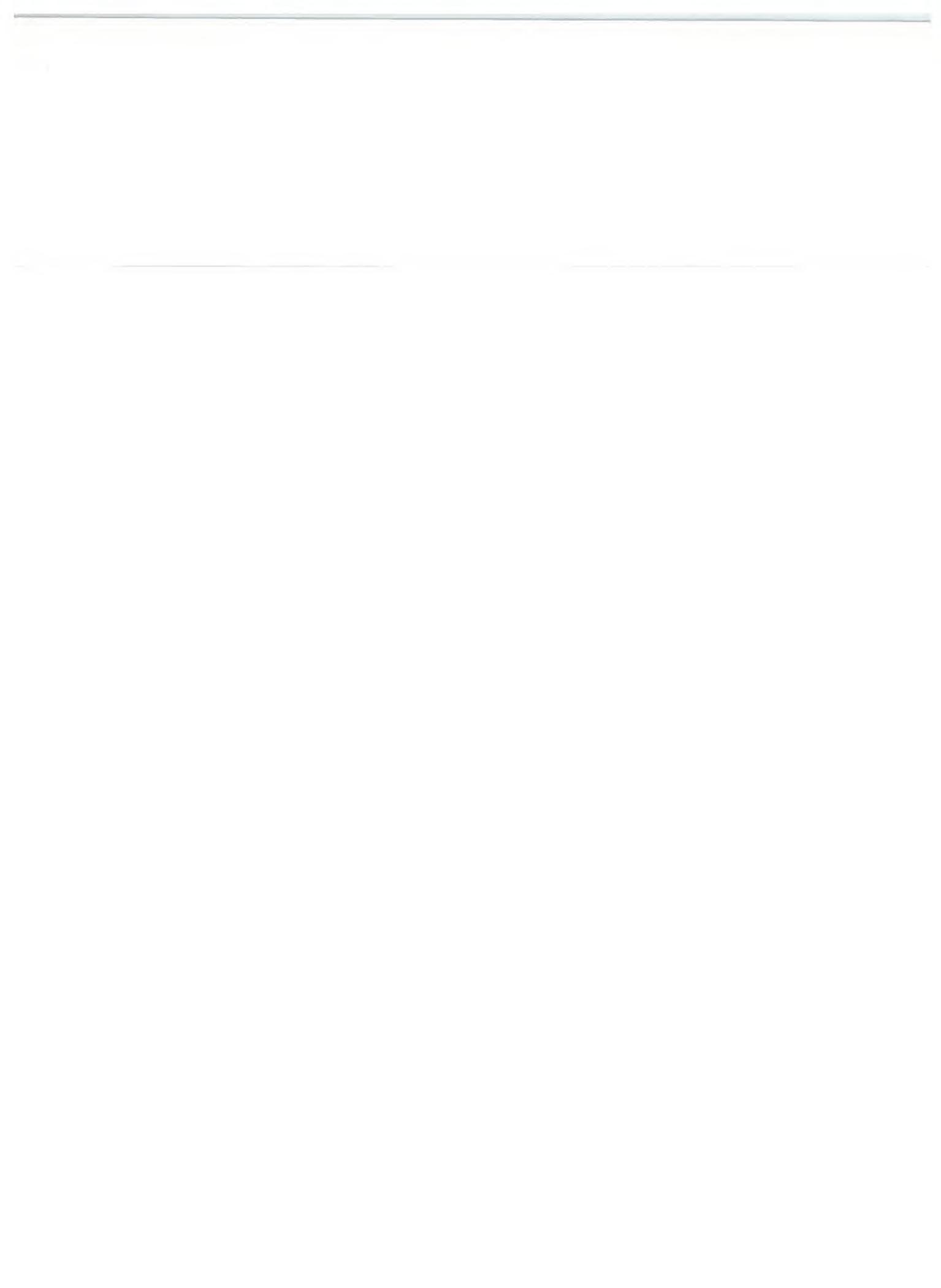


The Market in California (pages 2 to 21)
U.S. Adopts New Tariff Classification Act

FOREIGN TRADE

DEPARTMENT
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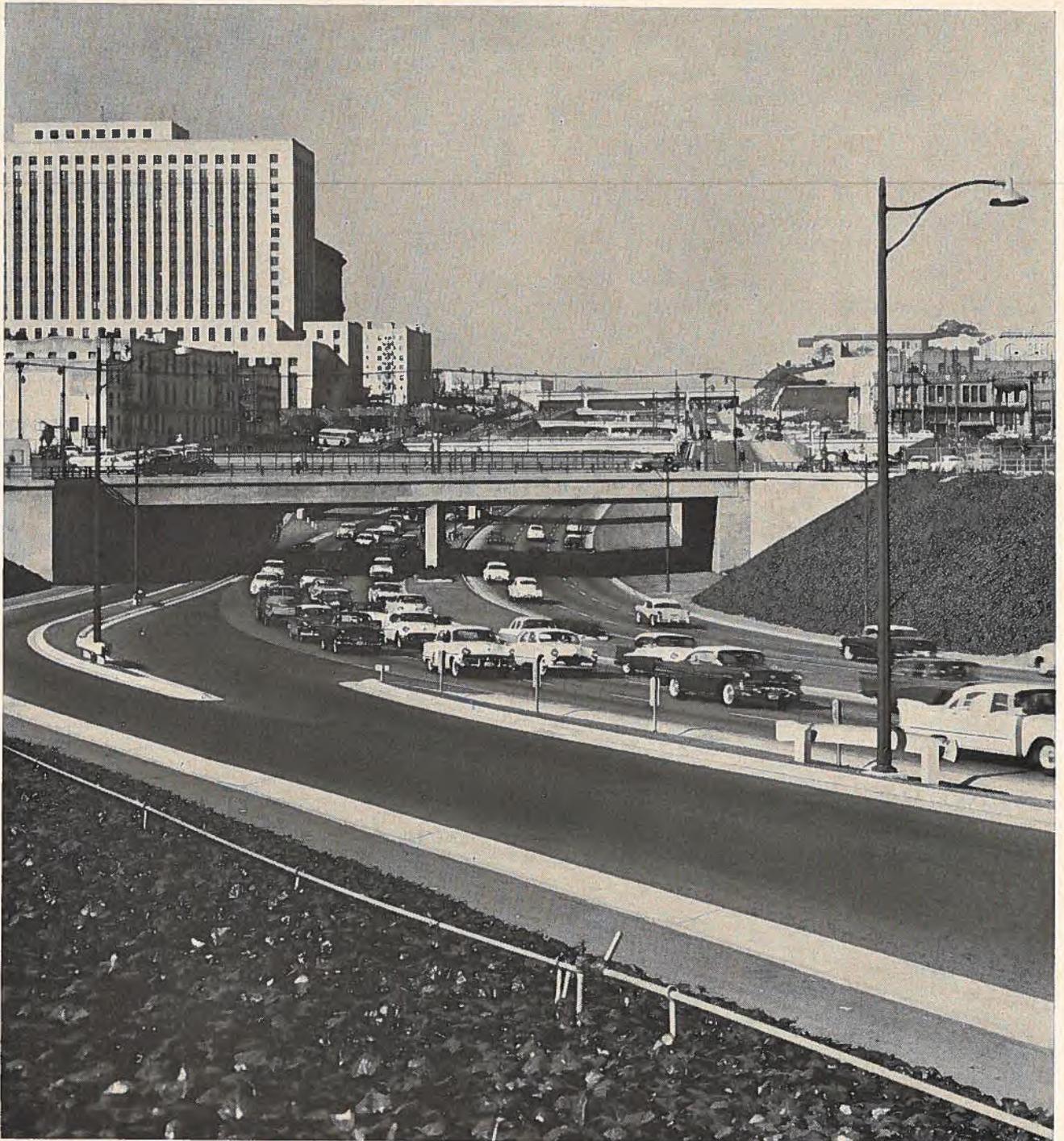
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<i>In the first half of this issue, we focus on a large and booming market just next door—California. We present this feature at this time because G. F. Osbaldeston, the Trade Commissioner in Los Angeles, has just returned to Canada and will be meeting with businessmen in Quebec and Ontario. The following articles describe the industrial growth of the area, pinpoint some trading opportunities there, and outline ways in which the Los Angeles office helps Canadian exporters.</i>	
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One metropolitan area—Los Angeles—with its large population and booming industries dominates the market in California. Here traffic moves along the Santa Ana Freeway in the heart of the city. The large and modern Federal Building is on the left.

THE MARKET IN CALIFORNIA

Los Angeles: It's Big

G. F. OSBALDESTON, *Consul and Trade Commissioner, Los Angeles.*

THE western United States has long been known as an important supplier of raw materials—lumber, oil, minerals, agricultural products, and so on. Its emergence as a major industrial area has been relatively recent.

The Los Angeles metropolitan area is:

- The second most populous metropolitan area in the United States.
- The third largest industrial area in terms of value added by manufacture.
- The third largest metropolitan area in terms of net effective buying income.
- The third largest metropolitan area in terms of wholesale trade.
- The second largest metropolitan area in terms of retail trade.
- The leading metropolitan area in terms of value of building permits issued and number of new dwelling units.
- The third largest metropolitan area in terms of total bank deposits.

In 1958, the eleven western states, with 15 per cent of the United States population and 40 per cent of the land area, accounted for:

Twelve per cent of the industrial employment in the U.S.

Twenty per cent of the value of all farm production.

Twenty-three per cent of the mineral and oil production.

Fifty-four per cent of the lumber production.

Becomes Industrial Leader

The industrial growth of the West has been spectacular in recent years. Between 1950 and 1958, industrial employment in the eleven western states increased 45 per cent, compared with only 3 per cent for the

country as a whole. In eight years the West added 560,000 industrial employees. This growth has been dispersed in many parts of the West but Los Angeles, with 760,000 industrial employees, dominates the industrial scene there. The next largest center is San Francisco, with 194,000 industrial employees.

Los Angeles accounts for over 40 per cent of all manufacturing in the eleven western states. It has only 0.4 per cent of the West's land area but 25 per cent of its population. This city accounts for more than one-half of all the employment in the West in the following major industrial groups: aircraft and parts, apparel and fabrics, electrical machinery, fabricated metals, furniture and fixtures, instruments, machinery (non-electrical), motor vehicles and equipment, and rubber products.

The eleven western states in 1958 had over 5,200 industrial establishments with 50 or more employees. Of this total, 2,100 (or 40 per cent) were located within the Los Angeles metropolitan area. The concentration of western industries in Los Angeles is graphically portrayed in Table I. It gives the number of firms as well as the employment and the West's per cent share of all the major classifications of manufacturing (see page four).

The growth in the industrial status of Los Angeles has taken place over a very brief period. From 1947 to 1958 industrial employment increased by 343,400, or 96 per cent, as Table II on page four shows.

About one-half of the 1958 industrial capacity of Los Angeles was acquired after 1947.

Table III compares the industrial size and growth of Los Angeles with the other major metropolitan areas.

The economy of Los Angeles today is well balanced. Aircraft manu-

TABLE I

LOS ANGELES RECORD BY TYPE OF MANUFACTURING—1956

	Total number of firms	Firms with 50 or more employees	Total employment	Per cent of the West
Aircraft and parts	497	111	196,917	66
Apparel and fabrics	1,716	268	48,008	67
Chemicals and allied products	669	85	17,951	28
Electrical machinery	609	156	52,448	69
Fabricated metal products	1,868	230	55,289	57
Food and kindred products	882	195	44,093	24
Furniture and fixtures	945	102	20,738	58
Instruments	306	51	15,740	76
Leather and leather products	169	32	4,804	46
Machinery (except electrical)	2,119	206	58,789	56
Motor vehicles and equipment	267	56	29,371	73
Ordnance	34	15	12,743	45
Paper and allied products	210	62	12,561	26
Petroleum and coal products	99	30	12,675	43
Primary metals	382	91	25,261	25
Printing and publishing	1,509	107	30,453	34
Rubber products	134	34	15,614	67
Ship and boat building and repair	83	12	3,066	17
Stone, clay and glass	583	72	18,982	38
Textiles	168	23	4,278	43
Miscellaneous manufacturing	1,772	155	37,918	52
Total manufacturing	15,021	2,093	717,699	43

TABLE III

RECORD FOR 15 MAJOR METROPOLITAN AREAS

	Yearly average, manufacturing employment		Change in 11 years	
	in 1947	in 1958	Number	Per cent
New York	1,598,662	1,615,800	+ 17,138	+ 1.1
Chicago	946,041	902,200	- 43,841	- 4.6
Los Angeles	358,772	702,200	+343,428	+95.7
Philadelphia	531,809	519,900	- 11,909	- 2.2
Detroit	557,241	436,400	-120,841	-21.7
Pittsburgh	337,928	291,000	- 46,928	-13.9
Boston	270,932	268,700	- 2,232	- 0.8
Cleveland	268,232	265,200	- 3,032	- 1.1
St. Louis	244,481	255,200	+ 10,719	+ 4.3
Baltimore	170,164	189,200	+ 19,036	+11.2
San Francisco	163,606	185,700	+ 22,094	+13.5
Milwaukee	178,412	180,300	+ 1,888	+ 1.1
Buffalo	183,876	171,100	- 12,776	- 7.0
Cincinnati	134,549	147,300	+ 12,751	+ 9.4
Minneapolis-St. Paul	120,435	137,500	+ 17,065	+14.2

facturing is the largest basic industry. In 1958 more than one-fifth of the nation's aircraft and parts was produced in Los Angeles. Despite its great size, this industry employed less than 7 per cent of all persons gainfully employed in Los Angeles in that year.

Other manufacturing activities include electrical machinery, fabricated metals, apparel, printing and publishing. Electrical machinery (which includes the rising electronics industry) provided direct employment for 105,700 in 1958—4 per cent of total employment.

TABLE II

Year	Total mfg. employment	Average gain per year
1919	77,500	
1939	172,757	4,800 from 1919 to 1939
1947	358,772	23,200 from 1939 to 1947
1958	702,200	31,200 from 1947 to 1958

Agriculture and fishing are still very important producers of basic wealth in Los Angeles. Within the metropolitan area in 1958 there were more than 12,000 individual farms producing over \$3 million worth of farm products a year. Los Angeles is normally the landing and processing area for the nation's largest fish catch, both in tonnage and value.

The motion picture industry employed 32,000 persons in 1958, or 1.2 per cent of the total employed in that year.

The petroleum industry is an important basic wealth-producing activity in Los Angeles. Over \$300 million worth of oil a year is extracted from the Los Angeles basin and petroleum processing, including related chemicals, is concentrated in the Los Angeles area.

Giant Market

This is but a brief recital of facts and figures. Such data are informative but not exciting. Figures are only exciting to exporters when they define a consuming market—and many Canadian exporters do not fully realize the size of this one.

If you had had the opportunity, as I have, to see and work with hundreds of Canadian business visitors who have been to Los Angeles in search of new markets, these facts and figures would not be merely cold statistics—they would become opportunity!

On a clear day from a tall building you can look out over an area containing six million people—more than the total population of Ontario. The value added by manufacture within the confines of the Los Angeles metropolitan area nearly equals that of all of Ontario. These are the facts that make Los Angeles an exciting market for Canadian exporters. ●



Chief ports: San Francisco, Los Angeles, Long Beach and San Diego.

Marketing centres: Los Angeles metropolitan area (population 6,742,696; San Francisco metropolitan area 2,783,359).

Per capita income: 1960—\$2,741 (\$2,242 for the United States).

Net effective buying income: 1960—\$17.1 billion (Los Angeles); \$7.7 billion (San Francisco).

Total bank deposits: 1960—\$9.1 billion (Los Angeles); \$7.0 billion (San Francisco).

Taxable retail sales: 1960—\$23.4 billion.

Value of new private construction: 1960—\$3.4 billion.

Value added by manufacture: 1958—\$12.1 billion (transportation equipment \$2.5 billion; food and kindred products \$1.9 billion). (Los Angeles \$7.0 billion, San Francisco \$2.1 billion.)

Number of manufacturing establishments: 1958—28,329.

Value of mineral output: 1960—\$1.4 billion.

Cash farm receipts: 1960—\$3.2 billion.

Transportation services: shipments from Canada are made by railroad, truck and ship. Each method should be examined by Canadian exporters.

Value of foreign trade (imports and exports) through California ports: 1960—imports \$1.3 billion, exports \$1.4 billion.

Chief exports: raw cotton, aircraft, petroleum products, chemicals, fresh or frozen fruits, electronic equipment, industrial machinery.

Chief imports: crude petroleum, coffee, automobiles, newsprint, rubber, rolled and finished steel-mill products, fish and fish products, iron and steel pipe and tubing, plywood and veneers, distilled beverages, meat and meat products, wood and wood manufactures.

Prices: quote in U.S. dollars, duty-paid, delivered to California.

Banking: the Canadian-Imperial Bank of Commerce and the Bank of Montreal operate banking establishments in California. The Bank of Nova Scotia and the Royal Bank of Canada have representatives resident in California. All Canadian banks have correspondent relationships with California banks.

