing has switched from carcasses to piece mutton. In other aspects of the Agreement there was no change, including the guarantee of unrestricted entry into the U.K. market. Of particular significance to Australian meat exporters is the agreement that there will be no restrictions on exports to countries other than the U.K. from October 1961 until the conclusion of the Agreement.

The U.S. became Australia's big market for frozen beef and veal in 1957-61, replacing the U.K. Though Canada imports it too (averaging 2 million pounds of frozen beef and veal in the last two years) our mutton and lamb imports have been larger—9.176 million pounds worth £768,000 in 1960, 16.95 million pounds worth £1,724,000 in 1961. Australian exports of mutton and lamb to the U.S. also increased—by approximately 5.5 million pounds from 37.2 million pounds in 1960. There has been no significant swing to this market from the U.K. which imported some 62 million pounds in 1960-61.

Dairy Products

Whole milk production totalled 1,320 million gallons in 1961, 6 per cent short of the 1960 record. This caused a decrease in butter output, which dropped from 195,000 to 176,000 tons. Cheese production stayed at approximately 45,000 tons, with consumption about 5.86 pounds per person, slightly above the five-year average. Butter exports fell from 78,100 to 62,000 tons.

No fall in milk production is expected in 1962. Butter exports will likely drop and cheese exports rise. However, butter and cheese production and imports in the U.K. are expected to increase in 1961 and this and the fact that large stocks are held in most importing countries means that low prices may prevail next year.

Fruit

The crop of apples, citrus, bananas, peaches, pears, pineapples and apricots fell slightly. Grapes increased by 44,000 tons and dried vine fruits by 11,000 tons. Most fresh fruit exports dropped, but apples gained 811,000 bushels over the 4.9 million in 1960. Canned pear exports increased but those of canned peaches, apricots and pineapple slumped. The sharp downward trend in canned fruit prices will be arrested next year, it is hoped. Prospects for the coming season appear satisfactory, particularly since South Africa's crop was lighter this year because of dry weather.

U.K. Market Causes Concern

The United Kingdom's application to join the Common Market has caused grave concern in the Australian agricultural industry over the future of exports to Britain. Seventy-five per cent of all Australia's exports are agricultural and the U.K. is the leading market for most of them. Wool comprises about 40 per cent of this total and since it would be free of duty under the EEC's common external tariff, and there is no preference on it in the U.K., Australia's position in regard to wool, so far as can be seen, would remain unchanged. However, other important Australian exports, such as wheat, meat, fresh and canned fruits and dairy products (particularly butter), could be adversely affected. There is considerable speculation among Australian exporters on the extent to which their trade would be damaged by U.K. membership in the Common Market. ●

How the Venezuelan Government Buys

Largest single importer, the National Government through its Ministries and agencies purchases a wide variety of goods and services. Our Caracas office outlines purchasing procedures, lists types of products in demand, stresses need for alert local agents.

W. D. WALLACE, *Commercial Counsellor, Caracas.*

THROUGHOUT the economic recession that Venezuela has experienced over the past two years, the National Government has remained the biggest single importer and on the average accounted for 7 per cent of total imports. The decline in Venezuelan imports from Bs.6,140 million in 1957 to Bs.3,371 million in 1960, has been accompanied by a reduction in government buying from Bs.395 million in 1957 to Bs.276 million in 1960. In the four years, machinery and equipment accounted for 35 per cent of the Government's average imports, followed by construction materials 21 per cent, transportation equipment 20 per cent, raw materials 10 per cent, consumer goods 10 per cent, and foodstuffs 4 per cent.

The shortage of foreign exchange has without doubt vitally affected government buying and probably this effect will continue for some time to come. The development of local industry is also resulting in a reduction in purchases from abroad. Encouraged by various forms of protection, domestic industry has reached a stage where it can supply some products previously imported. Moreover, new regulations intro-

duced from time to time assure definite government business for these new industries.

Encouraging Local Suppliers

To make certain that local industry receives the preference in government orders, Decree No. 512 of January 13, 1959, required all government departments and agencies to obtain their needs exclusively from local sources of supply, even if the prices of the latter were 25 per cent above those of imported goods of similar quality. Whenever local prices are above the 25 per cent margin, foreign offers may be considered.

As a general rule and in accordance with Article 427, Title 1B, Chapter 1, of the Finance Law of Venezuela of March 17, 1961, government departments and agencies usually invite tenders for supplies and materials. This also applies to construction projects and other developments, such as power plants and government industries. Exceptions are permitted when national protection is concerned, for technical services, and for the purchase of small items under Bs.10,000 in value. Small purchases are made

locally through direct contact with agents of local and foreign firms. Where contracts are called for by tender, Venezuelan and foreign firms may submit bids, but government departments and agencies invariably insist that they be submitted through agents residing in Venezuela. When the required materials cannot be obtained in Venezuela or through local agents, direct contact is made with foreign firms abroad.

The Public Credit Law that came into force July 23, 1959, places a control over loans and credits of Venezuelan government organizations so that they will not exceed their current budgets nor extend terms beyond the budget year without prior approval from the Venezuelan Congress. When government agencies require larger credits and longer terms, the Canadian exporter and his local representative should be sure that the local government agency has the necessary approval from the Congress.

Procedures for Tenders

In 1958, the Ministry of Communications established a buying procedure. Although other government departments did not adopt it officially, they have used it more or less. Not all government departments require prior registration, but it is advisable for local agencies to follow this course.

The Ministry of Communications buys according to the following order of preference:

1. Products of national manufacture using national raw materials, even though the price may, to a reasonable extent, be higher.
2. Products assembled or finished in Venezuela using imported raw materials. Here again, reasonable allowance is made for higher prices.
3. Local stocks of imported products.
4. Products imported directly.

If local industrialists, dealers and agents of foreign exporters are to be eligible for registration as suppliers, they must submit evidence that they are up-to-date in payment of taxes. In addition, they must prove their good standing and that they can meet, financially and technically, the requirements of government orders. They must file balance sheets and bank references with the Ministry.

Once the application for registry has been accepted, a number is assigned to the firm and it becomes a recognized potential supplier. It can then inspect regularly the list of the requirements of the Ministry of Communications and is free to negotiate with the purchasing department.

Purchases of goods over Bs.10,000 in value are generally made through tenders that are published in the local press. Interested parties obtain from the purchasing department the standard big form and a blue and a pink envelope. The blue envelope is to contain only the offer, without any identification of the firm submitting the tender. The pink envelope contains full details about the firm. The Ministry issues receipts for each offer. After a given time, the blue envelope is opened and the offer examined by the Ministry. Once a decision has been reached, the pink envelope is opened to identify the bidder.

After the Ministry has approved a bid, it is further examined by the Office of the National Comptroller (Contraloria de la Nacion). This office maintains attachés at the Venezuelan missions in the main supplying countries, and through them investigates whether prices submitted in the tenders are in line with the average prices of the supplying countries.

Departmental Needs

There are certain government departments and agencies whose purchases are of little interest to Canadian exporters because most are for administrative materials valued

at less than Bs.10,000 and are procured locally. These buyers include the Ministries of Education, Justice, Mines and Hydrocarbons, Development, External Affairs, Internal Relations, and Labour, as well as such agencies as the Military Club, National Corporation of Hotels, and the Venezuelan Development Corporation. At times, however, the Ministry of Justice purchases equipment and occasionally swine for the penitentiary labour camps, and the Ministry of Education buys some agricultural equipment for training schools and equipment for technical schools.

On the other hand, a number of departments and agencies make large-scale purchases and most of their requirements must be imported. Some of the more important departments and the products required are listed below.

● *Ministry of Defence (Army, Navy, and Air Force)*—Requires the prior registration of bidders and uses the tender system for purchases of military equipment and arms, including aircraft, missiles and guns, chemical products, petroleum and lubricants, radar, radio and electronic equipment and instruments.

● *Ministry of Public Works*—Uses the tender system and purchases a wide range of goods, from administrative supplies to tractors, heavy machinery and instruments. Very large stocks of heavy equipment in Venezuela offer little opportunity for sales of imported equipment at this time.

● *Ministry of Communications*—Requires prior registration by bidders and follows the tender system in purchasing most of the communications equipment it requires.

● *Ministry of Agriculture and Livestock*—Follows the tender system and purchases equipment for agricultural and engineering schools. In addition, buys a wide range of agricultural equipment and machinery as well as livestock.

● *Ministry of Finance*—Because the supervision of harbours comes under this Ministry, periodically it requests tenders for trucks, cargo-handling equipment, etc.

● *National Railway Institute*—This agency comes under the supervision of the Ministry of Communications. It requires prior registration, purchases under the tender system, and is responsible for all procurements for the state railway system.

● *The Guayana Development Corporation*—This recently formed agency was originally part of the Venezuelan Development Corporation and has now taken over the administration and development of the Guayana area, which includes the steel plant at Matanzas on the Orinoco River and the hydroelectric development of the Caroni River. This agency will handle the purchase of heavy machinery and equipment for the steel industry and the electrical development of the area. At present it is doing extensive technical planning, and as plans progress there may be opportunities for various products.

● *CADAFE*—This is the government agency that has taken over the former electrical department of the Venezuelan Development Corporation. It is in charge of rural electrification programs. Under the tender system, it procures its requirements of equipment and maintenance materials for thermal and hydroelectric plants, substations and power lines.

● *Instituto de Obras Sanitarias*—This agency, referred to as INOS, supervises municipal water systems in Venezuela. It buys on tender and is well known to Canadian firms as a substantial customer for pipe, pumps, water meters, water-treatment chemicals and other equipment required for waterworks systems.

● *National Agrarian Institute*—Is in charge of the Venezuelan agrarian reform program and at times purchases by tender agricultural

equipment and some cattle as well as seed.

● *Banco Agrícola y Pecuario*—This agency administers loans to farmers for government-sponsored projects and acts as import agent on behalf of the Government for agricultural products in short supply, which it purchases under the tender system. It is well known as a substantial buyer of Canadian seed potatoes.

● *Venezuelan Navigation Company*—This is the government-owned steamship line. The major portion of its requirements for maintenance of vessels is purchased abroad.

● *National Petroleum Corporation*—This new government company has recently commenced drilling operations. It may eventually enter the field of petroleum refining and

marketing and if so, may offer opportunities for the sale of special equipment.

● *National Nutrition Institute*—This agency manages food kitchens for the poor as well as school kitchens. Purchases usually include kitchen equipment, powdered milk, and low-priced staple foods.

● *Petrochemical Institute*—Operates a petrochemical industry and needs a wide range of raw materials, as well as machinery and plant equipment. Sometimes it endeavours to barter its products against its imports but otherwise purchases on tender.

Local Agents Essential

To participate in Venezuelan government business, it is essential to have a reliable agent who is pre-

pared to watch for the Government's requirements. The limited time between the call for tenders and the closing of bids frequently means cabling quotations on short notice. Close attention must be given to correspondence and it is important that local representatives be provided regularly with import quotations and technical information. Where possible, it is very helpful to have these details in Spanish for use in negotiating and obtaining orders.

The Commercial Counsellor, Canadian Embassy, Apartado 11452 del Este, Caracas, is always pleased to assist Canadian exporters in selecting suitable agents and in providing information about the various purchasing divisions of Venezuelan government departments and agencies. ●

GENERAL NOTES

Australia

IMMIGRATION—Recent figures released by the Bureau of Census and Statistics show that the largest number of immigrants in 1960 came from the United Kingdom and Ireland. Of the net immigration gain of 92,776, 24,204 came from the U.K. and Ireland, 20,113 from Italy, and 11,462 from West Germany. Close behind West Germany was Greece with 8,381 and the Netherlands with 7,251. These figures show a 9,198 gain over immigration totals in 1959—Melbourne.

NEW ALUMINUM INDUSTRY—Victoria will be the scene of one of the biggest and most important industrial developments in Australia. A £45 million aluminum manufacturing industry will be established at Point Henry, Geelong, by Alcoa of Australia Pty. Ltd., a new company formed by the Aluminium Company of America (51 per cent shares) and three Australian firms, Western Mining Corporation Ltd., North Broken Hill Ltd., and Broken Hill South Ltd. Bauxite will be obtained from the Darling Ranges in Western Australia and treated at Kwinana. The alumina will be transported 1,700 miles by sea to Geelong for smelting and fabricating. Smelters with a capacity

of 40,000 long tons a year, and fabricating plants producing sheet alloy foil, extruded shapes and tubular products should be in operation by 1964. The new company will meet current domestic demand for aluminum and aluminum products and will seek export markets—Melbourne.

TRADE MISSION—Australia's eleventh trade mission set out in August to visit New Caledonia, Fiji, Tonga, New Zealand, Eastern Samoa and Tahiti. These countries import goods worth more than A£40 million a year, of which Australia supplies approximately 18 per cent. Recent surveys by government representatives and businessmen showed that exports could be increased substantially, and that there were opportunities to supply an increasing range of primary and secondary goods and capital equipment—Sydney.

Bahamas

DEVELOPMENT SCHEME—A 200-square-mile area called Freeport on the island of Grand Bahama is being developed as an industrial, residential and resort centre. To attract foreign businessmen, tourists and middle-class residents, Freeport offers 30 years freedom from

all forms of taxation—corporate, personal and real property—and 99 years exemption from excise and customs duties, except on goods for personal consumption. Several businesses, including an electronics plant, have already begun operations and residential and luxury resorts are developing fast—Kingston.

Ceylon

IMPORT CONTROLS BOOST SURPLUS—Ceylon's foreign trade for the first quarter of 1961 ran up a surplus of Rs.22.9 million, compared with Rs.12.9 million for the same period last year. A drop in imports because of severe restrictions was responsible for the surplus. Exports fell to Rs.445 million from Rs.508 million in the same period last year, and imports totalled Rs.422.1 million—Colombo.

Ireland

FREEZE-DRYING PLANT—The Irish Sugar Company has opened an accelerated freeze-drying food plant at Mallow. Vegetables, fruit, fish, meat, etc., can be treated by this process and stored indefinitely in cans, boxes or polythene bags. They do not lose their taste, texture or colour. The company is considering exports only, at present—Dublin.

Netherlands

INSTALMENT BUYING REGULATIONS—The Netherlands Government has announced the tightening of instalment buying regulations, effective August 3. Minimum deposits for most consumer goods have been increased by 5 per cent, and for private motor vehicles by 15 per cent. Mail-order house credits had risen by 30 per cent in the first quarter of 1961, compared with first quarter 1960, and consumer credits granted by private banks had risen 23 per cent.

The new regulations stipulate minimum deposits varying between 40 and 50 per cent for private motor vehicles, with the balance due within 24 months. A minimum deposit of 25 per cent has been fixed for motor bicycles, motor scooters, mopeds, bicycles, radio and TV sets, gramophones, pick-ups, tape recorders, accordions, stoves, electric and gas cooking ranges and hot water appliances (instalments: 18 months).

For refrigerators, washing machines, sewing machines, vacuum cleaners, furniture, furnishing fabrics, beds, mattresses, and all kinds of floor covering, down payments of 20 per cent are now required with instalments running for 18 months. For household textiles and clothes the down payment is 20 per cent, instalments to be paid in 12 months—The Hague.

United States

IDA LOAN TO HONDURAS—The International Development Association has loaned \$9 million to Honduras for road development. The credit is for a

term of 50 years. Repayment can be made in any convertible currency and will begin after a ten-year period at 1 per cent of the principal annually for 10 years and 3 per cent annually for 30 years. The credit is interest-free but there will be a yearly service charge of $\frac{1}{2}$ of 1 per cent on the amount outstanding. The loan is not tied to U.S. procurement.

The road development program includes a 62-mile extension of a main highway system with feeder roads into an isolated area of western Honduras. The Government hopes to open new land for settlement, increase farm production, and provide a direct route between Puerto Cortes on the Caribbean to El Salvador and Guatemala. The project will cost an estimated \$13.5 million. In addition to the IDA credit, Honduras has obtained a \$2.5 million loan and a \$250,000 grant from the Inter-American Development Bank—Washington.

Uruguay

STAND-BY CREDIT EXTENDED—The International Monetary Fund has confirmed that the Uruguayan Government's economic policy complies with the requirements of the Fund and that Uruguay will be granted an extension of the "stand-by" credit of U.S.\$30 million, up to June 1962—Montevideo.

West Germany

INDUSTRIAL PRODUCTION IN HAMBURG—The result of a recent study of the Hamburg economic and commercial area shows that the following industries are concentrated in Hamburg: 80 per cent of the West German copper production, 40 per cent of oil refinery capacity, 35 per cent of shipbuilding capacity, 35 per cent of the mineral oil refineries, 32 per cent of the fish-processing industry, 25 per cent of the margarine production and 25 per cent of the cigarette production—Hamburg.

THIRD COUNTRY IMPORTS—Of total West German imports in 1960, goods to a value of DM8.6 billion (approximately 20 per cent) were not purchased in the country of origin but in intermediary countries. Of these the most important were the U.K., the U.S., Switzerland, the Netherlands, Belgium, Luxembourg and France.

More than two thirds of the imports from Asiatic countries were made indirectly; notable were mineral oils from the Near East, all of which were bought by the large mineral oil concerns situated in third countries. There were more indirect than direct imports from Africa, Australia, Latin America (Chile, Peru, Venezuela) and the Netherlands West Indies. The value of direct exports amounted to DM2.2 billion (approximately 4.6 per cent of total exports)—Bonn.

Iran Prepares Third Development Plan

In September 1962, Iran completes its Second Seven Year Plan, launches out on a Third Plan. It covers the next five-and-a-half years, will cost \$4.6 billion. Canadian engineering firms should establish contacts now if they wish to bid for business later.