For more detailed information on this market write to:

U.S. Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Consul and Trade Commissioner
Canadian Consulate General
510 West Sixth Street
Los Angeles 14, California.

Markets in Brief

CALIFORNIA

Area: 158,693 square miles (third largest state).

Population: 16,445,000 as of July 1, 1961.

Weights and measures: Canadian and United States yard and pound are identical, but the gallon, basic unit of capacity, contains 277.42 cubic inches in the Canadian standard against 231 cubic inches in the United States standard.

Certification of electrical apparatus: Underwriters Laboratory approval or approval of civic electrical inspectors is required for electrical apparatus.

Capital: Sacramento.

JUNE 16, 1962
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San Francisco ranks eleventh among metropolitan areas in the U.S. and second only to Los Angeles in California. This view taken from Nob Hill shows the skyscrapers of the business district and of the "Wall Street of the West", Montgomery Street. The big building in the centre of the picture is the famous Pacific Union Club.

San Francisco: Trading Centre

A major distribution centre, second only to Los Angeles in the western states, with thriving industry and a well-equipped port, San Francisco serves a great metropolitan area and also foreign markets, especially in the Far East, through its buyers for export.

R. C. ANDERSON,
Vice Consul and Assistant Trade Commissioner, Los Angeles.

SAN FRANCISCO, situated on one of the world's finest harbours, has long been a leading world trade centre. It has responded to the needs of the present day by making available facilities and experience in supplying and purchasing vast quantities

of goods and services for a large metropolitan area, as well as for shipment to the Far East.

By taking advantage of its "free port" privileges—the handling, storage and display of goods in "extra customs" territory—San Francisco's

foreign trade zone ranks third in the United States and first in western United States.

Surrounded by rich agricultural lands and manufacturing industries, the city of San Francisco and the nine-county Bay area have a concentration of regional supply bases. The city also has become the production and management headquarters of many large commercial enterprises. Seventy-five large establishments with national headquarters in San Francisco have combined assets in excess of \$40 billion, representing a broad cross-section of the national economy; these include banks, railroads, utilities, insurance firms, shipping and manufacturing. Some of these enterprises are the largest in the world.

The nine-county San Francisco Bay area covers 6,989 square miles. Business and industrial growth in this area has been widely diversified. In 1960, 862 manufacturing projects with an outlay of just under \$200 million were undertaken. Of these, 197 were new plants and the rest represented expansion of existing facilities. Retail sales in the metropolitan area for 1960 reached over \$5.5 billion.

Trades in Agricultural Products

Northern California has 70 per cent of California's farms, 73 per cent of the farm acreage, and five of the richest agricultural valleys that account for 65 per cent of the dollar value of the state's farm production.

San Francisco is basically interested in agriculture because more than 5.5 million acres of U.S. farmlands are required to supply the food for its people and the large quantities of raw material used by San Francisco industry. Because of its location as a natural distribution point for the produce of the agricultural valleys and because of the sales and financial institutions centred in San Francisco, the city performs a vital function as a wholesale and distribution area for agricultural products. The agricultural valleys surrounding San Francisco

produce 95 per cent of the world's sweet prunes. Ninety per cent of the apricots, dried prunes, canning peaches, grapes, olives and walnuts, one-third of the pears and one-half the oranges raised in the United States are grown in California. Farmers in the Bay area earn over \$312 million from agricultural produce.

Mining Important

Industrial development in the San Francisco Bay area is related in large measure to the availability of large supplies of certain minerals—such as gypsum, talc, limestone, dolomite, clays and salines—and to the excellent port facilities at San Francisco. It is also important in the processing of imported minerals. California ranks second among the states as a producer of minerals and although petroleum production has been declining steadily for the last six years, output of natural gas has increased. However, there is still not enough produced in this state to meet demand and the new pipeline bringing gas from the Province of Alberta will fill a definite need. (See article on page 18.)

Manufacturing Is Growing

Manufacturing industries in San Francisco lead the nine major fields of activity in amount of wages paid. Table I gives figures on the various manufacturing groups in the San Francisco metropolitan area. The San Francisco Bay area in 1962 expects factory sales of electronics equipment of over \$750 million. This electronics complex is centred in Palo Alto, just outside of San Francisco, and accounts for 47,000 jobs.

The Greater San Francisco area increases in population at the rate of over 7,000 per month and because of the excellent harbour facilities and because it is the focal point for a large agricultural area as well as a mining and manufacturing centre, the city carries on a large international trade. A large number of buyers for export, particularly for export to the Far East, have offices

TABLE I
SAN FRANCISCO AND METROPOLITAN AREAS
MAIN MANUFACTURING GROUPS

	Establishments	All Employees	Value added by Manufacture
Total Manufacturing	4,106	173,135	\$1,673,825,000
of which:			
Food and kindred products	618	34,827	\$ 399,609,000
Apparel and related products	396	8,757	57,360,000
Furniture and fixtures	240	4,501	32,583,000
Pulp and paper products	88	6,591	63,889,000
Printing and publishing	621	15,918	130,050,000
Chemicals and allied products	261	11,345	152,452,000
Petroleum and coal products	22	7,692	128,946,000
Stone, clay and glass products	106	5,131	49,288,000
Primary metal industries	111	11,438	103,831,000
Fabricated metal products	432	17,851	144,474,000
Machinery, except electrical	399	13,851	121,839,000
Electrical machinery	105	7,465	73,291,000
Transportation equipment	110	15,752	126,650,000
Miscellaneous manufactures	246	4,041	30,841,000

TABLE II
SAN FRANCISCO CUSTOMS DISTRICT IMPORTS

	1959	1949
TOTAL ALL IMPORTS	\$546,839,918	\$212,614,866
of which:		
Animals and animal products, edible	\$ 34,244,854	\$ 5,836,463
Meat products, fresh, chilled or frozen	16,465,751	2,555,671
Fish, canned and other preparations, except shellfish	4,632,726	*
Shellfish and products	4,318,800	1,007,871
Fish, fresh or frozen, except shellfish	3,781,494	1,083,928
Meat, canned or otherwise prepared	3,337,768	*
Animals and animal products, inedible	7,029,748	5,630,868
Vegetable food products and beverages	137,716,482	107,214,474
Vegetable products, inedible, except fibres and wood	42,721,352	28,897,926
Textiles, fibres and manufactures	42,511,231	25,737,866
Wood and paper	44,502,744	9,992,607
Standard newsprint paper	15,429,704	7,831,593
Wood cont. cooperage, plywood and veneers	9,234,735	*
Wood pulp	8,395,548	*
Wood manufactures	6,709,911	*
Lumber and shingles	2,843,837	*
Non-metallic minerals	59,600,482	3,493,929
Petroleum, crude	42,568,696	1,394,640
Motor fuel and gasoline, etc.	3,157,695	*
Non-metallic minerals	2,632,018	*
Metals and manufactures (excluding machinery)	55,048,760	18,972,622
Rolled and finished steel mill products	13,438,019	*
Iron and steel pipe, tubes and tubing	9,018,543	*
Lead ores and concentrates, including scrap	7,644,302	14,742,688
Tools and basic hardware	6,497,162	*
Metal manufacturing and parts, except precious	4,076,615	*
Tin metal in crude and semi-fabric forms	3,132,955	1,232,444
Lead and lead-base alloys in crude forms	2,251,401	*
Machinery and vehicles	97,766,290	1,390,663
Autos, trucks and buses, excluding parts, etc.	62,042,084	*
Electrical machinery and apparatus	22,835,360	*
Auto, truck and bus parts and service equipment	2,877,682	†
Machinery and parts, excluding agriculture	2,838,600	*
Vehicles and parts	2,289,826	*
Textile, sewing and shoe machinery and parts	2,166,757	*
Chemicals and related products	4,348,457	2,344,585
Miscellaneous materials	21,349,518	3,100,863

*Under \$1 million in 1949.

†Not classified separately.

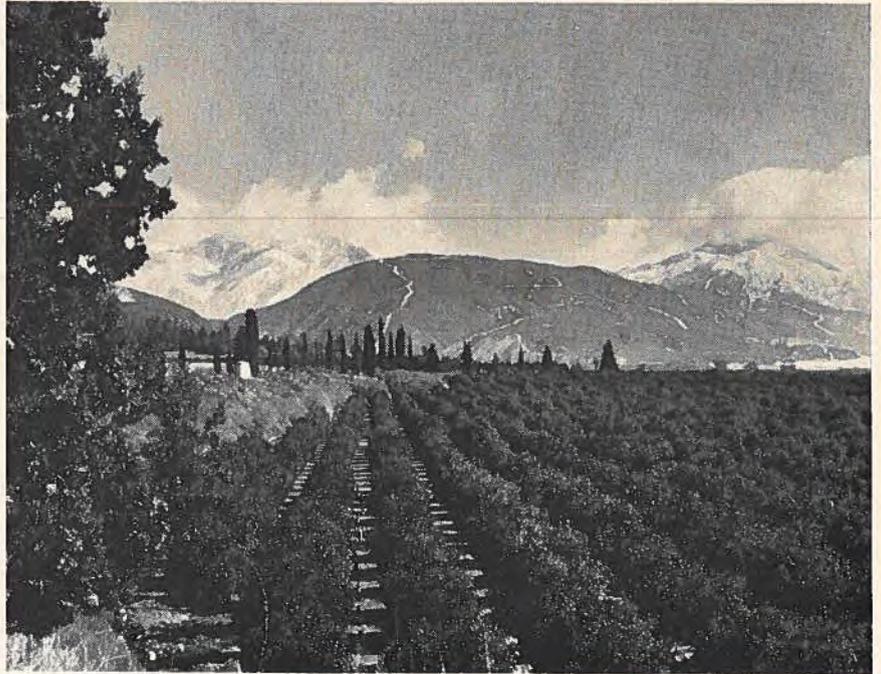
there. Numerous international construction firms maintain purchasing offices in San Francisco and buy materials for projects not only in the United States but for those undertaken by their companies in many foreign countries.

San Francisco has also established itself as a distribution point for most of the imports needed by agriculture, and peat moss, humus and fertilizers, etc., are distributed from San Francisco. As demonstrated in Table II, San Francisco is also a major importer of lumber and shingles, newsprint, plywood and veneers.

Trade with Canada

Statistics obtained from the San Francisco Customs District indicate that in 1959 over \$23 million worth of goods were imported from Canada. This represents about a 300 per cent increase in value over the year 1950; the only goods included in this figure were those arriving by water. An indication of the quantities and kinds of goods imported into San Francisco is given in Table II. These statistics illustrate the increasing market in San Francisco for various Canadian products. In a ten-year period, imports of various fisheries products have risen by practically 400 per cent. The amount of newsprint imported has doubled and lumber and shingle imports have increased many times in the ten years 1949 to 1959. There are also opportunities for Canadian exporters of minerals and chemicals to supply its processing and manufacturing industries.

In fact, as a major distribution centre, second only to Los Angeles in the Western States, San Francisco offers many sales opportunities to Canadian exporters. A rapidly growing population with one of the highest per capita incomes in the United States makes metropolitan San Francisco a large market. When its position as a distribution point for both domestic and foreign commerce is added, this is an area that deserves study by and action from Canadian exporters. ●



Food products and transportation equipment (mainly aircraft) between them provide over 50 per cent of California's exports of manufactured goods. From groves like this one come oranges, to be shipped abroad fresh, canned, or as frozen concentrate.

What Exports Mean to California

In 1960, California shipped some \$1.4 billion worth of manufactured goods to foreign customers. Transportation equipment and food products bulk large among these exports.

G. F. OSBALDESTON, *Consul and Trade Commissioner, Los Angeles.*

RECENT and impending changes in the institutional framework in which foreign trade is conducted have sparked a great deal of interest in the importance of world trade to the United States as a whole and to particular regions. The Bureau

of International Programs of the U.S. Department of Commerce has published the results of a survey of the foreign exports of manufacturing firms that show for the first time the value of exports of products made in individual states. The

results of this survey for California and the United States as a whole are summarized in the accompanying table.

Exports play an especially important part in the growth and development of the Californian economy. As the table shows, manufacturers in California sold abroad in 1960 products valued at more than \$1.3 billion, or roughly 5 per cent of their total shipments in that year. However, this 5 per cent figure understates significantly the true importance of exports of manufactured products to the state's economy. Actually, they represent a much higher proportion of its total trade with all areas outside its own borders.

Transportation, Food Lead

Although exports of state-manufactured products did not bulk especially large in the total volume of California's manufacturing output in 1960, they were important to particular industries. In fact, nearly 80 per cent of California-manufactured exports were concentrated in five of the 20 major manufacturing industries, although all industries exported some of their products. Over 50 per cent of manufactured exports were concentrated in just two industrial divisions: transportation equipment (mainly aircraft and parts) and food products. This reflects the advantages that California producers enjoy in these two lines of activity compared with producers in other parts of the Free World. It is also significant that the transportation equipment and food products industries are the state's two most important employers. Other major exporting industries include chemicals, petroleum, and miscellaneous manufacturing, each of which had shipments to foreign customers valued at more than \$100 million during 1960.

Export Importance

In 1960, California's share of total U.S. exports of manufactured products was 8.4 per cent, about

VALUE OF EXPORTS OF MANUFACTURED PRODUCTS— CALIFORNIA AND UNITED STATES BY MAJOR INDUSTRY GROUP—1960

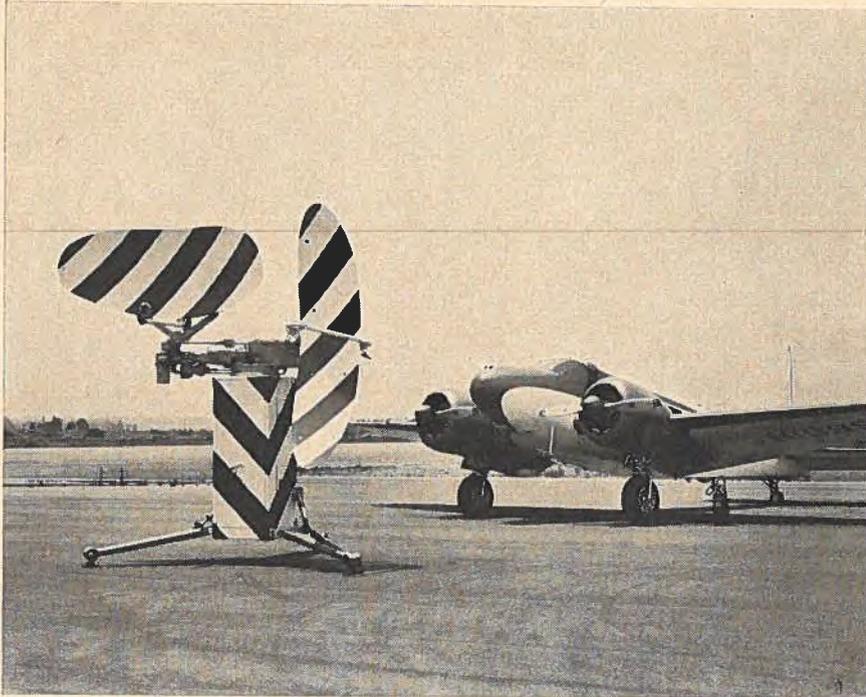
Product Group	California		United States		California as per cent of U.S.
	Value (f.o.b. plant) (U.S.\$'000,000)	Per cent of total	Value (f.o.b. plant) (U.S.\$'000,000)	Per cent of total	
Food and kindred products	180.5	13.9	1,587.6	10.3	11.4
Tobacco products	*	.....	446.8	2.9	n.a.
Textile mill products	3.2	0.2	436.1	2.8	0.7
Apparel and related products	9.0	0.7	213.7	1.4	4.2
Lumber and wood products	14.8	1.1	147.9	1.0	10.0
Furniture and fixtures	3.3	0.2	42.5	0.3	7.8
Paper and allied products	6.4	0.5	405.9	2.6	1.6
Printing and publishing	6.0	0.5	137.8	0.9	4.4
Chemicals and allied products	123.3	9.5	1,798.3	11.6	6.9
Petroleum and coal products	113.3	8.7	555.2	3.6	20.4
Rubber and plastic products, n.e.c.	10.7	0.8	289.6	1.9	3.7
Leather and leather products	1.1	0.1	87.4	0.6	1.3
Stone, clay and glass products	6.3	0.5	193.4	1.2	3.3
Primary metal industries	43.6	3.3	1,090.2	7.1	4.0
Fabricated metal products	33.4	2.6	503.5	3.2	6.6
Machinery, except electrical	84.8	6.5	2,940.1	19.0	2.9
Electrical machinery	45.1	3.5	1,011.9	6.5	4.4
Transportation equipment	476.5	36.6	2,653.6	17.2	18.0
Instruments and related products	22.2	1.7	429.2	2.8	5.2
Miscellaneous manufacturing	119.1	9.1	483.6	3.1	24.6
Total exports	1,302.6	100.0	15,454.3	100.0	8.4

*Less than \$1.0 million.

the same as its share of total U.S. manufacturing activity. The California industries that had a disproportionately large share in U.S. manufactured exports were, with the addition of lumber and the deletion of chemicals, the same ones that dominated the industrial composition of the state's foreign exports. However, the relative importance of particular industries to total California exports differs significantly from their importance in terms of total U.S. foreign trade. Although exports of transportation equipment represented 37 per cent of total California exports, they comprised only 18 per cent of the total volume of U.S. sales abroad of transportation equipment. This reflects the smaller proportion of California-assembled automobiles that enters foreign trade, as well as a substantial volume of exports of non-California produced aircraft, especially the *Boeing 707* that has captured a large share of the world market for commercial jets. Similarly, food-

product exports bulked larger as a proportion of California exports than they did as a share of total U.S. shipments. Lumber products, however, made up only about 1 per cent of total California exports but 10 per cent of total U.S. shipments of lumber and wood products. California's shipments of petroleum products also accounted for a substantially higher proportion of total U.S. exports than they did of total state exports.