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

IN September 1962, Iran plans to launch its Third Development Plan, which will be drawn up for a period of five-and-one-half years. The current Second Seven Year Plan—that has from the outset been subjected to several financial strains and stresses—will come to an end in September 1962. Its success in the closing year will depend largely on whether outside assistance will be forthcoming between now and September 1962 to meet the immediate financial requirements, totalling over \$45 million.

Financial Requirements

The estimates for the Third Plan call for a total of 348 billion rials (approximately \$4.63 billion). Of this total, 190 billion rials (\$2.53 billion) will represent the public sector and the remaining 158 billion rials (\$2.10 billion) the private sector. The \$2.53 billion for the public program (as opposed to the private sector) is expected to come from the following three sources—public savings, domestic loans, and foreign loans and grants.

Projection of Iran's revenues during the Third Plan years have produced a total of 375 billion rials (approximately \$5.0 billion). These amounts are estimated as follows:

Oil revenue	\$ 1.96 billion
Customs duties	95 million
Income tax	56 "
Other direct taxes	10 "
Consumption taxes	76 "
Other revenues	37 }
	30 }
Total	\$ 5.0 billion

Based on the experience and evaluation of the Second Plan, tentative allocations in the public sector have been made for four divisions of the economy—agriculture, industry, transport and communications, and social affairs. They are shown in Table I.

Third Plan Objectives

- To raise the national income of the country; the target is an increase of 6 per cent a year.

- To achieve a more even distribution of Iran's wealth. Some 75 per cent of Iran's people are peasants; the annual per capita income is close to \$132.

- To improve agricultural production. Emphasis will be on achieving a greater yield from land now under cultivation by making more and better use of chemical fertilizers, insecticides, agricultural equipment and improved seeds.

- To encourage small industries that will tend to replace imported goods. Under the private sector of

TABLE I
TENTATIVE ALLOCATIONS UNDER
THIRD PLAN

	Value	
	billions of rials	millions of \$ (approx.)
Agriculture		
Cereals, fruits and vegetables, industrial crops, livestock production and forestry	6.7	90
Production support programs	11.5	153
Land tenure administration	5.1	68
Well and Ghanat renovation programs	1.3	17
Other irrigation programs	10.5	140
Research and miscellaneous	1.5	20
Total	36.6	488
Industry		
Private industry	7.5	100
Private mines	0.7	10
Public industry	15.2	202
Public mines	2.2	30
Private and public replacements	7.0	93
Increase in the budget of Ministry, surveys etc.	1.9	25
Electricity (industrialize)	19.2	256
Total	53.7	716
Transport and Communications		
Roads	23.2	309
Railroads	6.9	92
Ports	3.2	42
Airports	4.0	53
Telecommunications	4.4	58
Oil pipeline	5.0	66.5
Meteorology	0.5	6.5
Cartography	0.5	6.5
Tourism	0.5	6.5
Total	48.2	640
Social Affairs		
Manpower	5.3	71
Education	15.7	209
Health	12.3	164
Local development	11.2	150
Statistics	1.6	21
Total	46.1	615

Note: (a) An additional 5.6 billion rials (\$75 million) has been included in the grand estimated total of the Third Plan. This amount is intended for surveys for the Fourth Plan and unallocated funds.

(b) Of the estimated total amount of the public sector (190.2 billion rials, or approximately \$2.53 billion), nearly 60 per cent of the total has been defined by the Plan authorities as the "core" of the Plan—the amount that should be kept intact and should not be affected by changes in the availability of resources.

the Third Plan (\$2.1 billion), private investment must play an important rôle, as the Iranian Government will provide little financial assistance. Heavy industries, on the other hand, will be the task of the Government under the Third Plan.

- To train manpower to carry out the Third Plan. It has been estimated that Iran will need almost 130,000 fully trained technicians and experts.

- To emphasize smaller "core" projects across the country. Only 18 per cent of the Second Plan's funds were earmarked for rural development, agriculture and similar projects.

Canada and the Plan

An improvement can be expected in Canadian trade prospects in Iran during the forthcoming Plan years. With the likelihood that many smaller industries will be developed, a greater demand for Canadian raw and semi-manufactured products should appear. It should be noted, however, that tentative blueprints for the Third Plan do not call for heavy expenditures on projects such as massive dams and large airports, like those included in the programming for the current Second Seven Year Plan.

Canadian engineering firms will have to consider laying some groundwork now if they wish to participate in the Third Plan in September 1962. The competition is stiff and the cost may be great—with no assurance that a newly arrived firm will be awarded a contract later on. At the moment, some of the larger international engineering companies are standing by (most of them maintaining skeleton staffs) awaiting the new opportunities that the Third Plan may offer. For a firm without previous experience in the country, the prospect of being awarded a contract is *not* promising. Affiliations with companies already in the country (foreign and Iranian), would, however, improve the chances. ●

Brazil Again Exports Peanuts

MALCOLM ROWAN, *Acting Commercial Secretary, Rio de Janeiro.*

BRAZILIAN peanut production and consumption have increased in the past few years, but only enough to satisfy the domestic market. During 1960 and the first six months of this year Cacex (the Foreign Trade Bureau) of the Bank of Brazil refused to grant export licences; in 1959, exports totalled only about 700 metric tons. In June Cacex lifted the restrictions on peanut exports in the hope that it would stimulate domestic prices, which had fallen below the official minimum price of Cr.\$600.00 per 25-kilo bag. Canadian peanut importers who bought from Brazil in 1958 will find this source of supply again open to them.

to Brazilians a few years ago, is now becoming popular. Peanut oil is in great demand for cooking and is even more popular than cottonseed oil and olive oil. It is also used for illumination and lubrication, in various kinds of soap (where it is mixed with other oils), and for margarine. Candy manufacturers use fairly large quantities of peanuts.

Many varieties of peanuts are grown in Brazil; the State of Sao Paulo, for example, cultivates the Yellow, Common, Jumbo, Nhambiquara, Pôrto Alegre and Creeping varieties, and all of these are now available for export. Major buyers are shown in the table.

BRAZILIAN PEANUT EXPORTS*

	1957		1958		1959	
	Kilos ('000)	U.S.\$	Kilos ('000)	U.S.\$	Kilos ('000)	U.S.\$
Shelled						
Netherlands	9.9	2.2	215.2	30.3	312.7	40.0
Canada			1,382.3	182.4	50.0	6.8
Chile					15.0	4.4
United Kingdom			311.7	44.0	231.6	36.3
Venezuela					5.0	0.8
West Germany			120.1	14.7		
Argentina			21.0	2.6		
Unshelled						
Algeria	58.2	15.8	No exports allowed			
United Kingdom	5.0	1.3			25.0	4.2
Netherlands	40.4	8.6			10.0	1.6
Trinidad	7.5	2.1				
Chile					5.0	1.0

*Source: Brazilian Ministry of Finance.

It is estimated that in the 1961/62 crop year Brazilians will raise about 410,000 metric tons of unshelled peanuts, compared with 360,000 in 1960 and 313,000 in 1959. Currently, about 657,000 acres are cultivated for peanuts, a considerable increase over previous years.

New uses are constantly being found for peanuts and peanut products and domestic consumption is increasing rapidly. An example is the recently established peanut butter industry. This product, unknown

Canadian Imports of Brazilian Peanuts

	Quantity (pounds)	Value (Can.\$)
1958	3,053,010	316,004
1959	110,088	8,282
1960	no imports	

In its recently announced export drive, Brazil is looking to agricultural products like peanuts (both shelled and unshelled) to increase its foreign exchange holdings and at the same time help its agricultural economy, which has been rather neglected. Canadian importers may benefit. ●

The Australian Jewellery Market

Religious articles, soapstone carvings, crystalware and products that are uniquely Canadian represent the best opportunities in this market. Although competition from local industry and other foreign suppliers is keen, tariff preferences and the difference in the seasons often work to the advantage of Canadian exporters.

L. D. BURKE, *Assistant Commercial Secretary, Sydney.*

THE market in Australia for Canadian jewellery must for the most part be considered a modest one because of a well-established local industry capable of meeting most of the domestic demand and keen competition from overseas suppliers for the remaining business. Nevertheless, by concentrating on specialized lines and adapting sales techniques to take advantage of what opportunities there are, Canadian exporters might well be rewarded for their efforts in this market.

Large Domestic Industry

The chief obstacle to substantial Canadian jewellery sales in Australia is the highly diversified and modern jewellery industry here. There are over 100 firms that manufacture and process jewellery and precious metals in Australia and the Customs Tariff offers as much encouragement as possible to the continued growth of this industry. Precious stones—including pearls, diamonds, emeralds and imitation stones—that are to be set locally all enter duty-free. Imports of these precious and semi-precious stones for the year ended June 30, 1960, totalled over Can.\$4 million, which gives some indication of the size of the manufacturing trade. Not only are imports of necessary metals duty free, but precious stones such as sapphires and opals (Australia is world famous for the latter), and ample supplies of gold and silver are available from local sources.

Some of the jewellery and related products manufactured in Australia

include ring mounts, rings, locket, brooches, pins, watchbands, chains, jewellery cases, silverware, cutlery and stainless steel articles. Local producers supply about 50 per cent of the market for imitation jewellery, and 90 per cent of the market for special lines such as gold jewellery. Yet despite the extensive range of locally made products, Australia imports certain types of jewellery.