The exports presented in the table accompanying this article were valued at the manufacturer's plant. Hence the data exclude the value of such supporting services as packing, draying, financing and insuring, generally associated with the movement of goods from point of production to ultimate market. The value of such services performed within the state results in added income and employment, thus further magnifying the over-all economic importance of export trade. ●



Nine Canadian companies supplied parts and components for this Quadraradar tactical GCA radar system. Electronic products now loom large in Canadian exports to California; sales of these have increased by 15 per cent in each of the last two years.

Stake a Claim in California

... a claim that will help you find pay dirt in a booming market. Freight rates are too high and your company couldn't compete? Some of these case histories may help to change your mind.

G. F. OSBALDESTON, *Consul and Trade Commissioner, Los Angeles.*

"WE can only sell as far west as St. Louis", or "The north-south freight rates are higher than east-west rates and we would not be competitive" are variations on a theme which appears constantly in letters we receive from Canadian companies replying to trade in-

quiries forwarded for their consideration. Unless these companies have actually surveyed the California market, we encourage them to forget these preconceived notions. Our experience has shown that Quebec companies that cannot compete in New England can, on occa-

sion, compete successfully in California. Impossible? not at all—and here are some reasons why.

High Steel Costs

It is reliably reported that prices of domestically-produced steel average \$16-\$17 a ton more (or 13-14 per cent more) in California than in the East—despite the fact that California makes steel itself. This means that local producers of steel products have a higher f.o.b. plant price than eastern companies do. This price differential has tended to keep steel fabricating companies out of California. Many products are not made here but are shipped from the East. A Canadian company may find it easier to compete with a manufacturer 2,000 miles from his plant than with one in his own backyard.

Eastern U.S. Pricing Policy

One eastern Canadian company explored the California market in the expectation that it might obtain a small part of the local market because it was able to meet eastern U.S. prices. To their delight, company executives found that they were more competitive in California than they were in the eastern United States. Their U.S. competitor had a base price established in the East. The base price was the same within a 200-mile radius of his plant and included an allowance for freight for delivery within that area. When he shipped to California, he simply added the freight rate to his base price. Obviously the price was higher than the one the Canadian company quoted; the latter simply added the actual freight rate to its f.o.b. plant price.

On another occasion, we forwarded information on a trade opportunity to 70 Canadian companies, suggesting they examine the proposal. All but one company declined, on the grounds that they could not compete so far from their plants. One Quebec company went into the matter thoroughly and has delivered its first shipment on a competitive basis. The potential market that it has opened up is esti-

mated at nearly half a million dollars. The manufacturer admits he cannot compete in New England.

Drop Shipments

On a recent tour of Phoenix, I called on a manufacturer in an effort to interest him in Canadian lumber products. He stated that he had never purchased from Canada because he bought in less-than-carload quantities and the l.c.l. rate would make Canadian quotations too high. It was suggested to Canadian companies that they quote this Arizona manufacturer on the basis of drop shipments taken from cars proceeding to their Los Angeles brokers. Two Canadian companies did this and one of them secured an order.

Water Shipments

The Los Angeles office has recently been in touch with a group of Canadian sporting goods manufacturers offering assistance in locating representation for them in Northern California. A number declined our offer, stating they would not be competitive. However, one said: "We have already arranged shippings via the Panama Canal direct to San Francisco. We do the same with shipments going to Vancouver and we find that the freight saving is as much as 75 per cent." Presumably he is more competitive in California than he is in Kansas! Did the Canadian companies who declined our offer check water freight rates?

On another occasion a Canadian manufacturer asked us to secure prices at which his Japanese competitors were landing their products in Los Angeles. We secured price information on the various grades and it appeared that the Canadian price was out of line. However, the Canadian sales manager decided to survey the market personally. We arranged appointments for him with major wholesalers with whom we had been working to introduce his line. After a discussion of the various grades and prices, it still seemed the Canadian was not competi-

tive. However, the local wholesaler detected a difference in the way in which he was describing a grade and the way in which the Canadian was describing the same grade. They went out to the warehouse where the Japanese goods were available for inspection. They discovered that the Canadian grades were of higher quality and that the Canadian company could actually offer a better product, though technically of a lower grade, than the Japanese. Far from being non-competitive, the Canadian company has delivered its first order.

Canadians are missing sales opportunities in California because of preconceived ideas about freight costs. And Canadian companies that find themselves non-competitive in the East are presuming that they cannot compete in the West.

If You Sell in the East

To tackle the first problem, we are currently contacting Canadian companies listed in our *Exporters' Directory* who show that they have agents in the eastern United States but not in the West. We are suggesting that they survey the California market and actually determine whether or not they can sell here. We are offering our assistance in conducting these market surveys.

We have found that our *Exporters' Directory* lists 453 companies with representatives in the United States. Of these, only 108 are represented in the western area and of this 108, only 80 have representatives in California. Unless the other 373 have specifically determined that they cannot compete in California or have secured national distribution, they may be missing out on the third largest market in the United States.

Try the West

In addition to encouraging Canadian companies to expand their present U.S. marketing area, we are also suggesting that Canadian companies who find they cannot compete in the East examine the possibilities in the West. Many east-

ern United States producers cannot use water shipments because they are not located near port facilities or have never bothered to examine the possibility. Most eastern Canadian producers are near port facilities and a number of our ports have scheduled and unscheduled sailings to Los Angeles or San Francisco.

Certain factors have tended to make the eastern U.S. manufacturer of many products less price conscious in the West than in the East. Frequently he finds that there are no local producers to hammer his price down. Many eastern U.S. firms which are a real factor in their own markets have not the same force out here and the result is that national organizations find less competition in California than in the East. Less competition tends to encourage higher prices.

Above all, California is a new market. Not only is it new, but it is the third and, in some cases, second largest market in the United States. Buying habits are not as firmly entrenched here as they are in the East. Many buyers have only been in their jobs for a few years because their company did not even exist ten years ago. All of their sources are new and the buyers do not have as many ties as they develop after years of purchasing from one source.

In some ways, California is still in the middle of a gold rush—only now it is corporations which are panning the swelling rivers of California's economic growth. The venturesome ones are staking valuable claims every day. Now is the time for Canadian prospectors to share in this bonanza. Many people must have thought the original California gold rush was a myth. Let's not miss this latest one—it's certainly real!

Mr. Osbaldeston on Tour

G. F. Osbaldeston, Consul and Trade Commissioner at Los Angeles for the past two years and author of a number of reports in this issue, will be coming back to Canada on June 18 and making a tour of business centres in the East. For full details of his tour, please turn to page 31.

What's Current in Commodities - - in California

Electronic Products—Demand for electronic basic parts, systems and sub-systems strong in Los Angeles area, where electronics ranks as major industry. Canadian firms are selling in this field, both in the commercial market and under Defence Production Sharing arrangements.

R. C. ANDERSON,
Vice Consul and Assistant Trade Commissioner, Los Angeles.

A new and basic industry has emerged in the United States in recent years; its sales in 1961 reached over \$10 billion. In Greater Los Angeles alone, the industry experienced its biggest year in '61 and accounted for 15 per cent (or \$1.5 billion) of total sales of electronic products in the United States. This giant industry with 595 plants in Los Angeles has become the number one employer there, with 128,000 persons on its payroll. It

has surpassed the aircraft industry which had held that position for two decades.

Since 1950, sales of electronic end-products in the United States have quadrupled—from \$2.6 billion in 1950 to \$10.4 billion in 1961—a growth rate of 14.9 per cent a year, compounded. Sales in the consumer field have increased by only one third since 1950 and replacement parts have remained approximately the same. The great growth

has been in sales to the armed forces; these increased approximately twelve times from 1950 to 1960. Projections indicate that this rate of growth in sales to the military cannot be expected to continue; nevertheless, it will remain the largest single buyer. The newly emerging major consumer of electronic products is expected to be industry. The fastest growing market for electronics is microwave communication systems, industrial control devices and computers, and these are expected to provide impetus for further growth.

Can Canada Participate?

Many Canadian manufacturers are currently exporting electronic basic parts, sub-systems and systems to the United States. Canadian manufacturers have been successful in bidding on contracts in this area for transformers, sensors and gears. End systems such as tape readers, PHI, check-out consoles, ice-detector systems, programmers for ice removal and reconnaissance camera systems have all been sold by Canadian manufacturers.

In addition to the commercial market, Canadian suppliers are in an excellent competitive position to increase sales because, as a result of mutual agreements between the Governments of Canada and the United States, Canadian industry can now qualify as a supplier of defence material for United States defence programs.

Under the production-sharing arrangements, Canadian companies are considered to be domestic suppliers of requirements for United States military programs. What this means, in effect, is that the production-sharing program adds Canadian suppliers to the United States list of domestic sources. The majority of the commodities that come under production-sharing arrangements, when they are supplied against a

In a tactical systems laboratory at Canoga Park, airborne tactical data systems undergo final tests before they are installed in a prototype aircraft. Los Angeles alone has 595 electronics plants, many of which buy components from Canada.



United States military requirement, are not subject to the United States tariff nor to the Buy American Act.

Prime Minister Diefenbaker at the end of 1961 stated that there had been a substantial increase in the Canadian share of production sharing between Canada and the United States: "In 1960, up to the first of December, the amount of total prime contracts and sub-contracts was \$77 million. This year, it was \$124,600,000. This is an outstanding accomplishment and shows the result of the joint efforts of our two countries."

How to Participate

Canadian manufacturers are selling castings, forgings, tantalum capacitors, resistors, gears, tubes and diodes, transformers and wire and cable under defence sharing. In addition, under the same plan the aircraft industry, still the largest single consumer, is obtaining from Canadian manufacturers fibreglass ducting, reflectors, antennas, radomes, tape readers and memory drums. Activated phosphorous for nuclear work has also been supplied and there is a demand for printed circuit boards.

If your company is producing a product that might possibly come within the Defence Sharing agreement, you can verify this by writing to:

Canadian Co-ordinator,
Production Sharing,
Department of Defence Production,
No. 2 Temporary Building,
Ottawa, Ontario.

From the Co-ordinator you may obtain, free of charge, a brochure entitled *Canada-United States Defence Production Sharing*. This gives details of the production-sharing program, including information on legislation affecting cross-border trade, reciprocal agreements and all other aspects of the production-sharing arrangements.

The United States Government maintains a system of specifications and standards for the products it purchases and the specifications

often contain a "qualification test" requirement, which means that a product, to be eligible, must have been tested and listed on the Qualified Products List. Products already sold for Canadian military requirements and accepted by CAMESA (Canadian Military Electronics Standard Agency) of the Department of National Defence (Air), Ottawa, for the Qualified Products List are usually accepted by United States agencies on the basis of product similarity. However, a Canadian manufacturer should verify that his products are listed and if there is any question, he should communicate with the United States agency designated in the specification. A publication available free from the General Services Administration, Washington 25, D.C., called *A Guide to Specifications and Standards of the Federal Government*, outlines specifications, minimum requirements for quality of construction and materials, engineering standards, etc.

Sporting Goods—One of the fastest growing markets for sporting goods and equipment in the U.S., California offers Canadian manufacturers of winter sporting goods and garments, fishing tackle, boats, golf clubs and apparel good sales opportunities.

R. C. ANDERSON,
Vice Consul and Assistant Trade Commissioner, Los Angeles.

CALIFORNIANS will spend over \$140 million on sporting goods in 1962 and 15 per cent of all the sporting goods sold in the United States will be purchased in California. This state has truly earned its reputation as the nation's playground. Since the boom year 1957, sales of sporting goods have increased by over 50 per cent.

Since 1945 there has been a continuous rise in sales of sporting goods, despite the fact that the last ten years have seen two general

Canadian manufacturers often say, "How can I hope to compete with the giant United States corporations?" In the first place, large firms have no monopoly on brains and, second, because production quantities in the manufacture of most electronic products are relatively low and expensive equipment is not as important as in some other industries, small firms are competing effectively. Canadian manufacturers, both large and small, have sold and are selling in the commercial market and under Defence Production sharing.

It is estimated that Canadian manufacturers have increased sales of electronic products to the United States by 15 per cent in each of the past two years and there is plenty of room for increasing this percentage. In the Los Angeles office, we have the names of over forty manufacturers' representatives seeking Canadian lines of electronic equipment. Perhaps they can help you enter this expanding market. ●

economic recessions. The industry has demonstrated that it is almost recession-proof; in periods of broad economic retrenchment the U.S. public expands its outlay on sporting goods equipment to provide for its greater leisure—even though it is enforced leisure in some instances. The proportion of consumer income spent on sporting goods is growing; it now exceeds 1 per cent of total purchases. The estimate for 1961 for total U.S.

spending on sporting goods is over \$900 million.

What Canada Sells

The accompanying table gives some indication of the types of sporting goods that Canadian manufacturers sell to the United States. Winter sports equipment—including ice skates, toboggans, hockey sticks and knitted outer garments—makes up the largest category. Sales of fishing tackle, boats and canoes have risen but the U.S. market remains relatively untouched by Canadian products outside the winter sports field. California presents opportunities for Canadian manufacturers—a recent survey of manufacturers' representatives in both San Francisco and Los Angeles uncovered considerable interest in our manufactured sporting goods. Nor is price the only factor in selling to this market. A quality product sells despite its higher price; styling, particularly in sports wearing apparel, is the important thing in winning customers.

Winter Sports Equipment

The market for winter sporting goods, including sports wearing apparel, in the Pacific area totals approximately \$19 million a year. A key outlet for winter-type goods is the Western Winter Sports Association, comprised of manufacturers' representatives in the winter sporting goods line. The association stages shows in Los Angeles, San

CANADIAN EXPORTS OF SPORTING GOODS TO THE UNITED STATES, 1960

Ice skates	\$1,582,595
Toboggans	381,476
Hockey sticks	268,336
Boots and slippers	28,139
Indian slippers	14,433
Knitted outer garments	1,106,384
Guns, rifles	52,982
Cartridges for guns and rifles	60,848
Boats and canoes	874,448
Sails, awnings, tents, tarpaulins	6,668
Fishing tackle	953,820
Children's vehicles	16,781
Bicycles and parts	478
Toys	962,206
Other sporting goods	851,428



Californians have taken to winter sports, including skating and ice hockey, in a big way; sales of winter sporting goods in the Pacific area now total a cool \$19 million a year. Canadians could win a larger share of this expanding market.

Francisco, Seattle and Denver each spring, and only products represented by an association member are eligible for display. Membership includes 88 sales representatives of manufacturers, wholesalers and importers, and it is estimated that they handle 80 per cent of the winter sporting goods sold in this area, including skis, ski poles, ice skates, hockey equipment, sleds and winter sports clothing.

Skiing has made great strides in California in recent years. Some 65 developed areas now dot the inland ranges from Mount Shasta in the north to the snowy elevations of Los Angeles and San Bernardino Counties in the south. The work is constantly being removed from skiing with the installation of more chair lifts, rope tows, Poma-lifts, T-bars and similar conveyances. Devotees of the sport have multiplied since the Olympic Games at Squaw Valley and because of the expanded facilities, including lifts. Last season \$9 million was spent in California on ski clothing and equipment.

European manufacturers offer competition in ski wearing apparel, but manufacturers' representatives have shown an interest in Canadian lines and some Canadian ski clothes have already found a ready market here. Styling and quality are of course important. Skis and ski poles are also in demand and a number of manufacturers' agents are seeking quality lines of wooden skis from Canada. Toboggans are often used at the winter recreation centres. One manufacturers' representative here is negotiating to represent a Canadian toboggan firm. The only requirement is that the toboggans be bolted rather than screwed together because at most winter resorts they are rented to the customers and often receive rough handling. Screwed toboggans do not stand up as well as the bolted ones.

With the entry of Los Angeles and San Francisco into the professional Western Hockey League, interest in this game has mounted. Only the lack of public skating rinks where the sport could be practised

hinders its development in this area. A number of manufacturers' representatives we have called upon feel that hockey-playing will catch on, however, during the next few years and that the potential market for hockey equipment is large. Because of the small demand at present, it is difficult to stir up interest in Canadian lines; two firms have nevertheless indicated that they would like to handle Canadian hockey equipment because they believe that hockey will in a few years take its place as one of the major sports on the coast.