Australian Imports

Among the more important of the jewellery imports, Australia last year purchased abroad approximately \$1.5 million worth of imitation jewellery, \$500,000 of beads and necklets (not including those made of pearls and precious stones), and \$500,000 of ordinary metal watchbands. Stamped metal jewellery, pearlized earrings and rhinestone settings were the most popular of the imitation jewellery imports, and there were large purchases of beads and necklets made of glass and plastic beads. A wide range of watchbands came into the country, including stainless steel, gold-plated and gold-filled models.

After being subject to import control for nearly ten years, jewellery was in February 1960 suddenly exempted from licensing. In the wide open market that has prevailed since, competition has been particularly keen. Last year, Germany was the principal supplier of imitation jewellery and watch bracelets and Japan of beads and necklets. Other major exporters were Austria, Czechoslovakia and Italy. The jewel-

lery market in Australia is, therefore, well catered to by both local and overseas manufacturers. Nevertheless, there may still be opportunities here for Canadians. To assist Canadian exporters in assessing their competitive position, a number of factors governing sales in the Australian jewellery market are set out in the following paragraphs and specific lines that offer more encouraging sales prospects mentioned.

The Market Analyzed

● *Price*—For cast or claw-set types of imitation jewellery, prices must be kept as low as possible. Quality in the medium- to low-priced ranges of jewellery doesn't command a premium. For imitation jewellery, prices of domestic, Austrian, Czechoslovakian and German manufacturers govern the market. These must be met if sales are to be made. Recently this office investigated a Canadian offer of cast rhinestone jewellery; the quality of the samples was equal to that of other countries, but the price was so far out of line that it was impossible to interest importers.

● *Uniqueness*—There is a ready market for Canadian manufacturers who can offer something unusual, or who can exploit materials that are either exclusive to Canada or particularly inexpensive there. For example, the U.S. is doing quite well here with lacquered copper, bronze and brass imitation jewellery; this is not made locally. West Germany is selling coloured beads made

of woods indigenous to the German forests.

● *Complexity of Market*—To sell to Australia, Canadian exporters will almost certainly have to work through an agent who calls regularly on the jewellery wholesalers. This is because of the complexity of the market and the large number of possible outlets. If a Canadian manufacturer is prepared, however, to accept very limited sales for his products, he may find it possible to sell directly to one or two of the larger accounts on an exclusive basis.

● *Seasonal Demand*—Since the seasons of the year are opposite in Canada and Australia, "stock lots" might be interesting to Australian buyers. A Canadian line that has proved successful in Canada might well find equal acceptance in the following season in Australia. Spring and summer (October through March) are the best selling seasons in Australia, and Canadian exporters, to take advantage of sales possibilities in this period, must have samples and prices in Australia by the end of July. Offers could be made locally until as late as August for shipment no later than September. Local agents would require option on stock lots of up to three weeks after arrival of samples.

● *Tariff Preference*—Canadian exporters should remember that in the majority of cases they enjoy a tariff advantage over most other suppliers. Imitation jewellery, for example, imported from most-favoured-nation countries such as Germany, Japan and the U.S. is subject to an ad valorem rate of duty of 45 per cent. Canadian jewellery that has at least 75 per cent Canadian content would enter at a British preferential rate* of 27½ per cent. Manufacturers in Canada who import their stones and other materials, however, must make sure that they are able to qualify on the basis of Canadian content before including in their price calculations the B.P. rate of duty. The cost of materials of other than Canadian or Australian origin, including

those of Commonwealth origin, may not be used in computing the Canadian content needed to qualify.

● *Customs Regulations*—There are certain Australian customs marking regulations* for jewellery with which Canadian exporters must comply. Before approaching the market, it would be advisable to obtain copies of these regulations to make sure that all requirements can be met.

● *Protection of Design*—Canadian manufacturers should know that in imitation jewellery, it is practically impossible to guarantee protection of their designs in this market. If a particular line seems to be selling well, it will quite probably and within a very short time be copied, perhaps with slight modifications.

Opportunities for Canadians

In the wide range of goods covered by the jewellery trade, certain specialized lines seem to offer the best opportunities for Canadian exporters. Examples include:

● *Watch Bracelets*—It may not be possible to compete on a price basis with watchbands coming into this country from other suppliers, or with those being manufactured locally, but in certain instances Canadian finish and quality may be good enough to compensate for the higher price. If a patent is held in Canada for a particular style of band, it should be registered in Australia as well. In stainless steel watchbands, the market is almost fully taken up by the Japanese. One other possibility is the sale of watchband components for assembly locally.

● *Jewellery Boxes*—These are manufactured in Australia but are quite expensive. We have received samples of boxes from Canada and have shown them to the trade.

*Details about British preferential tariff requirements and Australian customs marking regulations for imported jewellery may be obtained from the International Trade Relations Branch of the Department of Trade and Commerce, Ottawa, or by writing airmail to the Commercial Counsellors in Sydney or Melbourne.

They found them excellent in quality but high priced. However, a manufacturer in Canada turning out jewellery cases on a mass-production basis might well find sales prospects here.

● *Crystalware*—We have received inquiries on several occasions from local firms indicating an interest in offers of crystalware from Canada. Firms in a position to supply it may wish to send catalogues, photographs, prices and other information on their products to the Commercial Counsellors in Sydney and Melbourne for the purpose of testing the market.

● *Religious Articles*—Because there is a good-sized market for religious items in Canada, it is felt that in certain cases the Canadian-made article might be competitive here as well. Suppliers of crosses, candelabra, etc., may wish to assess market possibilities through the Sydney and Melbourne offices.

● *Soapstone Carvings*—Local firms who have seen samples of soapstone carvings from Canada are enthusiastic about them and feel that something might be done to sell them here.

Other lines that might be considered are toilet sets, silver-plated flatware and holloware, copper blanks for silverware, and certain decorative household furnishings, such as lamps. There are items, however for which prospects appear to be unpromising: they include chain and ring mountings. For chain, Canadian companies are not likely to be competitive with local producers; in ring mounts, there is a well-developed local industry that incorporates the latest overseas designs and offers competitive prices. Except in a few cases, Australian manufacturers use 9- and 18-carat gold for their ring mounts and not the other gold-carat ratings used in Canada.

Fashion Important

Since fashion in Australia, as in most parts of the world, dictates what jewellery madame will wear,

here are a few fashion tips for Canadian exporters anxious to assess prospects in Australia in the coming year:

1. The market will be very colour conscious. In the spring of 1961 (November - December), favourite colours are expected to be beige, avocado, light bronze, peach and some pink. In clothing, gold is an up-and-coming colour and jewellery will have to match it.

2. The market, always very style conscious, will be more so than ever. This works to the advantage of the domestic manufacturer who is able to step up production of a line that is doing well. It works against the importer, who must order months ahead and who is at a disadvantage

when an item spurts ahead in popularity.

3. Silver in imitation jewellery is not in great demand this year in Australia, nor is it expected to be in the near future.

4. Large chunky bracelets in gold, bronze and copper are all selling well. Drop earrings, on the other hand, are not in fashion.

Approach through New York

There is one final factor concerning fashion in Australia that should be considered. There are a select number of department and retail stores in this country that are particularly important in the jewellery trade. Most of them have resident buyers in New York. Since these

stores represent substantial accounts in themselves and to a large extent set local fashion trends, Canadian exporters might do well to call on their buyers in the United States. For the benefit of Canadian manufacturers wishing to follow up this lead, the Commercial Counsellors in Australia will gladly supply the names of the Australian companies and their overseas representatives. The Deputy Consul General (Commercial) in New York could also be of assistance.

The jewellery market in Australia is an interesting but difficult one. It requires careful study and attention. But for those who are prepared to approach it on this basis, it could well turn out to be a worthwhile outlet for their products. ●

FOREIGN TARIFFS

AND TRADE REGULATIONS

Costa Rica

FOREIGN EXCHANGE REFORM—The International Monetary Fund has advised that it has concurred in the proposal by the Government of Costa Rica for a change in the par value of the Costa Rican colon from 5.60 colones to 6.625 colones per United States dollar. The change was effective on September 2.

At the same time, the Costa Rican Government is also effecting a major simplification of its exchange system. Until now Costa Rica has conducted its international transactions under a system of dual exchange rates. The previous official market rate of 5.60 colones per U.S. dollar, which applied to most exports and to those imports included in the List of Articles of Prime Necessity (about 50 per cent of all imports), has been eliminated. All foreign payments are to be made at 6.65 colones per U.S. dollar. Temporary export taxes are to be established on coffee, bananas and sugar.