Boating and Water Sports

In an area that boasts the highest per capita ownership of automobiles in the world, it is interesting to note that during the first six months of 1961 boat sales exceeded car sales. This reflects the new interest in boating and also the development of facilities and waterways within the state. Manufacturers' representatives are severely handicapped in their efforts to represent boat manufacturers adequately and it has been found that the best way to introduce a line is to make direct contact with a company which can carry a stock of boats and have them on hand to display. There are two boat shows each year, one in Los Angeles and one in San Francisco. Each offers a good vehicle for introducing a manufacturer's product. Price is important and transportation costs have dampened some of the enthusiasm that was originally generated among potential sales outlets here. However, companies on the East Coast of the United States are selling in California and boats are coming in from some European countries. A concerted effort by Canadian boat manufacturers could mean sales.

Over 200 companies produce water skis in California. Nevertheless, Japan is still shipping here and if Canadian manufacturers are competitive in price and quality, two manufacturers' representatives are interested in a line of Canadian water skis.

Thirty million people in the United States will go fishing this year. Before they do, they will spend \$200 million on equipment, and an estimated \$35 million of this will be spent in California. In 1960, Canadian manufacturers exported just under one million dollars' worth of fishing tackle to the United States, and fishing tackle and equipment sales to this area can be greatly increased. There are several manufacturers' representatives interested in obtaining Canadian lines of fishing equipment and with the state's expanded program for preserving and restocking fishing streams, the number of fishermen in California is expected to rise by 7 per cent a year, compounded.

Golf-course construction in the State of California is more extensive than in any other state in the Union. California ranks as one of the world's best golfing areas and boasts many major tournaments. Golfing is an all-year sport and there are 224 courses in operation and numerous others on the planning boards. Canadian manufacturers of golf balls find it difficult to compete but for makers of clubs and wearing ap-

parel a share in this large market is a definite possibility. There are numerous shops that specialize in clubs and equipment and these stores are interested in marketing Canadian lines. They feature wearing apparel, golf shoes, slacks and shirts; good quality, well designed Canadian products will find buyers.

Reaching the Market

California offers one of the fastest growing markets for sporting goods in the U.S. Over 190 specialty shops carry sporting goods only and there are hundreds of department and hardware stores with sporting goods sections. To get broad coverage, a manufacturers' representative is the best bet. A number of Canadian firms are exporting to the United States through Eastern U.S. representatives, but an agent in Chicago or New York cannot cover the West Coast market adequately.

The Trade Commissioner in Los Angeles is in touch with 30 firms which act as manufacturers' representatives in the sporting goods field. These firms know the market and they know the customers. Let us put you in touch with them. ●

Hardwood Veneers—Plywood, hardboard and high-pressure laminates are cutting into market here, but lower duties soon to be effective may help Canadian sales.

C. S. COLLINS, *Commercial Officer, Los Angeles.*

HARDWOOD VENEERS are used primarily by manufacturers of plywood and to a lesser extent by manufacturers of stock panels. There are only four relatively small producers of plywood and three stock-panel manufacturers in Southern California.

Plywood manufacturers, who are the largest users of veneers, are located mainly in the states of Oregon and Washington. Furniture manufacturers in this part of the

country who in previous years used veneers are now substituting plywood, hardboard or high-pressure laminates. The largest importer of Canadian veneers in this area who makes plywood and doors informed us that his purchases of veneers have declined about 70 per cent in the past ten years.

The principal U.S. suppliers to this area are the Birdseye Veneer Co. in Michigan and Wood-Mosaic in Louisville, Kentucky.

Imports of hardwood veneers into the Los Angeles Customs District during 1960 were as follows:

Japan	\$86,147
Philippines	62,414
Canada	35,073
France	7,615
Congo and Ruanda-Urundi	6,154
Denmark	4,426

The imports from Canada do not include Canadian shipments destined to this area by rail and which were cleared at other U.S. customs points of entry; figures for these are not available.

The most important species of veneer sold in Southern California is walnut, with birch a close second. At present virtually no other species is being consumed in any appreciable quantity except, of course, for such commercial veneers as gum or poplar. Veneers are almost always sold in California through manufacturers' representatives.

Canadian veneer sold here is usually supplied in $\frac{1}{24}$ -inch thickness, rotary-cut birch. The most popular sizes are 50 inches wide by 99 inches long and 50 inches wide by 87 inches long. These over-sizes are

to allow for trim by manufacturers of panels. Flich stock in narrow strips 6 to 18 feet long is also imported from Canada to a lesser extent.

The U.S. import duty on hardwood veneer from Canada is 10 per cent ad valorem. However, lower duties are in prospect as a result of the 1960-61 Tariff Conference which was concluded last March. By midsummer the U.S. duty on birch or maple veneers will be reduced to 9 per cent ad valorem and one year thereafter to 8 per cent ad valorem. ●

Seed Potatoes—Canadians sold about \$177,000 worth of seed potatoes, mainly from B.C., to Californian growers in ten months of last year. Competition from U.S. suppliers is stiff, standards of quality exacting, and price an important factor.

C. S. COLLINS, *Commercial Officer, Los Angeles.*

ALMOST three-quarters of the entire California potato output comes from Kern County; during the calendar year 1959 it produced a crop valued at approximately \$35 million. Potatoes are also grown in Tulare, Kings, Fresno and Madera Counties. Table I compares acreage, yields and value of the potato crop in California for the years 1955 through 1959, using data obtained from the Potato Growers Association of California and Arizona.

Only a few distinct varieties of potatoes are grown in California, although a confusing array of names is applied to them. They are: *White*

Rose—synonyms: American Giant, Wisconsin Pride, Late Pride, Long White, Delta White, Shafter White; *Calrose*—(a cross between the varieties Ackersegen and Katahdin); *Russet Burbank*—synonyms: Netted Gem, Idaho Russet, California Russet, Golden Russet; *Triumph*—synonyms: Bliss, Bliss Triumph, Red Bliss, Coconino Red, Hawaiian Rose, Stray Beauty; *Pontiac*—a cross between the varieties Triumph and Katahdin. White Rose is by far the most popular and accounts for approximately 75 per cent of the total seed used in California.

In California, potatoes harvested in the fall or winter are usually placed in underground storage on the farm or left in the ground until marketed. This covers only about 25 per cent of annual output. The remaining 75 per cent, predominantly Long Whites grown mainly in the hot interior valleys, is usually shipped to market within a few hours of harvest.

Certified Seed Used

Much of the potato acreage in California is planted with certified seed grown in California, Oregon, Washington, Idaho, Montana, Minnesota, Nebraska, North Dakota, Wisconsin and Utah. In each of these states, potato-seed certification is practised, and high-quality seed can be obtained if the California grower specifies that he will accept only seed that has passed inspection and has been certified by the proper authorities.

In California, certified seed is produced in areas where virus diseases can be easily identified. If the seed used has a record for one or more years immediately before planting showing that it contains less than 1 per cent virus diseases and 2½ per cent other diseases, it is acceptable. All certified seed must be field tested. Because potatoes are

TABLE I
CALIFORNIA POTATO PRODUCTION

	Acreage (acres '000)	Yield per acre (cwt.)	Production (cwt. '000,000)	Value per cwt.
1955	116	252	29.2	\$2.00
1956	107	242	25.9	\$3.72
1957	114	274	31.2	\$1.52
1958	122	242	29.6	\$1.82
1959	97	283	27.5	\$2.83

TABLE II

PRODUCTION OF CERTIFIED SEED POTATOES IN CALIFORNIA BY VARIETIES

	Average 1954-58	1957	1958 (in cwt.)	1959	1960
Katahdin	.....	.....	.....	.....	207
Russet Burbank	334,733	266,340	407,376	290,352	315,261
Red Pontiac	43,351	31,681	51,840	70,272	19,224
Kennebec	79,560	84,600	125,700	101,700	104,775
White Rose	534,567	1,110,300	1,063,500	866,400	646,500
Red Lasoda	4,320	.....	4,320	8,640	9,900
Norland	.....	.....	.....	.....	207
Sebago	.....	.....	.....	3,120	240
Pungo	.....	.....	.....	.....	207
Triumph	518	288	.....	276	207
Dazoc	3,120	.....	3,120	.....	.....
Keswick	.....	.....	.....	.....	414
Merrimac	.....	.....	.....	.....	414

produced throughout the year, winter tests are conducted for spring planting. Seed that passes either of these tests can be entered for inspection. The state inspectors visit these plots during the growing season and evaluate them.

Incidentally, some of the larger producers in California carry their own certification on stocks intended for their own use, but stocks intended for sale must be inspected and certified by the State Seed Potato Certification Service.

At the peak of the harvest in Kern County, approximately 800 carloads of potatoes are moved in each 24-hour period and at least 10,000 persons are employed in harvesting, hauling, packing, loading and transporting the product. More than 50 per cent of the approximate 300,000 carload-lots equivalent (by rail and truck) each season moves from Kern County into markets east of the Mississippi, as well as to Canada, Mexico and Hawaii.

Imports of Canadian Seed

Canadian certified seed potatoes have enjoyed a good reputation in California, Washington and Oregon for many years. Shipments destined to these states are usually cleared through the Seattle Customs District. Canadian stock, mainly from British Columbia, is usually shipped in September-October and planted in the Tule Lake area of California

and Klamath Falls, Oregon, for re-production. The stock is subsequently replanted in the Bakersfield area in California between December-February and harvested from April-July.

Under a program sponsored by the British Columbia Department of Agriculture, B.C. growers submit seed-potato samples each year in mid-November and these are

TABLE III
IMPORTS OF CANADIAN SEED POTATOES THROUGH SEATTLE CUSTOMS DISTRICT

	Quantity (lb.)	Value (U.S.\$)
1956	3,910,500	105,150
1957	3,557,010	97,437
1958	3,091,500	87,911
1959	2,496,200	70,219
1960	2,787,200	104,358
1961 (Jan./Oct. only)	4,946,042	176,915

planted in seed-potato test plots at Oceanside, California. Spring seed-potato test plots are also planted at Half Moon Bay. The purpose of these tests is to provide growers and buyers with advance information on virus and other diseases present in the crops and to ensure that only good seed is used. The project is conducted by the Provincial Department of Agriculture as a service to B.C. seed-potato growers to maintain and improve the quality of the seed. Results of the tests are published and names and addresses of the growers, plus disease readings as observed from representative

Seed potatoes being harvested in Kern County, California, where at peak nearly 800 carloads are moved every 24 hours. About \$177,000 worth of Canadian certified seed potatoes passed through the Seattle customs district in the first ten months of 1961.



samples grown at Oceanside, are forwarded to growers and buyers interested in purchasing high-quality seed.

The most important factor in the successful production of potatoes in California, as in other major producing areas, is the planting of certified disease-free seed. It cannot be emphasized too strongly that if the demand for Canadian seed potatoes is to be maintained in future years, the quality of the seed must be rigidly maintained and the packaging, handling, pricing, and financing must be acceptable to California buyers.

At the 18th annual convention of the Potato Growers Association of California and Arizona which was held in Bakersfield in March of this year, some 900 potato-growers from eleven western states were present, men responsible for nearly 14 per cent of the national potato production, and with about 125,000 acres out of the total 1.45 million acres in the United States producing potatoes.

Competition Is Keen

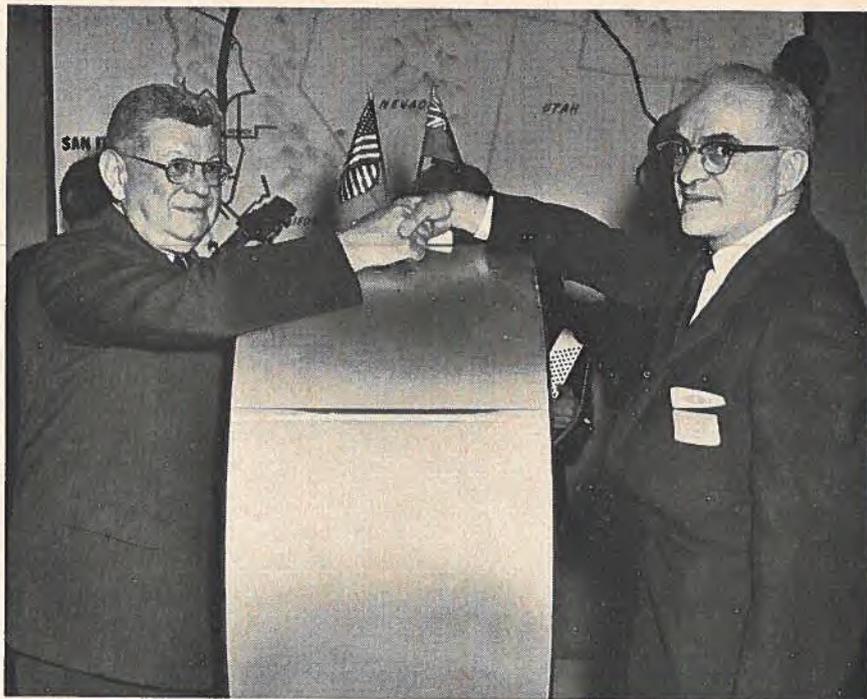
Suppliers of seed potatoes in Washington and Oregon can take advantage of the freight-rate reductions that the Santa Fé Railway has granted in recent years on domestic shipments of seed potatoes in car-load lots.

The following is an example of the special low rate on shipments of more than 500 sacks:

Stockton to Bakersfield—29 cents per 100-pound sack.

Tule Lake to Bakersfield—47 cents per 100-pound sack.

This makes for stiff competition for Canadian growers. The lowest freight rate from Vancouver, B.C., to Bakersfield, California, is \$1.16 per 100 pounds (minimum 40,000 pounds) and there are additional charges from inland B.C. points. In addition, Canadian seed potatoes are subject to a U.S. import duty of 35 cents per 100-pound sack. ●



At the inauguration of the pipeline that carries natural gas from Alberta to California, Ian N. McKinnon, chairman of Canada's National Energy Board (right) and Norman R. Sutherland, president, Pacific Gas and Electric Company, clasp hands.

Natural Gas for Northern California

Four months ago, a new Canadian export worth over a million dollars a week began moving to Northern California—natural gas, conveyed by a newly built pipeline from Alberta.

O. E. AULT, *Consul General, San Francisco.*

NORTHERN CALIFORNIA pays a gas bill of over \$900,000 a week for Canadian gas. The gas flows through a new 1,400-mile pipeline from Alberta to Antioch, near San Francisco in California. The Pacific

Gas and Electric Company, a private utility and chief distributor of natural gas to Northern California, collects the money from 1½ million customers in 32 counties linked by gas mains that distribute

to them 387 billion cubic feet of natural gas a year.

Natural gas is the chief heating agent in a state that boasts of its sunshine but admits that winds and fog keep the home thermostats active during a great part of the year. For cooking ranges in the kitchen and gas furnaces in industrial plants, Canadian gas meets the thermal needs of an increasing population. P.G. & E. began its second century of serving the public in 1952 and has added 600,000 new customers in the last ten years.

Until 1950, P.G. & E. was able to supply the continually expanding demand for gas from California fields. But the increased demand outpaced new discoveries within the state. The company began to look to other areas for supplies and in 1947 began the import of natural gas from West Texas and New Mexico by two 34-inch gas mains. By 1950, these supplied 400 million cubic feet of gas a day. Because of the rapid growth in California's population and the rise in per capita energy requirements, purchases of out-of-state gas from this source were doubled and the demand continued. Other sources had to be found.

Negotiations with Alberta

Alberta's proven reserves of 28.4 trillion cubic feet of natural gas in the Western Canadian sedimentary basin was a new source. After negotiation, permission to export 450 million cubic feet of gas a day was obtained from the Oil and Gas Conservation Board of the Province of Alberta. A further 400 million cubic feet a day was to be in prospect for the future. The National Energy Board, the U.S. Federal Power Commission, and the California Public Utilities Commission gave their approval. The problem of how to collect and deliver the equivalent of 450 million cubic feet of gas a day when the source was 1,400 miles from the consumer was a challenge.

Within 14 months, a 36-inch pipeline was built and the gas was

delivered. A new fuel supply was available. It provided about 22 per cent of the company's total needs, enough to heat all of San Francisco and the Bay area on a cool day.

The participating companies in this great project were the Alberta Gas Trunk Line Company, Ltd., a Canadian company that owns the pipeline collecting system in Alberta; the Alberta Natural Gas Company, which delivers the gas through British Columbia to the U.S. border; the Pacific Gas Transmission Co., starting at the Canadian border and extending to the southern boundary of Oregon, and the Pacific Gas and Electric Company, which has its own lines in California. The total cost of the pipeline project was about \$300 million. Some 600,000 tons of steel were used. Royalty payments to the Alberta Government will exceed \$6 million a year and many Canadians will be employed to operate and service the pipeline and compressor stations.

Supplies May Increase

The new pipeline from Alberta is capable of handling double its present inflow; the addition of 12 new compressor stations along the Canada-to-California route is all that is required. Special underground storage basins in California conserve a supply for peak loads if there is a sudden demand. In April 1960, the National Energy Board estimated that gas sales to the U.S. would amount to \$75.5 million in 1963. Exports rising to \$500 million by 1968 were estimated by the Canadian Petroleum Association.