Finland

NEW IMPORT LIBERALIZATION ANNOUNCED—The Finnish authorities have announced that, effective July 1, 1961, new liberalization measures went into force. Among the products from which quantita-

tive restrictions were removed when imported into Finland, were:

- Soap flakes and powder
- Paper towels and handkerchiefs
- Cut out patterns
- Surgical silk
- Certain impregnated textile fabrics
- Certain types of fire hoses and hosepiping
- Made up accessories for articles of apparel
- Pot scourers and polishing pads, gloves and the like, of iron or steel
- Vacuum cleaners, other than those weighing more than 15 kilos
- Pocket torches of artificial plastic materials
- Invalid carriages
- Apparatus and equipment for photographic laboratories
- Chairs with an aluminum frame
- Articles made of foam rubber
- Mechanical training apparatus

Index to Foreign Trade

The index to Volume 115 of Foreign Trade, covering the issues from January 14, 1961, to June 17, 1961, has now been printed. Readers who wish to have copies should write to the Editor.

The Swiss Tobacco Industry

Swiss importers have expressed an interest in unmanufactured Canadian tobacco, but this large market, untried by our growers, requires careful attention to its special requirements. Tobacco products face high duties that make it difficult for Canadians to compete.

JOHN H. NELSON, *Assistant Commercial Secretary, Berne.*

THE retail tobacco trade in Switzerland is characterized by the wide variety of products and brands on sale. It is estimated that 400 brands of cigarettes, 300 brands of pipe tobacco, 1,400 brands of cigarillos, and 800 brands of cigars, all of Swiss manufacture, are on the market. In addition, there are approximately 1,500 different imported products.

The handling and distribution of this large number of brands inevitably creates problems. Leading wholesale firms believe that the successive lowering of duties under the European Free Trade Association agreement may force the Swiss tobacco trade to find a more rational system of distribution.

In 1959 Swiss tobacco manufacturers produced approximately 500 million cigars and 10 billion cigarettes. Seventy-two per cent of the cigarettes were filter-tipped. Although tobacco manufacturing is not a major factor in the Swiss economy, the firms are often major employers in the areas where the factories are located.

Production and Imports

Approximately 4,500 Swiss tobacco growers engage in the cultivation of 2,718 acres, and production is valued at between 8 and 10 million Swiss francs (approximately Can.\$1.86 million to \$2.09 million). This production meets only 11 per cent of the total tobacco requirements of Swiss manufacturers and the remainder is imported.

In 1960, Switzerland imported 13.9 million kilograms of tobacco

and tobacco products valued at Sfr.99.8 million (\$20.85 million). The largest item in this trade was tobacco for manufacturing cigarettes. Statistics in the accompanying table provide further details on the cigarette tobacco Switzerland imported during 1960.

Canada does not appear in these statistics as a supplier. This is not completely accurate because small quantities of Canadian tobacco are re-exported to Switzerland from the United States. In 1960 Canada exported a total of 25.4 million pounds of tobacco and tobacco products valued at \$37.2 million, (of which Switzerland purchased 29,707 pounds valued at \$5,152) plus 52.3 million cigarettes valued at \$216,896; Switzerland took about 34,000 cigarettes valued at \$136. The reasons that Canadian exporters have not participated more in the Swiss market include market demand for types of tobacco not grown in Canada, non-competitive prices, and lack of interest in following up market leads.

SWISS IMPORTS OF TOBACCO FOR THE MANUFACTURE OF CIGARETTES

	1960	
	Kilograms	Swiss francs
United States	5,055,096	42,272,926
Greece	1,317,695	11,413,184
Turkey	1,001,943	7,117,848
Italy	1,043,276	5,594,337
U.S.S.R.	192,492	1,545,434
France	159,134	1,100,856
Brazil	135,801	579,854
Others	489,797	1,891,170
Total	9,395,234	71,515,609

Import duties are levied on the basis of gross weight, including packing. The duties for unmanufactured tobacco vary from Sfr.30 for Kentucky or dark Virginia tobacco to Sfr.675 for tobacco used to manufacture cigarettes, all per 100 kilograms gross. Tobacco without guarantee as to use is subject to a levy of Sfr.4,000 per 100 kilograms gross. The duties on manufactured tobacco are considerably higher. For example, cigarettes packaged for retail sale pay Sfr.3,000 or Sfr.2,400 per 100 kilograms gross, depending on the inclusive weight per unit. Although there is a potential market in Switzerland for imported manufactured tobacco, particularly cigarettes, the high duties raise prices and thus limit the market. Imports of unmanufactured and manufactured tobacco from other European Free Trade Association countries are subject to the same duties as imports from all other countries.

Market Requirements

Switzerland maintains no import or payment restrictions on tobacco or tobacco products. As a result it is a highly competitive market which receives regularly offers from virtually every tobacco-producing country in the world. One of the first steps in quoting successfully on exports to Switzerland, therefore, is to prepare offers in a manner acceptable to the buyers. For tobacco, this should include information on the grade and weight and prices quoted c.i.f. European port. The usual ports for shipment to Switzerland are Rotterdam and Antwerp.

The office of the Commercial Counsellor, Berne, Switzerland, has recently received expressions of interest from Swiss importers in both Canadian tobacco and tobacco products, and further information may be obtained by writing directly to the Commercial Counsellor. ●

North Carolina: a Neglected Market

Looking for a good U.S. market for industrial materials and consumer goods, where transportation presents no problem? Why not find representation in Charlotte and sell in this expanding area.

G. E. BLACKSTOCK,
Vice Consul and Assistant Trade Commissioner, New Orleans.

NORTH CAROLINA is one of the most promising markets in the east-central United States. In recent years it has succeeded in attracting and building up new industries and modernizing and expanding old ones and has been busy and booming. Canadian exporters should take advantage of this promising situation.

By far the most important commercial centre of North Carolina—of both Carolinas, North and South—is the city of Charlotte. With a

population of 210,000, it is not large, but within 75 miles of it live 2.2 million people—more than in the area surrounding much bigger U.S. cities like Indianapolis, Minneapolis, Atlanta or Kansas City, and three-quarters of the population living within 75 miles of Toronto. Charlotte has nearly 1,000 wholesale firms, covering in most cases both North and South Carolina; about a quarter of them cover the whole Southeast. The

New Orleans Trade Commissioner's office has a record of 268 manufacturers' agents in Charlotte. The city is also a transportation centre and is particularly well served by over 100 trucking lines. Several rail lines also serve Charlotte, as do regularly scheduled flights of a number of airlines. From all points of view, Charlotte should be an obvious place for the Canadian exporter to try his fortunes.

Leading Industries

North Carolina leads the United States in production of textiles, tobacco and furniture. Electronic equipment, food and paper products and hard goods are also important manufactures there. Most of the industries and population are located in the Piedmont area, a roughly oval area lying parallel to the Atlantic coast and including the district around Greensboro, N.C., at the upper end, with Greenville, S.C., at the lower end and Charlotte in the middle. The Piedmont separates the mountainous inland part of North Carolina from the 125-mile-wide strip of sandy coastal plain lying along the Atlantic. In the High Point, Greensboro and Winston-Salem triangle of North Carolina, the country's most important furniture and tobacco production is located. Textile manufacturing is important throughout the Piedmont area.

Port Facilities

North Carolina's two ports—Wilmington and Morehead City—are growing in importance. Equipped to handle liquid and dry bulk and general cargo, they have been



Looking for new techniques, these North Carolina farmers inspect a tractor-drawn, manually operated cultivator on the farm of George Braun, Delhi, Ontario. Left to right are B. P. Hardee, L. G. Whitehead, H. B. Bryan, the machine operator, and F. Darden.

operating at a capacity that is being expanded as fast as handling and storage facilities can be built. Almost all North Carolina's importers and exporters make at least some use of the State's ports. Although there is no scheduled ship service between these cities and Canadian ports, there are fairly frequent charter sailings from Canada to Wilmington and Morehead City and to other Atlantic and Gulf ports. There may be opportunities for Canadian exporters to take advantage of the lower ocean freight rates on commodities like lumber and building materials, for which the ports have special handling equipment. One of the major banks in North Carolina has recently set up a special international department at Wilmington that is trying to stimulate foreign trade. That office and the State Ports Authority can help and advise the Canadian exporter. He can get in touch with both of them through the New Orleans Trade Commissioner's office; the officers there make regular visits to North Carolina.

Good Opportunities

Although North Carolina depends so heavily on textile, tobacco and furniture manufacturing, a variety of other industries offer good opportunities to the Canadian exporter. Direct sales to North Carolina of the world's important trading nations in Europe and also Japan total over \$40 million a year, not counting goods shipped into New York and other ports and forwarded to their destination. These include many of the products in the list accompanying this article and represent sales for which Canadian exporters should be competing.

There is a good market for fish and certain other food products, but it needs developing. Sales of softwood lumber, plywood and veneers could be increased if more Canadian firms would send representatives to call on customers. Competition with the hardwood producers of Pennsylvania and New

Canadians Might Sell in North Carolina . . .

Frozen fish	wire
Fish, not for human consumption	fencing
Pork sausages	nails
Canned bacon	bolts and bolt blanks
Apple concentrate	malleable cast iron fittings
Jellies and jams	Copper in rolls, sheets and rods
	Seamless copper tube
Cellulose products	Seamless brass tube
Plywoods and veneers	
Hardboard	Electric machinery and parts
Paperboard	Tractors
Insulating board	Textile machinery
Pulp	Transformers and parts
Softwood lumber	Toys
Hardwoods	
Christmas trees	Sodium compounds
Gladiolus bulbs	Ammonium nitrate
Seed potatoes	Ammonium chloride
	Urea
Iron and steel	Miscellaneous coaltar products
bars	Synthetic resins and gums
plates	Vinyl acetate
structurals	Pigments, paints and varnishes
tubes and pipes	
sheet	
wire strand	

Jersey for the big North Carolina furniture industry market is difficult, but a few Canadian exporters of hardwoods have shown that it is possible, although sales have not been made regularly. A surprisingly large volume of foundry and steel-mill products of practically every kind are imported into the State, mainly from the Common Market countries, Britain and Japan—including about \$10 million worth of products which Canada also exports to the United States. Reinforcing bars, tubes and pipes, nails, and wire products are the main ones. North Carolina also buys in quantity from abroad textile machinery, transformers and parts, and a variety of chemicals.

Representation Important

Some Canadian firms are trying to do business in North Carolina, as well as in other parts of the South, through a single agent or representative, usually located in New York or Chicago. Only in exceptional cases can a market as big and as varied as the United States be adequately covered in this way, unless the agent has his own organization specifically set up to cover the rest of the country. I have met agents and brokers and distributors in North Carolina (as I have in other Southern states) who wanted to handle Canadian products, only to find that the Canadian company making the product al-

ready had an agent half a continent away with an exclusive franchise for the whole country. Seldom has it turned out that the agent was doing an active selling job in the state. Outside of the few large urban centres, he usually is just an order-taker and all too often he doesn't go very far afield to solicit business.

Representation in North Carolina should be entrusted to an agent who covers a territory consisting of only the state or both Carolinas, or at the most of the Southeast, depending on the product. Except in rare cases, agents should not cover a larger area. Unless there is a particular reason for choosing another

city, Charlotte is probably the best place to start.

North Carolina is a self-contained, valuable market. It can also serve as a centre from which to cover the two Carolinas together, or an even larger area of the Southeast. It deserves the Canadian exporter's attention. ●

U.A.R. Expands Its Pulp and Paper Industry

The United Arab Republic is energetically pushing plans to expand domestic pulp and paper mills; this will affect imports of certain papers, but demand for high-quality pulp will continue and perhaps expand. Machinery sales meet stiff competition.

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

EGYPT, the home of papyrus* from which the word "paper" is derived, is expanding its pulp and paper industry. Two of the three present paper mills are being enlarged. Two new mills will begin production this year and three more between 1963 and 1965. (Plans have been made to double the output of these new mills even before they are in operation.) All this is part of the United Arab Republic's ten-year industrialization program designed to double national income.

The modern paper industry in Egypt goes back to 1890. In that year a Greek family built a paper mill in the Moharem Bey district of Alexandria. This mill, still owned by the Lakoudakis family, produces

10,000 tons of wrapping paper a year from waste paper and straw pulp. There are at present no plans for expanding the Lakoudakis mill, despite the current drive for increased production.

The National Paper Co. near Alexandria, with a capital of E£1 million—currently the largest paper mill in Egypt—last year produced 22,500 tons of paper products—including 6,350 tons of writing and printing paper, 6,950 tons of cardboard and 9,200 tons of wrapping paper—using waste paper, rice straw and 14,000 tons of imported wood pulp as raw material. The firm plans to increase production to a rated capacity of 42,000 tons by installing a 7,000-ton-a-year grease-proof machine and an 8,000- to 10,000-ton-a-year general-purpose Fourdrinier machine.

The Middle East Paper Co., "SIMO", is the smallest producer.

Established in 1952 with a capital of E£250,000, it produced last year 7,540 tons of wrapping paper and cardboard from waste paper and rice straw on two secondhand French machines and one locally made machine. Current plans for expanding capacity to 14,000 tons a year include scrapping the hand-made machine and purchasing two new ones. SIMO is at present experimenting with imported pulp.

New Mills Planned

In October, the newly formed Société Generale de l'Industrie du Papier, "Rakta", is scheduled to begin production of both pulp and paper at a new mill near Alexandria. Rakta is a joint state and privately owned, E£6 million, integrated pulp and paper company. It plans an output of 24,000 tons a year of printing and writing paper, plus pulp from its own pulpmaking facilities—the first of their kind in the Middle East. It will use rice straw and reeds (*phragmatis communis*) as raw material. To give strength to the locally made pulp, Rakta will add some 5,000 tons a year of imported pulp, some of which has already been purchased from Canada. Rakta—the product

*Papyrus is a reed-like plant indigenous to the Nile Valley, the stems of which afforded the most ancient material for writing—a type of scroll which bears no more relation to modern paper than does birch-bark.

of Egyptian enterprise, West German machinery and Canadian consulting engineering—will go some distance toward satisfying Egyptian paper requirements. But as in other countries, demand is growing and even now, before Rakta's present two production lines are completed, two more lines are being planned. These are a 15,000-ton-a-year board mill, for which tenders have been called, and a third paper line with a daily production of 60 tons, using chiefly bagasse pulp to come from a new mill in Upper Egypt. This line is expected to be in production by the end of 1964. The board mill is to turn out corrugating medium, duplex, triplex, bristol, manila and white board from waste paper, mechano-chemical straw pulp, pulp and paper mill rejects, and imported wood pulp.

Other plans for the expansion of Egypt's pulp and paper production include:

- *A kraft paper factory* at Suez to begin production this year of 15,000 tons, rising to 20,000 tons a year. The factory will use imported pulp initially and locally produced pulp eventually. The paper will go into multiwall bags for cement, fertilizer, sugar, etc.

- *A pulp-from-bagasse mill* at Edfu in Upper Egypt. Financed by the U.S. Development Loan Fund, it will start operations in September 1963 and will produce 18,000 tons a year (this will be doubled shortly afterwards) of unbleached bagasse pulp for the Suez factory and for other paper mills, including Rakta. Canadian consultants drew up the specifications for the Edfu mill.

- *A cigarette paper mill* of 1,500-ton-a-year capacity, using flax tow as raw material. The start-up is tentatively planned for 1965; specifications are by Canadian consultants.

- *A rag pulp mill* to produce 3,000 tons a year of pulp for fine paper by 1964. Canadian consultants are preparing the specifications and the mill will be part of, and operated by, Rakta.

- *A study by Canadian consultants* of the feasibility of establishing a paper industry in the Syrian Region of the United Arab Republic, based on wood pulp supplied from local forests. Present indications are that Syrian forests are capable of providing 25 per cent of the poplar groundwood that would be needed for a 300,000-ton-a-year newsprint mill, but much evaluation and study remains to be done.

- *Some five hardboard mills*, using cotton stocks, flax shives, bagasse and rice straw as raw material.

Machinery Sales

Although Canada has established an enviable reputation for consulting engineering services, with few exceptions all the machinery and equipment for the pulp and paper industry already installed or on order is of German manufacture. The two main exceptions are the machines of SIMO mentioned above, and the mill machinery for the Edfu bagasse pulp mill that a United States manufacturer will supply. Clearly, there are opportunities for Canadian pulp and paper machinery manufacturers in Egypt's future plans but clearly competition from established suppliers is keen. Only one Canadian machinery manufacturer so far has made a serious effort to secure a contract and the bid proved highly competitive.

Egypt's Imports

Egypt in 1960 consumed 127,305 tons of paper and cardboard. Sixty per cent of this was imported; Communist countries supplied about two-thirds and Scandinavia approximately one-third. Only a small portion of Egypt's requirements comes from North America. The bulk of all imports are classified as "newsprint and magazine" paper (34,620 tons in 1960) of which 20,000 tons are estimated to be newsprint. Other major imports are wrapping paper, other printing and writing papers, cardboard and cigarette paper. It can be expected that imports (ex-

cept of newsprint) will decline as local production increases, but there will continue to be a market for pulp and pulpwood if the plan to build a newsprint mill matures. At present, 60 per cent of all pulp requirements are supplied locally by processing waste paper, rice straw, reeds, etc.; the remainder—30,000 tons in 1960—is imported. Communist countries and Scandinavia split most of this market evenly between them; North America supplies only 5 to 15 per cent of it.

Local production of pulp will increase when Rakta, Edfu and the other mills start up. But demand will continue for high-quality imported pulp for blending with and strengthening the local product and for meeting a rising demand for paper products. Greatest need is for kraft and sulphite bleached and unbleached pulp, and possibly in the future, groundwood pulp for newsprint. (Canada annually supplies 1,000 tons of viscose pulp for the rayon industry, or about 10 to 15 per cent of requirements.)