Southern California, with 10 million of the state's 17½ million population, is served with natural gas separately by two large private utilities drawing their gas supplies chiefly from the Southern States. The increasing industry and extensive growth in population in this area will mean extra demands for gas and new sources will have to be found.

The estimate of the population of the State of California by 1970

is 22 million. Vigorous population growth means markets for homes, goods and services. Accelerated national defence programs will rely heavily on this region's specialized scientific research activities, experimental laboratories, electronic equipment plants, and naval construction. Industry continues to expand in this area. A city a year is being built.

Natural gas, as an inexpensive fuel, is a definite asset to the growth of commercial activity. Heating units and cooling equipment are coming into general use. Gas appliance sales in 1962 will include approximately 62,000 furnaces, 8,500 circulating heaters, 58,000 wall heaters, 21,000 laundry dryers, 53,000 ranges, and 142,000 water heaters.

Meeting Industrial Needs

Industry relies on natural gas as a fuel in bake ovens, boilers, forges, furnaces, dehydrators, dryers, and torches. It is used as a raw material in the manufacture of hydrogen, ammonia, and petrochemicals. By the end of 1962, it will be used at the rate of 180 billion cubic feet per year by industry alone in Northern California. The Pacific Gas and Electric Company will burn 170 billion cubic feet as fuel in its steam-electric generating plants.

The Public Utilities Commission of California has authorized the company to increase its rates for firm gas service. The purchase of gas from two sources, Texas and Canada, has made it possible to arrange contracts on a competitive basis and the increase in consumer price is not as great because Canadian gas is available.

The Alberta-California pipeline assures a long-term supply of Canadian natural gas to help meet a rapidly growing market in the northwest and in California. Alberta gas now adds about 20 per cent to supplies piped from wells in California and the Southwest. There is every prospect that Canadian gas will constitute a still larger proportion in the future. ●



G. F. J. Osbaldeston



R. C. Anderson

EACH WEEK the Los Angeles office receives letters from Canadian companies seeking sales contacts. When such a letter arrives, we check to see whether the company has supplied descriptive literature and information on prices. Ordinarily we receive one catalogue and an f.o.b. plant price list.

Our first step is to check with the United States Customs Service to get an opinion on the duty rate. We then check with railroads and truck lines to obtain a freight rate. If movement by water is feasible, we also check with steamship lines. From this information, coupled with the f.o.b. plant price, we can work out an approximate delivered duty-paid price in United States funds. We would prefer to receive a delivered duty-paid price in U.S. funds from the manufacturer be-

representatives in order to determine the products they handle, the territory they cover, and the Canadian lines they would be interested in examining.

There are also trade associations, buyers' associations and directories of local buyers available to us. Most important of all is our own knowledge of major buyers in this area. We seldom experience difficulty in compiling a list of six to twelve key buyers or representatives who are interested in examining a new Canadian product.

Reporting Back

If one or more buyers, or an agent, indicate that they are interested in the line, the Canadian company is informed of the potential buyers' or agent's names. Generally speaking, we make six to twelve calls before we make a report to the Canadian company.

The report details the companies contacted and their reaction. It indicates the competition and frequently the prices being quoted. Often we are able to provide copies of competitors' catalogues. This initial report usually indicates in broad brush strokes whether a Canadian firm is competitive or not and the reasons why.

When the Canadian manufacturer receives a negative report, it may confirm what he already suspected. On the other hand, he may feel that some sales aspect of his product has not been given sufficient weight and he will usually come back at us and emphasize this point. We welcome such information—and frequently wish we had received it in the first place. Practically without fail, this results in our resurveying the market.

The Next Steps

If the market report is positive, the Canadian company is usually advised to contact the local buyers or agents directly, supply catalogues and full information on their products, plus a price list in U.S. funds, duty-paid, delivered Los Angeles. Ordinarily, we recommend

May We Help You?

"Will you do that for me?" This question, heard when we acquaint Canadian manufacturers with our services, never ceases to catch me by surprise, says GORDON OSBALDESTON. The Trade Commissioner Service has been performing the same functions for over sixty-five years, he adds, and still does not seem to have reached all its potential clients. Many Canadian manufacturers are unaware of or do not use the services offered by the T.C. offices throughout the United States. Los Angeles is a typical example.

cause we can only put forward our constructed price as an approximation.

We then start to contact local buyers to get a preliminary idea as to whether or not the product is competitively designed, of acceptable quality, and properly priced. Contacts are largely a matter of previous personal acquaintance. However, we have many sources of information.

During the past two years we have been in frequent contact with over 1,000 local manufacturers'

whether the Canadian company should seek a firm customs ruling from Washington. We also provide some guidance about the territory that a local representative should be granted. We are prepared to supply credit information when requested to do so.

In suggesting that a Canadian company write directly to a local firm, we always request a copy of the initial correspondence so that we may follow up. When this copy is received, we wait a few days and then contact the local company to sound out its reaction to the Canadian firm's offer. Its comments are then relayed to the latter.

Inquiries Developed Locally

Our prime task is not responding to Canadian inquiries but promoting new export markets. We undertake detailed studies of certain segments of the local market when we know Canadian industry has proven capability—although companies in these fields may not be selling in the local market. These studies are then relayed to those Canadian companies listed in the Department's *Exporters' Directory*. We also use *Foreign Trade*, as in this issue, to tell Canadian manufacturers of opportunities worth investigation.

Trade Fairs

In addition to straight promotion of Canadian goods, we have recommended a series of vertical trade shows in Los Angeles for Canadian Government participation. Canadian companies can join with the Department in displaying their goods in Los Angeles to literally thousands of buyers. The cost is fantastically small for the opportunity afforded. The trade shows recommended range from gourmet foods to industrial machinery. The Department undertakes to assemble, ship, erect, dismantle and return the display and your products to you.

If you have not already done so, you should contact the Department to see in what shows you might participate.

In the course of a year, many Canadian businessmen visit Los Angeles seeking new outlets. Those companies with which we have had previous contact usually write requesting our assistance in arranging everything from hotel accommodation to business appointments. Frequently they have a list of calls they want to make. Usually we suggest additional names. If it is a Canadian's first visit, we try to accompany him on his calls, if he wishes us to do so, because we often know the local people. At least we know how to get on and off the freeways!

Frequently we are asked to undertake a preliminary survey of local buyers before a visit to eliminate calls that would not be fruitful. In this way we can save the Canadian visitor's time and money—and ensure that each of his calls is productive.

This is a rough and incomplete outline of some of the services we offer. We often remark to Canadian businessmen that they should treat this office as their own sales office and request of us anything that they would normally seek from their own people. The only question we ask of you is: "May we help?"

IADB's First Year

THE Inter-American Development Bank has released its second annual report, covering its first year of loan operations. The Bank made its first loan in February 1961 and by the end of the year had granted 73 loans totalling more than \$294 million.

The report outlines the 1961 operations of each of the Bank's three "windows"—the ordinary capital resources, the Fund for Special Operations, and the Social Progress Trust Fund. The first two of these consist of contributions paid into the Bank by each of the 20 member countries; these are used to accelerate economic development in Latin America. The Bank also administers the Social Progress Trust Fund, a \$394 million fund established by the United States under the *Alliance for Progress*.

The IADB made 40 loans totalling almost \$130 million from its ordinary capital resources in 1961. Of this, \$49.9 million went to development and credit institutions for relending to small- and medium-sized enterprises, \$24.1 million for water supply, \$22.3 million directly to private industrial enterprises, \$15.3 million for agriculture, \$17.2 million for electric power, and \$1.1 million for technical assistance. The equivalent of \$33 million in the currencies of Latin American member countries (which had been paid into ordinary capital) was used to finance local costs of projects.

From the Fund for Special Operations, the Bank approved 15 loans totalling \$48 million. Loans to credit

institutions for relending totalled \$31.8 million, industrial development projects received \$5.3 million, agriculture \$7.3 million, transportation \$2.3 million, electric power \$200,000, and \$1.2 million was granted in the form of technical assistance.

As administrator of the Social Progress Trust Fund, the IADB authorized \$62.3 million for low-income housing, \$40.3 million for water supply and sewerage projects, and \$12 million for land settlement and improved land use.

The report also summarizes the capital structure of the Bank. Its authorized ordinary capital resources total \$813.16 million, of which \$391.58 million is paid-in capital and \$431.58 million is callable. The initial resources of the Fund for Social Progress amount to \$146.32 million.

During the first quarter of 1962 the Bank continued its lending activity at a high rate. Between January 1 and March 29 it approved 21 loans from its three sources to 12 member countries for more than \$106 million.

The Bank normally insists on international competitive bidding on all projects in which it participates. Canadian firms can compete for contracts financed from the Bank's ordinary resources, but usually only member nations can supply goods and services financed by the other two funds.

—J. D. BLACKWOOD,
Assistant Commercial Secretary,
Washington.

J. R. DOWNS,
Chief, U.S. Division, International
Trade Relations Branch.

THE President of the United States on May 25 signed the U.S. Tariff Classification Act of 1962. It was announced that the new tariff classification would have no general effect on the level of the tariff, that it would simplify determination and application of duties, and would provide more dependable knowledge of U.S. tariff requirements for imports.

The new classification will not go into effect until the United States takes the steps necessary to negotiate with other countries over the conversion of existing concessions

conferences were held and correspondence was exchanged . . . on the problems involved . . . Problems were fully aired and almost all of the known controversial issues were resolved."

During 1961, the United States authorities continued their study of the new classification, in consultation with such interested parties, on the basis of the proposed new schedules as then published. In January '62 the Commission issued its *First Supplemental Report*, which in effect amended a range of its earlier proposals for reclassification.

United States Adopts New Tariff Classification Act

A study of the U.S. tariff schedules and classifications extending over a number of years was climaxed by the signing last month by the President of the U.S. Tariff Classification Act. Here is background information on its scope and purpose.

in the U.S. tariff to the language of the new schedules.

The new classification has been under study by the U.S. Tariff Commission for a number of years. The Act is based on this study and is intended:

- To establish logical tariff schedules, adapted to changes since 1930 in the character and importance of articles produced in and imported into the United States and in the markets in which they are sold.
- To eliminate anomalies in the classification of articles.
- To simplify the determination and application of tariff classifications. In its *Submitting Report* of November 15, 1960, the Commission said, *inter alia*: "In the course of the study, the Commission was assisted by many interested parties representing importers and domestic producers. . . . Countless informal

Objectives Described

The Commission's objectives with regard to rates of duty are described in the *Submitting Report*:

"A sincere effort has been made to seek to accomplish the purposes of the study without suggesting changes in rates of duty on individual products. However . . . (P.L. 768) authorized the Commission to suggest rate changes . . . incidental to the accomplishment of the purposes of the study. . . . To the best of the Commission's knowledge and belief, the proposed revised schedules do not involve significant rate changes."

Interest to Canadian Exporters

The prospective new U.S. tariff classification will be of interest to Canadian exporters, who will wish to learn the nomenclature and provisions of the new schedules as applied to their products. A substantial number of Canadian firms and trade associations have already familiarized themselves with the new schedule, through study and through participation in the hearings conducted by the U.S. authorities during the years when the new schedules were being considered. For those who wish to review these schedules, and for those who are approaching this matter for the first time, the following points warrant careful consideration.

Accompanying this article the reader will find a table describing the volumes published by the Com-

mission in its Tariff Classification Study and how they may be obtained. There are 11 volumes listed in the *Supplemental Report* and we have numbered that report Volume 12 for convenience. Of the 12 volumes, three should be adequate for most purposes, unless it is necessary to go into considerable detail over a particular schedule. The three volumes are: *Proposed Revised Tariff Schedules* (Vol. 2) which covers the whole tariff and includes a cross-reference between the existing tariff provisions and the revised tariff schedules; the *First*

and Commerce regional offices in Halifax, Winnipeg, Vancouver, and St. John's, Newfoundland.

All 12 volumes are available for consultation in the U.S. Division of the Department of Trade and Commerce in Ottawa. Requests for detailed clarification should be addressed to the U.S. Division, International Trade Relations Branch.

Arrangements for the use of these volumes should be made in advance with the office concerned to avoid overlapping and delays. A period of time will elapse before the new schedules come into effect. Thus

UNITED STATES TARIFF CLASSIFICATION STUDY

Volume	Title of Volume	Price
1	Submitting report	\$0.35
2	Proposed revised tariff schedules (consolidation)*	4.25
Explanatory and background materials		
3	Schedule 1: animal and vegetable products	2.25
4	Schedule 2: wood and paper; printed matter	1.50
5	Schedule 3: textile fibres and textile products	3.25
6	Schedule 4: chemicals and related products	2.25
7	Schedule 5: non-metallic minerals and products	2.00
8	Schedule 6: metals and metal products	4.75
9	Schedule 7: specified products; miscellaneous and non-enumerated products	5.00
10	Schedule 8: special classification provisions. Appendix to the tariff schedules	1.00
11	Alphabetical index of commodities*	0.65
12	First Supplemental Report—January 1962*	6.00

*Volumes adequate for most purposes.

NOTE: All volumes for sale by Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C. Requests for copies should be by name, to avoid confusion between volume numbers and schedule numbers. Volume 8 (Schedule 6) is out of print at present and supplies of other volumes may be limited.

Supplemental Report (Vol. 12) which in effect amends Vol. 2 in certain respects; and the *Alphabetical Index of Commodities* (Vol. 11) in the new tariff schedules.

Available for Study

At least the three volumes mentioned above are available for study in the offices of the Canadian Manufacturers' Association in Toronto and the Canadian Exporters' Association in Montreal. These three volumes will also be available for study in the Department of Trade

and Commerce regional offices in Halifax, Winnipeg, Vancouver, and St. John's, Newfoundland.

It is expected that in the near future the timetable for the exercise of converting U.S. schedules annexed to foreign trade agreements (such as the GATT) into the new language will become known. The schedules so annexed cover nearly all of existing U.S. tariff items, so that it is to be expected that the new schedules will be reviewed comprehensively. ●

India Exploits Lignite

HUGE deposits of lignite coal at Neyveli, 145 miles southwest of Madras in southern India, are soon to be exploited. The Government of India is sponsoring a \$200 million mining project there over a 5½-square-mile area. It involves excavation of a huge open-pit mine (\$42 million), construction of a 400-megawatt thermal power station (\$44 million), a 152,000-ton urea factory (\$52 million), a 380,000-ton briquetting plant (\$40 million), a 6,000-ton clay-washing installation (\$280,000), and a township for 80,000 people (\$20 million).

Investigations begun in 1943 indicated lignite reserves at Neyveli of 2,000 million tons over a 100-square-mile area. The coal occurs mainly as a single seam varying in thickness to a maximum of 89 feet and lying 160 to 250 feet below the surface. Seventy-five per cent of it is thought to be recoverable. Just above the coal is a layer of 40 to 80 per cent china clay, five to ten feet thick, and of good quality. Exploitation of this clay deposit will mean a considerable saving in foreign exchange because India now has to import all better-quality clays. A 600-ton Dorr-Oliver clay-washing plant has already gone into operation at the site.

The area under development covers 5½ square miles and includes 200 million tons of coal. The first open cut is over a mile long, taken down in three benches; final excavation will expose lignite over an area of 5,000 by 350 feet. Planned initial production of 3.5 million tons a year will rise to 4.8 million by the end of the Third Plan (1965/66). Excavation equipment at the site consists of 36 Caterpillar tractors, four Krupp bucket-wheel excavators (two handling 1,940 and two 780 yards an hour), and 13 miles of conveyor belts. The U.S.S.R. will provide thermal station equipment under long-term credits; six 50-megawatt units and a 100-megawatt plant are scheduled, though planners foresee a 1,000-megawatt station eventually. Italian firms have designed the urea plant, largest of its kind in the world, and West Germany will supply the fractionation plant for it. It is also supplying briquetting machinery.

These are the programs under way. A potential development is the production of pig iron from the low-grade ores found at nearby Salem. East Germany is now undertaking tests to determine the feasibility of such a scheme.

—BERNARD HORTH,
Assistant Commercial Secretary,
New Delhi.

Furniture Makers

Explore U.S. Market

Seven Canadian furniture firms took over one wing of a New York hotel this spring to exhibit their lines. Result: good contacts, some immediate sales, personal knowledge of the market and insight into how to achieve long-term success.

A. D. MONKHOUSE, *Forest Products Division.*

ARE you trying to expand your sales of wooden furniture and improve your competitive position in the domestic market? Where should you look? Seven well-known Canadian furniture companies whose answer to the first question was an emphatic "Yes", replied to the second one, "Right next door in the United States". They reasoned that the distance from either the Ontario or Quebec furniture manufacturing centres to New York City is less than the distance to the Lakehead, yet most Canadian furniture companies sell on a country-wide basis. The greater New York area provides a potential market over half the size of our domestic market, yet it can be reached overnight by transport.

U.S. Firms Interested

Late last fall the New York office of the Department of Trade and Commerce inserted a small adver-

tisement in one of the nationally circulated trade magazines catering to the United States furniture industry. In response, the office received replies from some 15 companies who expressed interest in taking on the distribution of a Canadian line of furniture. The fact that this interest was there, ready and waiting, was passed on to companies that wanted to sell to the United States by the Commodity Officer from the Department's Forest Products Division at the annual Canadian Furniture Mart held in Toronto last January. Two companies were enthusiastic enough to go down to New York, meet the Canadian Trade Commissioners, and go out and interview furniture buyers.