Outlook

The large proportion of the local market held by Communist countries is the result of the easy payment terms they offer, not better quality, price or service. Egypt has trade and payments agreements with these countries that enable her to pay for imports in local currency rather than in scarce foreign exchange. (The Communists use the local currency mainly to buy cotton.) Market conditions are such that more attention is paid to price and terms of payment than to quality when offers from various sources are being considered. In the past, Canadian offers have been only moderately successful because prices, including freight, are too high and our payment terms—dollars without credit—are not attractive to the Egyptians even though quality is high. However, if the Egyptian foreign exchange position improves, opportunities for Canadian sales may improve also. ●

BUSINESSMAN'S BOOKSHELF

Administrative Problems of Growth

Canadian Manufacturers' Association. 23 pages. \$1.00 (1-10 copies), 75 cents (11-25), 50 cents (25 or over).

THIS booklet contains eight articles especially written for *Industrial Canada* by faculty members of the School of Business of the University of Toronto. The articles deal with the various administrative problems encountered by the management of any growing and expanding corporation. The basic theories behind such facets of corporate life as production control, labour relations, financing, product distribution, and sales forecasts are expertly explained. A thorough understanding of these problems of corporate administration is essential to business success and in these articles, business executives will find a concise and well written treatment.

Order from: The Canadian Manufacturers' Association, 67 Yonge Street, Toronto 1, Ontario.

Phillips' Paper Trade Directory of the World—1961

S. C. Phillips & Co., Ltd. 750 pages. £2.3.6.

BUYING, selling, studying, or just using—whatever your connection with paper may be, the 1961 edition of this well-known directory provides a wealth of useful information. Its contents include listings of paper companies throughout the world by country and by product, a glossary of trade terms, a mill product list, and a suppliers' index.

Order from: S. C. Phillips & Co., Ltd., Alliance House, 50-51 Fetter Lane, London, E.C.4.

The Austrian Market

Contimart AG, Zurich. 46 pages (mimeographed) \$10.00.

THIS study of what was, in 1960, a \$12½ million dollar market for Canadians will prove most useful to firms exporting consumer goods, particularly food products. They will find here a good deal of information on disposable income, consumer spending, merchandising practices and shopping habits. There is also a comprehensive section on advertising media and methods.

To the many Canadian companies which sell raw materials and semi-processed products to Austria this report will be less helpful. Only one page is devoted to Austrian industry. In general, tariffs and the remaining import restrictions are scarcely mentioned, though

there is a section on taxes. Apparently the study was written in German and then translated because some of the phrases used sound odd to Canadian ears.

Order from: Crawford's Advertising Service, 154 University Avenue, Toronto, Ontario.

Cyprus 1959

Colonial Office. 170 pages. \$1.20.

THE new Republic of Cyprus looks forward to expanding prosperity now that it has achieved political stability. This report on it follows the general pattern of the Colonial Office reports and the steps in the development of the present independent government are discussed in detail.

Cyprus is essentially an agricultural economy, with a large portion of the land devoted to the cultivation of citrus fruits and grain. However, Canada's major export to Cyprus in 1959 was wheat. Mining plays an important part in the economy and copper was the country's leading export in 1959.

The businessman will naturally want to concentrate on certain chapters, such as those on public finance, banking and communications, and production.

Order from: The United Kingdom Information Office, 119 Adelaide Street West, Toronto, Ontario.

Commerce and Industry in Tanganyika

The Ministry of Commerce and Industry. 104 pages. 50 cents.

BUSINESSMEN who are thinking of exporting to East Africa will find new possibilities in Tanganyika. Although its economy depends on the production and export of primary produce, the country is making a determined effort to strengthen its manufacturing industry.

The handbook covers concisely the various aspects of the economy—agriculture, forestry, minerals and mining, and the secondary industries. Details of financial and taxation regulations useful to prospective exporters are provided.

Shipping, air, road and rail services and also the postal and telecommunication systems are covered in full. There is information on currency, export controls, patents, licensing agreements, trade-marks and weights and measures.

Order from: Crown Agent's Representative, 3100 Massachusetts Ave. N.W., Washington 8, D.C.

TRADE COMMISSIONERS ON TOUR



L. H. Ausman



L. A. Campeau



L. S. Glass



T. F. Harris

In Canada

L. H. AUSMAN, Commercial Counsellor in Brussels, Belgium:

Vancouver—Sept. 25-29 Toronto—Oct. 2-13

When he completes his tour, Mr. Ausman will return to Brussels.

L. A. CAMPEAU, Commercial Counsellor in Karachi, Pakistan:

Vancouver, Victoria—Sept. 25-29

When he completes his tour, Mr. Campeau will transfer to Beirut, Lebanon, as Commercial Counsellor.

L. S. GLASS, Trade Commissioner in Salisbury, Federation of Rhodesia and Nyasaland:

Vancouver—Sept. 26-29 Kitchener—Oct. 17
Winnipeg—Oct. 2-3 Montreal—Oct. 19-24
Toronto—Oct. 6-13 Granby—Oct. 25
Hamilton—Oct. 16

When he completes his tour and home leave, Mr. Glass will return to Salisbury.

T. F. HARRIS, Consul and Trade Commissioner in New Orleans:

Toronto—Sept. 25-Oct. 3 Montreal—Oct. 6-13
Quebec—Oct. 4-5

When he completes his tour and home leave, Mr. Harris will return to New Orleans.

I. V. MACDONALD, Commercial Secretary in Colombo, Ceylon, is returning to Canada via the Pacific and will be on duty September 26-28 in the office of the Western Representative, Trade Commissioner Service, 325 Granville Street, Vancouver. After leave and a short period of duty in Ottawa, Mr. Macdonald will go to Detroit as Consul and Trade Commissioner.

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

In Territory

D. S. ARMSTRONG, Commercial Counsellor in Cairo, United Arab Republic, will visit Addis Ababa, Ethiopia, from October 15-21.

J. H. BAILEY, Commercial Secretary in Bogotá, Colombia, will visit Ecuador from October 10-14.

C. R. GALLOW, Trade Commissioner in Johannesburg, South Africa, will visit Port Louis in Mauritius from Sept. 25-29.

G. F. G. HUGHES, Commercial Counsellor in Stockholm, Sweden, plans to visit Gothenburg, September 25-27, and Helsinki, Finland, from October 9-11.

K. NYENHUIS, Commercial Counsellor in Copenhagen, Denmark, will visit Warsaw, Lodz, and Katowice in Poland during the second half of October.

E. J. WARD, Assistant Trade Commissioner (Timber), Glasgow, will visit Belfast, Northern Ireland, from October 16-20.

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. Bailey at Bogotá, Mr. Gallow at Johannesburg, Mr. Hughes at Stockholm, Mr. Nyenhuis at Copenhagen, and Mr. Ward at Glasgow.

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 .9699909.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Sept. 11	Units per Canadian dollar	Notes (See below)
Argentina	Peso .....	.....	.01245	80.32	
Austria	Schilling .....	.....	.03995	25.03	
Australia	Pound .....	.....	2.3190	.4312	
Bahamas	Pound .....	.....	2.8988	.3450	
Belgium and Luxembourg	Franc .....	.....	.02071	48.28	
Bermuda	Pound .....	.....	2.8988	.3450	
Bolivia	Boliviano	Free .....	.00008791	11,375.27	
British Guiana	Dollar .....	.....	.6039	1.65	
British Honduras	Dollar .....	.....	.7294	1.37	
Brazil	Cruzeiro	Free .....	.003598	277.93	
		Special Category	†	†	
Burma	Kyat .....	.....	.2165	4.62	
Ceylon	Rupee .....	.....	.2174	4.60	
Chile	Escudo .....	.....	.9800	1.02	
Colombia	Peso	Certificate .....	.1539	6.50	
Congo, Republic of	Franc .....	.....	.02071	48.28	
Costa Rica	Colon .....	.....	.1556	6.43	
Cuba	Peso .....	.....	†	†
Czechoslovakia	Koruna .....	.....	.1432	6.98	
Denmark	Krone .....	.....	.1497	6.68	
Dominican Republic	Peso .....	.....	1.03094	.9700	
Ecuador	Sucre	Official .....	.05727	17.46	
		Free .....	.04845	20.64	
Egyptian Region, United Arab Rep.	Pound	Official	2.9604	.3378	
El Salvador	Colon .....	.....	.4124	2.42	
Fiji	Pound .....	.....	2.6115	.3829	
Finland	Markka .....	.....	.003222	310.37	
France, Monaco, etc.	New Franc .....	.....	.2096	4.77	(1)
Franco-African Republics, etc.	Franc .....	.....	.004192	238.55	(2)
French Pacific	Franc .....	.....	.01153	86.73	(3)
Germany	D Mark .....	.....	.2580	3.87	
Ghana	Pound .....	.....	2.8988	.3450	
Greece	Drachma .....	.....	.03436	29.10	
Guatemala	Quetzal .....	.....	1.03094	.9700	
Haiti	Gourde .....	.....	.2062	4.85	
Honduras	Lempira .....	.....	.5155	1.94	
Hong Kong	Dollar	Free* .....	.1798	5.56	*Sept. 1
		Official .....	.1812	5.52	
Iceland	Krona	Official .....	.02398	41.70	(4)
India	Rupee .....	.....	.2174	4.60	
Indonesia	Rupiah	Official .....	.02291	43.65	(4)
Iran	Rial .....	.....	.01361	73.48	
Iraq	Dinar .....	.....	2.8866	.3464	
Ireland	Pound .....	.....	2.8988	.3450	
Israel	Pound .....	.....	.5727	1.75	
Italy	Lira .....	.....	.001661	602.05	
Japan	Yen .....	.....	.002864	349.16	