As a result of this initial meeting, it became clear that what the buyers wanted most was to see Canadian furniture for themselves. One of these two pioneers decided on the spot to rent space in a downtown

hotel and take some sample pieces of his case goods to New York. The Department's New York office promptly offered to make all the arrangements for space and to invite the buyers. The company agreed, equally promptly, that it would be a help if other companies with non-competing lines would offer them to U.S. buyers at the same time. The Forest Products Division delegated one of its Commodity Officers as co-ordinator and the show was on.

Three-Day Showing

Seven Canadian furniture manufacturers took over one wing of the eighth floor of the Hotel New Yorker to put on a three-day showing early in April. Each exhibitor took as many individual rooms as he felt were necessary to set up his samples of furniture and display them to best advantage. Furniture was sent down by transport and moving van and arrived the week before the exhibition opened.

Invitations had been sent out by the Department's New York office well in advance, accompanied by a list of companies who were exhibiting. Over sixty buyers visited the show during the three days and thus provided wide coverage of the furniture buying and distributing field. Buyers from such well known New York stores as Bloomingdale's, Gimbel's, Macy's and W. & J. Sloane Inc. attended, as well as buyers for the large chain department stores who reside in New York and a large number of interested manufacturers' agents.

Discovering the Market

Some companies were able to make on-the-spot sales; others appointed agents. Some were able to make arrangements to supply parts to already established U.S. companies. Still others decided to go back to Canada, change their designs to make them more acceptable to the U.S. market, and call again on the buyers they had met. All exhibitors got a first-hand feel of the enormous size and potential of this market. For practically all of them

it was the first time they had taken furniture to the United States. They found how relatively simple the procedure is and how close is this enormous market. They discovered that their furniture was often superior in construction and finish to that offered by U.S. manufacturers. They found their prices were competitive and sometimes lower than their competition. The need for different furniture of original and distinctive design was most apparent.

There is a great similarity between the tastes of the buying public in both countries and the exhibitors found a large market for provincial, contemporary and modern furniture. They also discovered that although a small Canadian furniture plant may not be able to compete in price with a large U.S. plant in selling to a large department-store chain, there is a place for the Canadian manufacturer who, with his smaller production and shorter runs, can cater to the smaller but often more exclusive U.S. furniture stores. In this field Canadian firms have a distinct advantage over their larger U.S. competitors. They are able to offer a distinctive and different line of furniture on an exclusive basis. They are also favourably located to service the stores they sell and to meet the desire of these stores to sell furniture a little different from the stock in the store across the street.

Canadian sales of wooden furniture to the United States in the five years 1955 to 1960 rose from \$200,000 to \$280,000, an increase of about 40 per cent. During the same period, however, United States purchases from Denmark rose approximately 400 per cent and from West Germany about 350 per cent. Norway and Sweden were both able to double their United States sales in this period and Britain and France achieved better than 50 per cent increases. It is apparent that Canadians, who are so favourably situated and so welcome, have been missing a great opportunity across the border. ●

Problems and Promise in the Canaries

THE Canary Islands far surpass in importance, from the tourist point of view, any region on the Spanish mainland. While wintry weather prevails over most of Europe, there is sunshine and warmth in the Canaries and all the hotels are full. These islands have more tourist investment, more real estate sales, more construction of villas and hotels, and more plans to improve tourist facilities than any area in Spain.

However, the prosperity of the tourist trade only serves to emphasize the many important economic problems that face the islands. Only 120,000 hectares of a total land area of 748,400 hectares are under cultivation. An acute water shortage hinders agricultural development, though proposals to relieve this problem are under study. Agricultural production totals about 1,670 million pesetas a year in value, of which bananas account for 660 million, potatoes 310 million, and tomatoes 298 million. These are the main crops and principal exports.

Banana cultivation was introduced into the Canaries some seventy years ago and has now expanded to approximately 21,000 acres. Unfortunately, most of this is divided into numerous small holdings, 75 per cent of them less than an acre and a half in size. Production costs are therefore high. Although competition is keen from countries such as Brazil, Jamaica and Guatemala, the Canaries crop remains among the best in the world. The yield per acre of 13,600 kilos compares favourably with 11,300 kilos in Brazil, 9,500 in Costa Rica, and 4,600 in Mexico. Much of the crop is shipped to Peninsular Spain, which bought 201,153 tons in 1960, 184,051 in 1959 and 154,319 in 1958. Domestic consumption could be developed further, although Spain is one of Europe's largest per capita consumers of bananas, despite the low per capita income. Britain was the first of Spain's big foreign markets for bananas, but later the British obtained their supplies from Jamaica, the Windward Islands and the British Cameroons. Banana exports to Britain from the Canaries have, however, risen slightly in recent years and some 30,000 tons were sold this season.

The Western European countries—with the exception of France, Germany, Italy and Belgium—also import bananas from the Canaries. Exports to this area totalled 104,550 tons in 1961, 86,686 in 1960, and 140,043 in 1959.

Progress in agriculture in the Canaries has been slow and expansion in output has not reached 10 per cent during the past ten years because of drought, the difficult terrain, and defects in methods of cultivation.

The shortage of electric power and of raw materials retards industrial development; a mere 27 per cent of the working population of Las Palmas and 17 per cent of Tenerife are employed in industry. Most of the tobacco factories need to be modernized.

The National Syndicates Council has estimated that an investment of 20,000 million pesetas over a period of ten years would effect the desired improvements in agriculture, the forest industry, fishing, manufacturing, transportation, housing, and the tourist trade. Prospects for the achievement of these reforms are considered favourable. The ideal climate and location of the islands—and their close proximity to the African continent, where large markets are opening up—could make the Canaries a thriving industrial and business centre.

—M. T. STEWART, *Commercial Counsellor, Madrid.*

Australian Business Picks Up

Government action to check inflation led to smaller imports, larger exports, and increased foreign exchanges reserves. Canadian sales down slightly last year, but current economic recovery suggests improvement in coming months.

R. B. NICKSON,
Commercial Counsellor, Canberra.

THERE are clear indications of a recovery in business activity in Australia, although so far this recovery has been gradual. The pickup in business should mean increased imports and greater opportunities for Canadian exporters in the Australian market during the remainder of 1962. Because of this, Canadian exporters should explore business opportunities in Australia at the present time, because they have many special advantages in this market.

The reduced business levels in 1961 apparently resulted from two factors: a reaction to the exceptionally high levels of business activity in the past few years and the government measures taken to restrict inflation in 1960. The considerable inflation in 1960 and in earlier years was caused primarily by exceptionally high investment and consumer spending. These led to larger production, particularly of consumer goods, and to much greater imports. At the same time, private investment was particularly high; so was the inflow of capital.

Anti-Inflation Action Taken

The Government felt some concern about this situation because it led to inflation, with a resulting decline in the competitive position of Australian goods abroad. At the same time, it meant pressure on the balance of payments which was reflected in declining foreign exchange reserves. In the circumstances, the Government introduced in 1960 a number of anti-inflationary measures, beginning with the virtual removal of import licensing in February and culminating with the imposition of credit restrictions and similar measures in November.

The year 1961 was characterized by much lower consumer spending, a less optimistic environment for business, and a substantial rise in unemployment. High rates of production and imports had meant a substantial build-up in inventories; these were largely worked off in 1961. Unemployment increased and at its maximum at the end of Jan-

uary 1962 amounted to 132,000, or slightly more than 3 per cent of the labour force; this is unusually high for Australia. Industrial production, housing construction and retail sales also declined.

The economic measures of 1960 did, however, have two highly favourable effects. First, they helped to stabilize domestic prices and these have changed very little during the last year. Second, the balance-of-payments position improved considerably in 1961 as a result of increased exports and much smaller imports. Australia's foreign exchange position is now particularly favourable, with reserves at the end of March 1962 amounting to £538 million, an increase of £150 million from a year earlier. Currently these reserves are equal to about eight months' imports.

Competition Increases

The removal of import restrictions led to increased competition from imports in 1960 and 1961 and to substantial pressure from business for additional protection for industry. As a result, references to the Tariff Board for a study of the need for additional protection have increased. New machinery has been established to provide for the imposition of temporary duties or temporary import controls (or both), if these are essential to the maintenance of particular industries pending the completion of a Tariff Board inquiry. The effect on Canadian exports of increased duties resulting from these inquiries has been slight. No temporary import controls have yet been imposed.

New Economic Measures

Various measures were taken during the second half of 1961 to stimulate the economy but these did not result in a quick reversal of the trend towards recession. To restore confidence and reduce unemployment, the Government introduced in February and March 1962 a number of measures to encourage business and to increase control over competition from imports.

Among the steps taken to stimulate business were special grants to the states for employment-creating activities, such as public works; advances to the states for housing; authorization for increased borrowing by semi-government and local government authorities; increased unemployment benefits; a rebate on personal income tax for 1961-62, and a cut in sales taxes on motor vehicles.

Measures Prove Effective

There is evidence that the recent measures and those taken in the second half of 1961 have brought about increased business activity. In the quarter ended March 31, 1962, housing starts rose substantially over the same period of 1961, although they were still somewhat below each of the equivalent periods of 1959 and 1960. Motor-vehicle registrations increased in the first quarter of 1962 from the same period of 1961; so did retail sales. Industrial production of most goods in the first quarter of 1962 was substantially above the equivalent period of 1961. Both business and consumers are in a generally liquid financial position, with bank deposits in January 1962 higher than in either December 1959 or 1960. The trading banks are also in a strongly liquid position.

Unemployment has fallen steadily since the January 1962 peak. At the end of March 1962, persons registered for employment who stated that they were not employed when registering totalled 101,000, a decline of 31,000 from January. Only about 2.5 per cent of the labour force is unemployed. The Government attaches a great deal of importance to increasing manufacturing to help reduce unemployment. Nevertheless, with the projected increase in the labour force in the next few years, Australians are wondering to what degree increased manufacturing will be able to provide the job opportunities needed.

A sector of the economy which has not yet picked up is investment by business. In the first half of 1962

it is expected that private capital expenditure will amount to £240 million, or 5 per cent less than in the second half of 1961. The reason appears to be the surplus capacity in a number of Australian industries in recent months.

Overseas Trade

The overseas trade position of Australia was highly favourable in 1961 as it affected the balance of payments. Exports in the ten months ended April 30, 1962, amounted to £883 million, an increase of £145 million over the same period of 1961. Imports declined substantially; in the ten months ended April 30, 1962, they totalled £711 million, £221 million less than in the same period a year earlier. Gold and foreign exchange holdings have therefore increased. Larger shipments of wool, wheat (mainly to Communist China) and other grains and (to a lesser extent) of meats accounted for most of the increase in exports. The fall in imports was fairly general but hard goods such as iron and steel, vehicles and machinery were particularly affected. With the current recovery in economic conditions, Australian imports may well increase during the remaining months of 1962.

The deterioration in economic conditions in 1961 was accompanied by a decline in capital inflow. In the six months ended March 31, 1962, this inflow on private account amounted to approximately £20 million, compared with £216 million in the first half of 1961. There is some evidence that capital inflow has increased in recent months.

Canadian Exports Fluctuate

In 1960 Canadian exports to Australia reached \$99 million, an increase of \$44 million from the previous year. In 1961, however, they declined to \$79 million because of the recession which developed and the substantially smaller total imports into Australia. Canadian goods have captured an increasing

TABLE I
PRINCIPAL CANADIAN EXPORTS
TO AUSTRALIA

Commodity	(Can.\$'000)	
	1960	1961
Newsprint	19,552	15,143
Motor vehicles and parts	22,526	10,693
Softwood lumber	9,389	7,237
Primary aluminum	11,255	5,646
Synthetic rubber	5,398	4,573
Asbestos	3,477	3,732
Primary steel	3,186	3,487
Wood pulp	3,736	3,089
Electrical apparatus and parts	401	1,940
Office machinery and parts	727	1,790
Copper	1,167	1,419
Nickel	1,594	1,401
Plastic basic shapes and film and sheet	1,040	1,258
Chemicals, including medicinal chemicals	1,323	1,119
Canned sardines	504	842
Scientific apparatus	682	765
Chain saws and parts	877	749
Other agricultural machinery and parts	455	655
Tobacco and products	96	632
Sausage casings	369	540
Ferro-alloys	155	499
Canned salmon	631	493
Printing paper, other than newsprint	73	381
Marine engines and parts	823	355
Abrasives	329	338
Razor blades	168	327
Ball and roller bearings and parts	735	283
Combines and parts	581	273
Dolls and dolls' clothing and parts	53	258
Aircraft and parts, including engines	511	238
Cotton fabrics	108	215
Man-made fibre yarn	900	212
Refractories	50	207
Papermakers' felts	245	175
Papermakers' wire cloth	84	163
Metalworking machinery and parts	189	160
Typewriters and parts	203	123
Tractors and parts	314	106

share of the Australian market since the removal of import restrictions in February 1960 and at present Australia is Canada's sixth largest market.

Table I shows that the value of certain Canadian exports to Australia declined in 1961 from 1960. The products most affected were the big sellers, notably motor vehicles and parts, newsprint, primary alumi-

num, softwood lumber, and synthetic rubber. Despite the recession, however, a number of important exports increased in value in 1961, including asbestos, primary steel, electrical apparatus, office machinery, copper, plastics, canned sardines, scientific apparatus, agricultural machinery, tobacco, sausage casings, ferro-alloys, printing paper other than newsprint, dolls, cotton fabrics, refractories, and paper-makers' wire cloth.

The diversification of Canadian exports to Australia that has taken place in recent years has continued. In the first half of 1960, 245 individual products were exported from Canada to Australia; in the first half of 1961, the figure was 373. This indicates the extent of op-

portunities for trade promotion here. Although sales of many of these products are small at the present time, they show promise and can be of real importance to individual Canadian firms.

Outlook

Australia and Canada are long-standing and important trade partners; the trade between the two countries is largely complementary rather than competitive. Australia supplies many tropical and semi-tropical products which are either not produced in Canada or only to a limited extent. Among the Australian commodities going to Canada are sugar, wool, dried fruits, canned tropical fruits, wines and meats, particularly lamb and mut-

ton. Canada sends to Australia many raw and semi-processed materials which are not in sufficient supply there. Similarly, Canada is exporting more and more finished goods to supplement Australian production.

Canada-Australia trade is conducted under a system of extensive tariff preferences which are of importance to Canadian and Australian exporters and enhance their competitive position in each other's markets. For Canadian exporters, the prospects for 1962 are promising. As industrialization continues in Australia and economic activity increases, imports will rise, creating additional opportunities for Canadian exporters of both basic materials and finished goods. ●

FOREIGN TARIFFS

AND TRADE REGULATIONS

Australia

NEW PROTECTIVE MEASURES—In February 1962 the Australian Government created new procedures for the short-term protection of industry. These replace the temporary duty procedures adopted in September 1960 and described in the September 23, 1961, issue of *Foreign Trade*. A Special Advisory Authority has been established to advise the Government on requests for temporary protection pending the completion of a regular Tariff Board inquiry covering the product. The Authority is to investigate and report within thirty days whether, in view of the current import levels, it is necessary that urgent action be taken to protect industry and if so, whether the protection can be provided by temporary duties or, if that is not possible, by temporary import restrictions or a combination of temporary duties and temporary import restrictions. If the Authority recommends the imposition of protection and this is adopted by the Government, the Tariff Board must be requested, not later than when the temporary protection is introduced, to inquire into the long-term need of the industry for protection. Any temporary protection imposed as a result of the Special Authority's inquiry will last only until the Government takes action on the report of the Tariff Board.

Any Canadian firm which desires to place before the Australian Department of Trade its views about the

need for a reference to the Special Advisory Authority or to the Authority itself should a reference be made to it should request details from the International Trade Relations Branch, Department of Trade and Commerce, or the Commercial Counsellor, Office of the High Commissioner for Canada, Canberra.

Britain

IMPORT RESTRICTIONS AMENDED—The Board of Trade has announced that, effective May 8, 1962, sausages, except fresh, chilled or frozen, and lima beans and smoked ham when originating in and consigned from the dollar area (including Canada) are admissible under Open General Licence. This relieves the importer of the necessity of applying for an individual licence, and permits imports without limit as to quantity or value. For goods on Open General Licence, dollar exchange will be released automatically for payment for the import.

PREFERENCE REGULATIONS FOR TRANSHIPMENT CLARIFIED—In order to prevent misinterpretation arising over paragraph 13 of Public Notice 27A (Commonwealth Preference on Goods Imported into the United Kingdom: Evidence of Consignment for Goods Transhipped at Non-Commonwealth Ports), the Commissioners of H. M. Customs and Excise have issued an amendment clarifying the application of

subparagraph (b). This subparagraph should be deleted and replaced by the following:

(b) "that the goods were carried from the Commonwealth port on a bill of lading offering the option of delivery to a United Kingdom port and that a firm order for transshipment and onward carriage to the United Kingdom was given before they were inloaded from the ship in which they were carried from the Commonwealth port."

Iran

EXCHANGE CONTROL REGULATIONS ANNOUNCED—The Central Bank of Iran issued on March 20, 1962, a circular setting out the regulations respecting the payment of foreign exchange for authorized imports during the Iran year 1341 (March 21, 1962, to March 20, 1963). According to the circular, the payment of foreign exchange on account of authorized imports for the current year 1341 shall be subject to certain regulations, as follows:

1. Delivery of shipping documents and the settlement of documentary bills by authorized banks is permitted only for goods listed in Annex 1 to the circular. When such goods are imported by means of opening a letter of credit, the minimum deposit collected from the importer must be 20 per cent.
2. Goods listed in Annex 2 to the circular may be imported only by means of opening a letter of credit. A deposit of 20 per cent is required from importers unless the goods are imported directly by a factory using them. In such cases, a certificate of essentiality must be obtained from the Ministry of Mines and Industries as well as the written agreement of the Foreign Exchange Control to the import before the order is placed. The maximum limit for maturity of relevant bills must not exceed four months.
3. Goods listed in Annex 3 to the circular must be imported by means of opening a letter of credit, and authorized banks must collect a deposit of 40 per cent of the value at the time of opening the letter of credit.
4. Goods listed in Annex 4 to the circular include imports that were not authorized or for which the sale of foreign exchange was prohibited during the previous Iran year, 1340 (March 21, 1961, to March 20, 1962). The import of these goods is now authorized only by means of opening a letter of credit with 100 per cent deposit.
5. Other authorized goods not specifically mentioned in Annexes 1, 2, 3 and 4 to this circular and not included in the schedule of prohibited goods must be imported solely by means of opening a letter of credit and authorized banks must, at the time of opening the credit, collect a deposit of at least 70 per cent from the importer.

The above regulations supplement the previous measures concerning import exchange control procedure. (See *Foreign Trade* June 2, 1962, pages 29-30.)

A summary of the current import exchange control regulations and the schedules of commodities subject to deposit may be obtained from the Asia and Middle East Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Japan

WEIGHTS AND MEASURES LAW ENFORCED—Japan is now enforcing its Weights and Measures Law that requires all goods marketed in Japan to show metric measurement only. This Law was passed in 1952 but was not enacted until January 1, 1959. Following that date, there was a further delay in the application of its provisions. The Weights and Measures Section of the Ministry of International Trade and Industry of Japan has confirmed that it is now in effect.

Article 10 of the Law provides for exemption from the regulation for goods imported into the country. This Law will not affect goods imported into Japan, if they can legally be relabelled at the port of entry. However, goods packed in such a way that new labels cannot be fixed to the containers will be affected by this provision. This will apply especially to items wrapped in cellophane or polyethylene.

New Zealand

IMPORT LICENSING SCHEDULE 1962-63—The 1962-63 New Zealand import licensing schedule, to become effective July 1, 1962, has been issued. This 1962-63 schedule is based on the new Customs Tariff which also becomes effective July 1, 1962, and so incorporates a new system of nomenclature and coding which may cause some initial difficulties for importers. A key is available to translate items from former licensing schedules to the new 1962-63 schedule and for comparing the licensing system with the new Customs Tariff.

The previous licensing year was on a calendar basis, January 1 to December 31. But with the supplementary 1961 licensing schedule extending through to June 30, 1962, the Government took this opportunity to implement a licensing year from July 1 to June 30. This will coincide with the issuing of the new Customs Tariff and will also relate the import licensing schedule to the New Zealand financial year.

The principal allocation changes under the new schedule are:

1. The introduction of an "A" category for 15 items, including sausage casings, iodized salt, tea in bulk, unmixed birdseed and a few others. This "A" category will provide licences to normal and regular importers to the extent of 75 per cent of the value of licences for

similar goods from all sources during the 1960 licensing period. Further licences will be granted to meet actual requirements.

2. Withdrawal of the token licence scheme.
3. Introduction of two new industry groups—educational apparatus and motor vehicle spare parts—which have allocations of 75 per cent of 1961 licences and 100 per cent of 1960 licences, respectively.
4. Allocation changes in import licences based on a percentage of 1960 licences issued that are of interest to Canada include: (in per cent) canned fish 33½; veneers, non-iodized salt, barytes, emery paper 50; typewriters and other office machines, bathroom scales 66½; calcium carbide, copper sheets and tubes, asbestos, chain saws, locksets, plywood, cotton piecegoods and waste 75; vegetable oils (excluding linseed), corrugated sheet iron, cedar, etc., 80; paint pigments, dental burrs 90; iron and steel bars 100. Based on 1961 licences: outboard engines of the same types 50; nickel anodes, synthetic rubber, bolts and nuts, files 75; books 100.

Items placed on the prohibited list are rock-drilling bits, fruit salad, and match splints.

This new schedule does not include specific provisions for new importers, nor does the Government predict that a supplementary schedule will be issued during the coming year.

Details on individual commodities may be obtained from the Commonwealth Division, International Trade Relations Branch.

Philippines

FOREIGN EXCHANGE REGULATIONS AMENDED—Circular No. 143, dated May 22, 1962, of the Central Bank of the Philippines amends the regulations concerning foreign exchange transactions set out in Circular No. 133 of January 21, 1962, as amended by Circular 139 of March 2, 1962. (See *Foreign Trade*, February 24, 1962, page 37, and April 7, 1962, pages 29-30, respectively.)

According to Circular No. 143, the proceeds of exports must now be repatriated within a period of sixty days from the date of shipment, instead of ninety days, or within such period as may, in special cases, be established.

Import transactions must, as formerly, be covered by letters of credit, except for small transactions not exceeding \$100 in value. However, imports which are not subject to the special time deposits mentioned in the circular may now be financed by means of documents against payments or documents against acceptances not exceeding ninety days.

Import letters of credit must now be accompanied by special time deposits in the following cases: unclassified items and non-essential consumer goods 100 per cent, previously 150; non-essential producer goods and semi-

essential consumer goods 75 per cent, previously 100; semi-essential producer goods 25 per cent, previously 50. The reserve requirement of 100 per cent and the period of 120 days for keeping the time deposits, as well as the form of the deposits in cash, government notes, securities or bonds, remain as before.

Imports of raw materials by local industries to be used in their operations are now exempted from special time deposits irrespective of the commodity classification.

Subsisting time deposits on raw materials imported by local industries for use in their own operations are now released. The portion of subsisting time deposits in excess of the amounts required in the circular is also released.

The reduction in time deposits for goods falling within the classifications listed is not expected to have too great an effect on the tight money policy since the volume of such goods accounts for at most 10 per cent of total imports. On the other hand, the exemption of local industries from the special time deposits should ease the financial pressure on local factories which are operating on limited capital. A very significant feature of the new regulations is that essential consumer and producer goods and decontrolled items will no longer require time deposits or letter of credit.

United States

BAN ON IMPORTS OF PRODUCTS WITH CUBAN CONTENT TIGHTENED—Effective May 21, the United States tightened its regulations banning the import of products with a Cuban content. The effect of the new amendment is to prohibit United States citizens and residents from bringing into the U.S. products with a Cuban content under their tourist baggage exemption. Thus, U.S. citizens and residents may not bring into the United States products with a Cuban content, including cigars, whether as baggage or otherwise.

Venezuela

NEW TARIFF ITEMS—The Venezuelan Ministries of Finance and Development have issued a joint decree, No. 318-1326, establishing two new tariff items and making them subject to compulsory licensing. The decree was published in the *Official Gazette* No. 26-834, April 27, 1962, and affects the following customs items:

541-09-00-4 Medicaments with single vitamin, analgesic, anti-anemic and anti-pyretic.

Duty Rate: Bs.2.00 per gross kilogram weight.

541-09-04-6 Medicaments with one or several vitamins, anti-histaminic, pectoral, anti-anemic, anti-diarrhoeic, anti-analgesic and anti-pyretic.

Duty Rate: Bs.2.00 per gross kilogram weight.

Imports of these will not be subject to licence if the consular invoices covering the shipments are dated April 27, 1962, or earlier—Caracas.

TRADE COMMISSIONERS ON TOUR



G. E. Blackstock



Richard Grew



E. H. Maguire



W. B. McCullough



P. V. McLane



J. E. Montgomery



G. F. J. Osbaldeston



J. H. Stone



W. B. Walton

In Canada

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

St. John's, Nfld.—June 18-19 Hantsport, Wolfville—June 26
 Sydney, Glace Bay—June 20 Kentville—June 27
 Halifax—June 21-25 Digby—June 29

Mr. Blackstock is expected to visit Western Canada in September. He will then return to New Orleans.

RICHARD GREW, Commercial Counsellor in Rome, Italy:

Ottawa—June 18-22 Toronto—Aug. 1-10
 Vancouver—July 9-13 Montreal—Aug. 13-17
 Victoria—July 16-17 Quebec—Aug. 20-21
 Winnipeg—July 25-26 Halifax—Aug. 22-24
 Hamilton—July 30-31

When he completes his tour, Mr. Grew will be posted to Cairo, Egypt, as Commercial Counsellor.

E. H. MAGUIRE, Trade Commissioner in Singapore:

Winnipeg—June 18 Vancouver—June 21-29
 Calgary—June 19

When he completes his tour and leave, Mr. Maguire will return to Singapore.

W. B. McCULLOUGH, Commercial Counsellor in Santo Domingo, Dominican Republic:

Grand Falls—June 19 Halifax—June 25
 Charlottetown—June 22 Saint John—June 27

When he completes his tour and leave, Mr. McCullough will be transferred to Wellington, New Zealand, as Commercial Counsellor.

P. V. McLANE, Canadian Government Trade Commissioner in Glasgow, Scotland:

Ottawa—June 13-19 Hamilton—July 4
 Toronto—June 21-28 Winnipeg—July 6
 St. Catharines—June 29 Vancouver—July 9-13
 Windsor—July 3

When Mr. McLane completes his tour and leave, he will be posted to Dublin, Ireland, as Commercial Counsellor.

J. E. MONTGOMERY, Assistant Commercial Secretary in The Hague, Netherlands:

Montreal—June 18-22 Winnipeg—July 9-11
 Toronto—June 25-29 Regina—July 12
 Hamilton—July 3 Calgary—July 13
 St. Catharines—July 4 Vancouver—July 16-19
 London—July 5 Victoria—July 20
 Chatham—July 6

When he completes his tour and leave, Mr. Montgomery will return to The Hague.

G. F. J. OSBALDESTON, Consul and Trade Commissioner in Los Angeles:

Ottawa—June 18-22 Toronto—July 2-6
 Montreal—June 25-29

When he completes his tour, Mr. Osbaldeston will return to Los Angeles.

J. H. STONE, Commercial Counsellor in Wellington, New Zealand:

Toronto—June 18-22

Hamilton—June 25-29

Mr. Stone is expected to visit Montreal in September. When he completes his tour and leave, he will be transferred to Rome, Italy, as Commercial Counsellor.

W. B. WALTON, Assistant Commercial Secretary, Beirut, Lebanon:

Calgary—June 18

Vancouver—June 22

When he completes his tour and leave, Mr. Walton will be transferred to Manila, Philippines, as Assistant Commercial Secretary.

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 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, Halifax, Ottawa, Winnipeg and Vancouver, at the Department of Trade and Commerce; in Victoria at the Department of Industrial Development, Trade and Commerce, and in Fredericton at the Department of Industry and Development.

In Territory

M. R. M. DALE, Trade Commissioner in Cape Town, South Africa, will visit South West Africa June 8-26.

K. O. HILLYER, Acting Trade Commissioner in Singapore, will visit Kuala Lumpur, Federation of Malaya, June 20-21 and August 15-16, and Bangkok, Thailand, July 8-13.

C. M. KERR, Assistant Commercial Secretary in Tokyo, Japan, will visit Hokkaido July 3-9.

J. C. LEITH, Acting Commercial Secretary in Santo Domingo, Dominican Republic, will visit San Juan, Ponce and Mayaguez, Puerto Rico, July 9-13, and St. Thomas, Virgin Islands, July 16.

B. I. RANKIN, Deputy Consul General (Commercial) in New York, will visit Bermuda during the first two weeks in July.

W. R. VAN, Trade Commissioner in Liverpool, England, will visit Birmingham July 9-12.

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. Dale at Cape Town, Mr. Hillyer at Singapore, Mr. Kerr at Tokyo, Mr. Leith at Santo Domingo, Mr. Rankin at New York, and Mr. Van at Liverpool.

COMMODITY NOTES

Ammonium Sulphate

TAIWAN—The Japanese Association of Ammonium Sulphate Exporters has announced the signing of a contract with the Government of the Republic of China (Taiwan) to supply 330,000 metric tons of ammonium sulphate to Taiwan during 1962. Reported price is U.S.\$36.50 a ton, f.o.b. Because of the proximity of the two countries, Japanese suppliers have furnished virtually all of Taiwan's import requirements of ammonium sulphate in recent years. Shipments have averaged 325,000 metric tons a year—Manila.

Beef

COLOMBIA—A United States economic mission has proposed development of a modern meat-packing industry in Colombia. The proposals would take five years to implement and call for the installation of two plants, one in the Department of Magdalena to supply Bogotá and neighbouring cities, the other in the Department of Córdoba to supply Medellín, Manizales and Cali. The two plants would have a capacity of 1,170 head of cattle and 295 pigs a day. Colombia will have an estimated surplus of 150,000 head of cattle by 1964 and 230,000 head four years later.

The mission's report makes no reference to the problem of quality control, the most serious one facing

Colombian meat producers. Because there is a single price for beef and no grading, producers have little incentive to improve quality or the techniques of production—Bogotá.

Copper Wire

EL SALVADOR—Phelps Dodge Copper Corporation, the Central American Bank of Economic Integration, and the Salvadorean Institute for the Development of Industry are contributing a million dollars each toward construction of a copper wire factory here. Work on the plant will be completed in two years. Projected output is 1,200 tons a year—Guatemala City.

Jeeps

BRAZIL—Brazil will sell about U.S.\$100,000 worth of jeeps and parts to the police service of Uruguay. Some 60 vehicles valued at about U.S.\$1,000 each are involved—São Paulo.

Pencils

EL SALVADOR—The Central American Bank of Economic Integration has announced that its third loan to Central American industry and first to El Salvador

will total U.S.\$70,000 and will help finance a pencil factory. Salvadorean industrialists and the Salvadorean Institute for the Development of Industry will also provide capital for the project—Guatemala City.

Pharmaceuticals

GUATEMALA—Under a licensing agreement with Lambert Pharmaceutical and Standard Laboratories, a local company, Laprofa S.A., will start production of pharmaceuticals, beginning in December—Guatemala City.

Phosphate Rock

AUSTRALIA—The Department of National Development has announced the discovery of deposits of high-grade phosphate rock near Rum Jungle in the Northern Territory—the first discovery on the Australian mainland. A drilling survey this year will assess the commercial possibilities of the deposits and search for new deposits. Australia uses large quantities of phosphate rock in the manufacture of fertilizers. Up to now, almost all phosphate requirements have been imported from Nauru, Ocean Island and Christmas Island, where reserves are expected to be exhausted in thirty to forty years—Sydney.

Powdered Butter

AUSTRALIA—Research workers of the Commonwealth Scientific and Industrial Research Organization (CSIRO) in Australia have produced powdered butter, a world first, it is believed. The powdered butter has a high protein content, which natural butter lacks, and suffers no harmful effects if stored in a refrigerator or kept in a tropical climate. It is not yet recommended as a spread but for use in making cake or ice cream. The new product is made from a homogeneous mixture of butterfat and fortified skim milk or from cream. Casein is added and the mixture fed through a spray-dry unit that turns it into fine protein-coated globules. Powdered butter may be produced for commercial sale in Australia before the end of 1962—Sydney.

Ships

GHANA—Ghana is to undertake construction of steel vessels in addition to wooden boats; it is expected that they will be used as fishing vessels. Two Polish naval engineers will take over the development and management of the boatyards at Tema and Sekondi and twelve Ghanaians now in training in Britain will return soon to take up their duties there—Accra.

COLOMBIA—The Flota Mercante Grancolombiana has commissioned a Spanish shipbuilding firm to build three ships in Spain, costing a total of U.S.\$16.8 million. The ships will be of 17,620 tons displacement with a maximum cargo capacity of 600,000 cubic feet,

of which 150,000 will be refrigerated space and 35,000 tanks for transporting liquid cargo. The first ship will be ready in two years and the second and third will follow at four-month intervals. Trade between Colombia and Spain has risen gradually over the past few years to about U.S.\$20 million a year each way. The order for the three ships has resulted from large coffee sales to Spain under barter arrangements—Bogotá.

Soda

COLOMBIA—The Government has presented to Congress legislation to provide financing for a soda plant to be built on the Atlantic coast, using salt from the Manaure mine near Bogotá. This will be the second such plant in Colombia. In addition, improvements are planned to the original soda plant near the Manaure mine—Bogotá.