†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 Sept. 11	Units per Canadian dollar	Notes (See below)
Lebanon	Pound	Free .....	.3239	3.09	
Mexico	Peso .....	.....	.08248	12.12	
Morocco	Dirham .....	.....	.2062	4.85	
Netherlands	Florin .....	.....	.2853	3.50	
Netherlands Antilles	Florin .....	.....	.5467	1.83	
New Zealand	Pound .....	.....	2.8988	.3450	
Nicaragua	Cordoba	Effective buying .....	.1562	6.40	
		Official selling .....	.1462	6.84	
Nigeria	Pound .....	.....	2.8988	.3450	
Norway	Krone .....	.....	.1448	6.91	
Pakistan	Rupee .....	.....	.2174	4.60	
Panama	Balboa .....	.....	1.03094	.9700	
Paraguay	Guarani	Official .....	.008182	122.22	
Peru	Sol .....	.....	.03843	26.02	
Philippines	Peso	Free .....	.3436	2.91	
		Official .....	.5155	1.94	
Portugal & Colonies Republic of South Africa ...	Escudo .....	.....	.03598	27.79	(5)
Singapore and Malaya	Rand .....	.....	1.4494	.6899	
Spain and Dependencies ...	Straits Dollar .....	.....	.3382	2.96	
	Peseta .....	.....	.01718	58.20	
Sweden	Krona .....	.....	.1989	5.03	
Switzerland	Franc .....	.....	.2389	4.18	
Syrian Region, United Arab Rep.	Pound	Free .....	.2882	3.47	
Thailand	Baht	Free .....	.04876	20.51	(4)
Tunisia	Dinar .....	.....	2.4949	.4008	
Turkey	Lira .....	.....	.1145	8.73	(4)
United Kingdom ..	Pound .....	.....	2.8988	.3450	
United States	Dollar .....	.....	1.0309375	.9699909	
Uruguay	Peso	Free .....	.09402	10.64	
Venezuela	Bolivar	Official .....	.2260	4.42	
		Free .....	.3077	3.25	
West Indies Fed. ..	Dollar .....	.....	.6039	1.65	(6)
	Pound .....	.....	2.8988	.3450	(7)
Yugoslavia	Dinar	Official .....	.001375	727.27	

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

NICARAGUA

Area: 57,145 square miles.

Population: 1,500,000.

Climate: in the higher altitudes the climate is pleasant; the coasts are tropical and humid.

Language: Spanish.

Currency: cordoba; one cordoba=U.S.\$0.1418 at official rate of exchange.

Weights and measures: metric system.

Capital: Managua.

Chief ports: Corinto, on the Pacific Coast, is 87 miles by rail from Managua and is the main port; San Juan del Sur is the second ranking port on the Pacific; Bluefields is the principal port on the Atlantic.

Marketing centres: Managua (population) 183,783; Leon 46,321; Granada 30,158; Masaya 28,203.

Economy: agriculture, mining and food processing form the basis of the economy. Coffee, bananas, sugar, cacao, cotton and cattle are the main agricultural commodities; gold, copper and silver are the minerals exploited.

Total Nicaraguan imports: 1959—U.S.\$66.8 million.

Chief imports: (U.S.\$ million) 1959—machinery 11.4, chemical products 10.1, iron and steel 5.0, vehicles 4.8, cotton manufactures 3.9, gasoline 2.6.

Chief suppliers: (U.S.\$ million) 1959—United States 34.7, West Germany 4.9, Netherlands Antilles and Surinam 4.3, Japan 3.3.

Value of imports from Canada: 1960—Can.\$1,318,635; 1959—Can.\$1,515,027.

Chief imports from Canada: 1960—flour of wheat \$696,181, upper leather \$84,297, newsprint paper \$72,368, drugs and chemicals, n.o.p., \$35,112.

Total Nicaraguan exports: 1959—U.S.\$72.1 million.

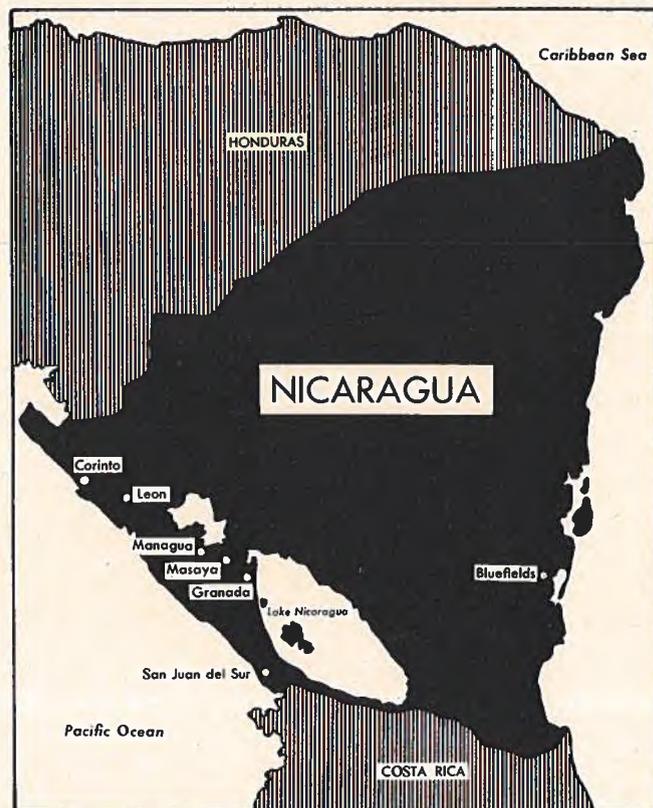
Chief exports: (U.S.\$ million) 1959—cotton 29.3, coffee 13.8, gold 7.1, cottonseed 4.1, cattle 3.7, wood 3.6, sesame 2.2, sugar 2.1.

Chief markets: (U.S.\$ million) 1959—United States 19.2, Japan 15.6, West Germany 10.2, Netherlands 5.2, United Kingdom 4.7.

Value of Canadian purchases: 1960—Can.\$169,970; 1959—Can.\$306,377.

Chief Canadian purchases: (Can.\$) 1960—coffee, green, 95,450, cotton linters 32,173, garden, fieldroot seeds 28,692.

Dollar exchange: an import registration certificate from the National Bank of Nicaragua or any authorized commercial bank is required before exchange for imports or for remittances of registered foreign capital can be bought.



Prices: quote in U.S. dollars, preferably c.i.f. Corinto, San Juan del Sur, or Bluefields.

Samples: samples marked "muestras sin valor" and weighing less than 18 ounces may be sent in free by parcel post. Samples carried by travellers do not require Consular Invoice but are subject to duty if value is over \$50. However, valuable samples may be brought in under bond.

Trade agreements: exchange of most-favoured-nation treatment with Canada under GATT, which supplements a bilateral most-favoured-nation agreement of 1946.

Import controls, documentation, customs tariffs, marking and labelling: consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Canadian banks: Bank of London and Montreal Limited.

Correspondence: airmail only; letters 10 cents per half-ounce.

For detailed information on this market write to:

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

or

Canadian Government Trade Commissioner
P.O. Box 400
Guatemala City
Guatemala, C.A.

Still looking for the right career?

Consider the Canadian Trade Commissioner Service

When you go abroad as a Trade Commissioner

you are engaged in work which is vital to the prosperity of Canada and Canadians—developing markets for our exports;

you are an accredited representative of your country to a foreign government—involving special responsibilities;

you won't be bored—this is a challenging job which requires you to solve a variety of problems and meet a variety of people. It calls for original thinking, good judgment, tact, and the ability to analyze future trends. Social contacts are important, and here the Trade Commissioner's wife plays an essential role;

you can expect to serve in as many as 10 different posts if you make the Service your career. Canada has 14 trade offices in Latin America and the Caribbean, 20 in Europe, 12 in the Middle and Far East, 6 in Africa, 4 in Australasia, and 8 in the U.S.

Recruiting for 1962 begins this November

You are eligible if you are a British subject and have resided in Canada for ten years, are under 31 years of age and a university graduate (undergraduates may apply, subject to their graduating next spring). Candidates must pass first a written exam and then a personal interview.

You will be classified as a Foreign Service Officer. Starting salary for F.S.O.1 is \$4,560; maximum is \$15,500 for F.S.O.8. Tax-free allowances are paid to officers abroad for rent, higher cost of living, clubs, travel and removal expenses tropical clothing, children's education, and entertainment.

You can obtain an application form from the Civil Service Commission office in your locality or in Ottawa, or from your university placement officer. For details, write to the Director, Trade Commissioner Service, Department of Trade and Commerce, Ottawa.