Streptomycin

INDIA—The state-owned Hindustan Antibiotics Limited has opened its new \$4.5 million streptomycin plant, built in collaboration with Merck & Company of the United States—New Delhi.

Tinplate

AUSTRALIA—Broken Hill Proprietary Company Limited's principal subsidiary, Australian Iron and Steel Pty. Ltd., has brought into operation a new £7.7 million plant with an installed capacity of 150,000 tons of electrolytic tinplate a year. Provision has been made to add to this capacity if required to bring it to 230,000 tons a year. Since 1957 the company has been operating a hot-dip tinplate plant with production capacity of some 130,000 tons a year. Capacity now totals 280,000 tons, which compares with Australia's expected consumption this year of 160,000 to 165,000 tons. A conservative estimate is that Australian consumption is expanding by 5.3 per cent a year. The company expects that the electrolytic tinplate will be 5 to 15 per cent cheaper than the hot-dip tinplate and up to 20 per cent cheaper than imported electrolytic plate. The new plant will also make possible the manufacture of tinfoil—Melbourne.

Wallboard

SWEDEN—Sweden's production of hardboard and insulation board totalled 609,100 tons in 1961, about 1,000 tons more than in 1960, says the *Swedish Timber and Wood Pulp Journal*. Productive capacity in the industry was up by 80,000 tons to 750,000. Exports declined approximately 3,000 tons to 411,500, with Britain still the leading market. To save the industry from curtailing production in 1962, effective measures to increase consumption must be adopted, the publication says—Stockholm.

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 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 .9174.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent June 4	Units per Canadian dollar	Notes (See below)
Argentina	Peso .....	.....	.009520	105.04	
Austria	Schilling .....	.....	.04224	23.67	
Australia	Pound .....	.....	2.4487	.4084	
Bahamas	Pound .....	.....	3.0609	.3267	
Belgium and Luxembourg	Franc .....	.....	.02191	45.64	
Bermuda	Pound .....	.....	3.0609	.3267	
Bolivia	Potosi	Free	\$	\$	
Brazil	Cruzeiro	Free .....	.003075	321.61	
		Special Category	†	†	
Britain	Pound .....	.....	3.0609	.3267	
British Guiana	Dollar .....	.....	.6377	1.57	
British Honduras	Dollar .....	.....	.7652	1.31	
Burma	Kyat .....	.....	.2289	4.37	
Ceylon	Rupee .....	.....	.2296	4.35	
Chile	Escudo	Bank rate	1.03612	.9651	
		Free .....	.7076	1.41	
		Certificate .....	.1627	6.15	
Colombia	Peso .....	.....	.02191	45.64	
Congo, Republic of	Franc .....	.....	.1645	6.08	
Costa Rica	Colon .....	.....	†	†
Cuba	Peso .....	.....	.1514	6.60	
Czechoslovakia	Koruna .....	.....	.1580	6.33	
Denmark	Krone .....	.....	.....	.....
Dominican Republic	Peso .....	.....	1.0900	.9174	
Ecuador	Sucre	Official .....	.06056	16.51	
		Free .....	.04851	20.61	
El Salvador	Colon .....	.....	.4360	2.29	
Fiji	Pound .....	.....	2.7576	.3626	
Finland	Markka .....	.....	.003406	293.60	
France, Monaco, etc.	New Franc .....	.....	.2224	4.50	(1)
Franco-African Republics, etc. ..	Franc .....	.....	.004448	224.82	(2)
French Pacific	Franc .....	.....	.01223	81.77	(3)
Germany	D Mark .....	.....	.2729	3.66	
Ghana	Pound .....	.....	3.0609	.3267	
Greece	Drachma .....	.....	.03633	27.52	
Guatemala	Quetzal .....	.....	1.0900	.9174	
Haiti	Gourde .....	.....	.2180	4.59	
Honduras	Lempira .....	.....	.5450	1.83	
Hong Kong	Dollar	Free* .....	.1908	5.24	*May 26
		Official .....	.1913	5.23	
Iceland	Krona	Official .....	.02535	39.45	(4)
India	Rupee .....	.....	.2296	4.35	
Indonesia	Rupiah	Official .....	.02422	41.28	(4)
Iran	Rial .....	.....	.01439	69.49	
Iraq	Dinar .....	.....	3.0520	.3276	

‡Not available.

†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 June 4	Units per Canadian dollar	Notes (See below)
Ireland	Pound		3.0609	.3267	
Israel	Pound		.3833	2.75	
Italy	Lira		.001756	589.48	
Japan	Yen		.003028	330.25	
Lebanon	Pound	Free	.3444	2.90	
Mexico	Peso		.08720	11.47	
Morocco	Dirham		.2180	4.59	
Netherlands	Florin		.3034	3.29	
Netherlands Antilles	Florin		.5780	1.73	
New Zealand	Pound		3.0400	.3289	
Nicaragua	Cordoba	Effective buying	.1557	8.42	
		Official selling	.1545	6.47	
Nigeria	Pound		3.0609	.3267	
Norway	Krone		.1527	6.55	
Pakistan	Rupee		.2296	4.35	
Panama	Balboa		1.0900	.9174	
Paraguay	Guarani	Official	.008835	113.18	
Peru	Soi		.04063	24.61	
Philippines	Peso	Free	.2820	3.55	
Portugal & Colonies Republic of	Escudo		.03804	26.28	(5)
South Africa	Rand		1.5305	.6534	
Singapore and Malaya	Straits Dollar		.3571	2.80	
Spain and Dependencies	Peseta		.01817	55.04	
Sweden	Krona		.2118	4.72	
Switzerland	Franc		.2526	3.98	
Syria	Pound	Free	.3049	3.28	
Thailand	Baht	Free	.05156	19.39	(4)
Tunisia	Dinar		2.6269	.3807	
Turkey	Lira		.1211	8.26	(4)
United Arab Republic	Pound	Official	#	#	
United States	Dollar		1.0900	.9174	
Uruguay	Peso	Free	.09941	10.08	
Venezuela	Boiivar	Free	.2395	4.17	
		Official	.3257	3.07	
West Indies	Dollar		.6377	1.57	(6)
	Pound		3.0609	.3267	(7)
Yugoslavia	Dinar	Official	.001453	688.23	

#Not available.

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, Camerouns, 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.

Department of Trade and Commerce

Head Office Trade and Commerce Bldg.,* Wellington and Lyon Sts., Ottawa

Regional Offices: St. John's, Halifax, Winnipeg, Vancouver (see page 40)

	Gov. Local
Minister: The Honourable George Hees	2-0336, 2-0337
Executive Assistant: M. R. Jack	2-7052
Private Secretary: Mrs. Reta Taylor	2-0337
Deputy Minister: James A. Roberts	2-2888, 2-5838
Executive Assistants: D. H. Cheney, C. T. Charland	2-2380, 2-0819
Administrative Services: Comptroller-Secretary, L. J. Rodger	2-7411, 2-2262
Personnel Branch: Director, P. M. Legris	2-5430
Economics Branch: Director, V. J. Macklin	2-5658
Assistant Deputy Minister (External Trade Promotion): H. Leslie Brown	2-2530, 2-0798
Assistant Deputy Minister (Trade Policy): J. H. Warren	2-4042, 2-2649
Assistant Deputy Minister (Commodities and Industries): Denis Harvey	2-5417, 2-7056
Assistant Deputy Minister (Domestic Commerce): B. G. Barrow	2-8431, 2-8502

External Trade Services

H. Leslie Brown, Assistant Deputy Minister	2-2530, 2-0798
Canadian Government Exhibition Commission 2489 Kaladar Ave.	
Director: Glen Bannerman	2-7412, 2-3558
Assistant Director: Patrick Reid	2-7747
Administrative Officer: A. D. Simmons	2-6795
Chief, Design Section: T. C. Wood	2-3671
Trade Commissioner Service	
Director: T. R. G. Fletcher	2-8286
Executive Director: T. M. Burns	2-6835
Assistant Director (Personnel): H. M. Maddick	2-6800
Assistant Director (Administration): M. B. Blackwood	2-5669
Trade Fairs and Missions Branch	
Director: D. G. W. Douglas	2-8269
Trade Fairs Abroad Division	
R. Fournier	2-8855
Trade Missions Division	
Chief: G. A. Cooper	2-8069
Trade Publicity Branch	
Director: C. J. Van Tighem	2-2479, 2-6394
Assistant Director: J. Fergus Grant	2-2186
"Foreign Trade" and "Commerce extérieur"	
Editor: Miss O. Mary Hill	2-6588
Editorial and Art Services Division	
Chief: F. R. Hamilton	2-6435

*Unless otherwise noted, all offices of the Department are in this building. If you are telephoning from out of town, call the government switchboard, CEntral 2-8211, and ask for the local; if you are in Ottawa, dial 9, then the government local.

Trade Policy Services

Gov. Local

J. H. Warren, Assistant Deputy Minister 2-4042, 2-2649

International Trade Relations Branch

Director: R. E. Latimer 2-2250

Assistant Director: V. L. Chapin 2-2981

General Relations Division

Chief: 2-7696

Asia and Middle East Division

Acting Chief: J. L. Mutter 2-5642

Commonwealth Division

Acting Chief: A. W. Evans 2-2421

European Division

Chief: W. G. Pybus 2-8727

Latin American Division

Chief: B. S. Shapiro 2-7641

United States Division

Chief: J. R. Downs 2-5176

Domestic Commerce Services

B. G. Barrow, Assistant Deputy Minister 2-8431, 2-8502

Consultant on Industrial Development: B. R. Hayden 2-7886

Industrial Promotion Branch

Director: G. F. G. Hughes 2-4143

Assistant Director: G. A. Browne 2-4143

R. P. Vachon 2-4181

Depreciation Certification Division

S. B. Kayes 2-3111

Industrial Services Division

Chief: G. P. Bourne 2-5909

Regulations and Publications Division

Chief: J. H. O'Connell 2-3713

Special Studies Division

Chief: W. J. H. Purcell 2-6777

Industrial Promotion Division—Chemicals

J. M. Belanger 2-6685

Industrial Promotion Division—Metals

Chief: B. F. Armishaw 2-6904

National Design Branch

Director: Carl J. Lochnan 2-0342

Assistant Director: E. P. Weiss 2-0341

Design Information Division

Mrs. M. Platek 2-8971

Domestic Commerce Services

	Gov. Local
Small Business Branch	
Director: J. J. McKennirey	2-4737
Assistant Director: R. J. Chartrand	2-0517
Management Training Division	
Chief: D. S. Conger	2-8802
Areas Division	
Assistant Chief: S. C. Severson	2-5207
Information Division	
N. Grafman	2-7573
Standards Branch Standards Bldg., Holland Ave., Tunney's Pasture	
Director: R. W. MacLean	2-2132
Electricity and Gas Division	
Chief: E. F. Power	2-2956
Weights and Measures Division	
Chief: C. S. Phillips	2-2000
Laboratory Division	
Chief: W. J. S. Fraser	2-2575
Commodities and Precious Metals Marking	
G. R. Lewis	2-7075

Commodities and Industries Services

Denis Harvey, Assistant Deputy Minister	2-5417, 2-7056
Agriculture and Fisheries Branch	
Director: D. A. Bruce Marshall	2-4301
Assistant Director: G. E. Woollam	2-7634
Fisheries Division	
Chief: T. R. Kinsella	2-7385
Grain Division, Room 467, Confederation Bldg.	
Chief: R. M. Esdale	2-5830, 2-5648
Assistant Chief: W. R. Hickman (export promotion)	2-7036, 2-5830
Livestock and Animal Products Division	
Chief: K. L. Melvin	2-3172
Assistant Chief: D. H. Burns (furs, sugar, beverages)	2-4161
Livestock, meats and meat products: J. Kaffeidakis	2-7749
Dairy and poultry products: J. McKelvie	2-8039
Plant Products Division	
Chief: A. J. Stanton	2-7523
Fruits, vegetables and products: J. B. Mountain	2-0914
Special crops, feeds, seeds: E. T. Banting	2-6350
Grocery and confectionery products: W. J. Curran	2-6350
Oils, fats and oilseeds:	2-7523
Commodities Branch	
Director: A. M. Tedford	2-6905
Assistant to Director: Miss R. Orr	2-0241
(cont'd.)	

Commodities and Industries Services

Gov. Local

Appliances and Commercial Machinery Division

Chief: G. W. Rahm	2-6950
Assistant Chief: W. H. Grant	2-3209
Sewing machines (domestic), gas, gasoline and kerosene pressure stoves, lamps, lanterns and appliances: W. H. Grant	2-3209
Scientific equipment and supplies: J. A. Findlay	2-6958
Plumbing, heating, air conditioning, hardware: D. C. Meyers	2-6383
R. F. Harris	2-6958
Appliances and housewares: P. C. Fredenburgh	2-6552
H. G. Weber	2-6552
Commercial machinery equipment and supplies, including office: O. A. Sulzenko	2-7956
V. J. Byam	2-7956

Chemicals Division

Chief: G. E. McCormack	2-5993
Assistant Chief: G. A. Ferguson	2-6075
Fertilizers, synthetic resins, rubber: G. A. Ferguson	2-6075
Pesticides, adhesives, cleaning compounds, etc.: R. B. Ball	2-2905
Petroleum, heavy organic chemicals: T. V. Harquail	2-7601
Pharmaceutical products, inorganic chemicals: J. G. Touchette	2-5177
Paints, coal tar, light organic chemicals: A. G. Billingsley	2-2905

Engineering and Equipment Division

Chief: R. C. Wallace	2-4082
Engineering Services Section: R. C. Wallace	2-4082
Consulting engineering, aerial surveys	2-4082
Construction contracting: V. P. Rossiter	2-5382
Communications and Electric Equipment Section: R. Sangster	2-8086
Nuclear instrumentation: R. Sangster	2-8086
Communication electronic equipment: D. L. Draper	2-6479
Transportation and Industrial Plant Equipment Section	
Nuclear reactor equipment	2-5859
Agricultural and automotive equipment, vehicles, aircraft, ships, railway rolling stock: G. C. Clarke	2-3873
Metal working and industrial plant equipment: J. R. Johnson	2-7546
Process Plant Equipment and Projects Section	
Forest products, mining, rolling mill plant equipment, projects: L. T. Hansson	2-5859
Electrical and chemical plant equipment and projects	
Municipal plant equipment and projects	
Food processing plant equipment and projects	

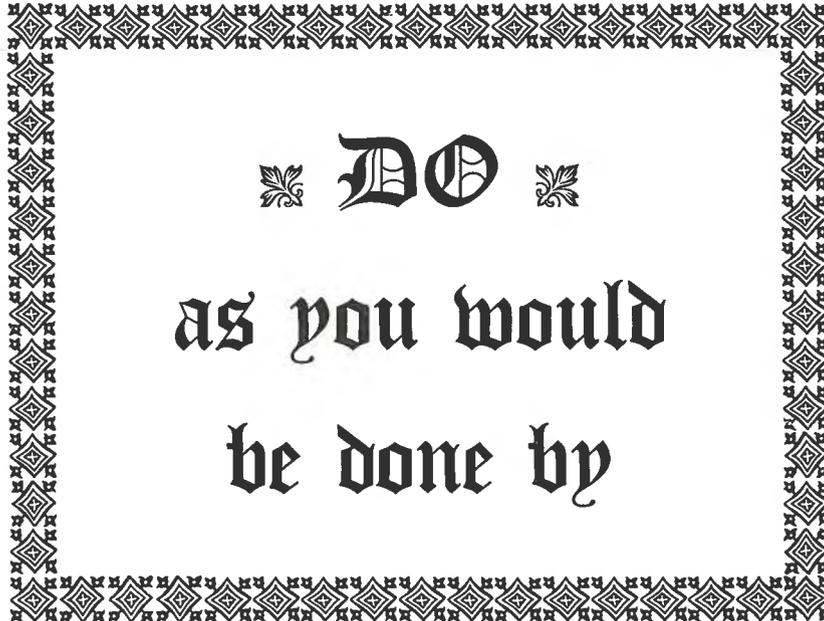
Forest Products Division

Chief: M. N. Murphy	2-0273
Logs, other round material, lumber and sawmill products: P. H. Jones	2-5811
J. M. Monaghan	2-5811
Manufactured wood products: O. Hickie	2-4863
A. D. Monkhouse	2-4863
Wood pulp, newsprint and other papers: D. D. Lockhart	2-4449
Paper and paper products: F. T. Carten	2-6974

Metals and Minerals Division

Chief:	2-8422
Iron and steel: O. L. L'Esperance	2-7731
Non-metallic minerals: R. P. Mulvihill	2-5823
R. T. B. Harvey	2-5159
Non-ferrous metals: R. J. Hurley	2-3823
Statistics: W. L. Power	2-5859

(cont'd.)



or you will be undone

—if we may put it that way. When you write to a supplier inquiring about his product and prices you expect the quickest reply* possible, even if he is on the other side of the world. You expect him to be interested, and courteous enough to tell you whether or not he can do business. If he doesn't respond promptly (or at all), you write him off.

The other fellow has the same expectations and the same reactions.

Some Canadian exporters are undoing themselves—and their country's export reputation.

* By airmail naturally.