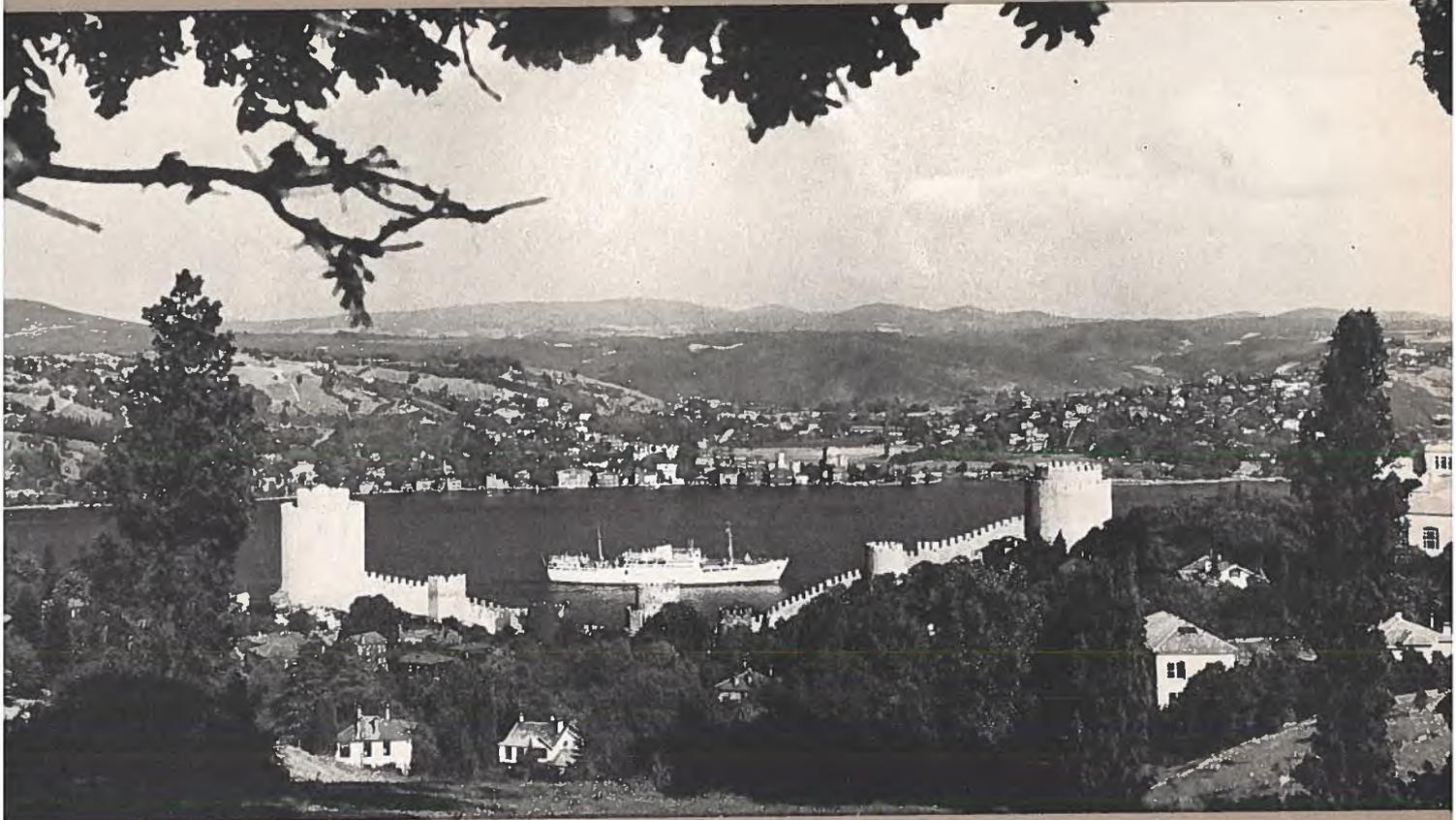


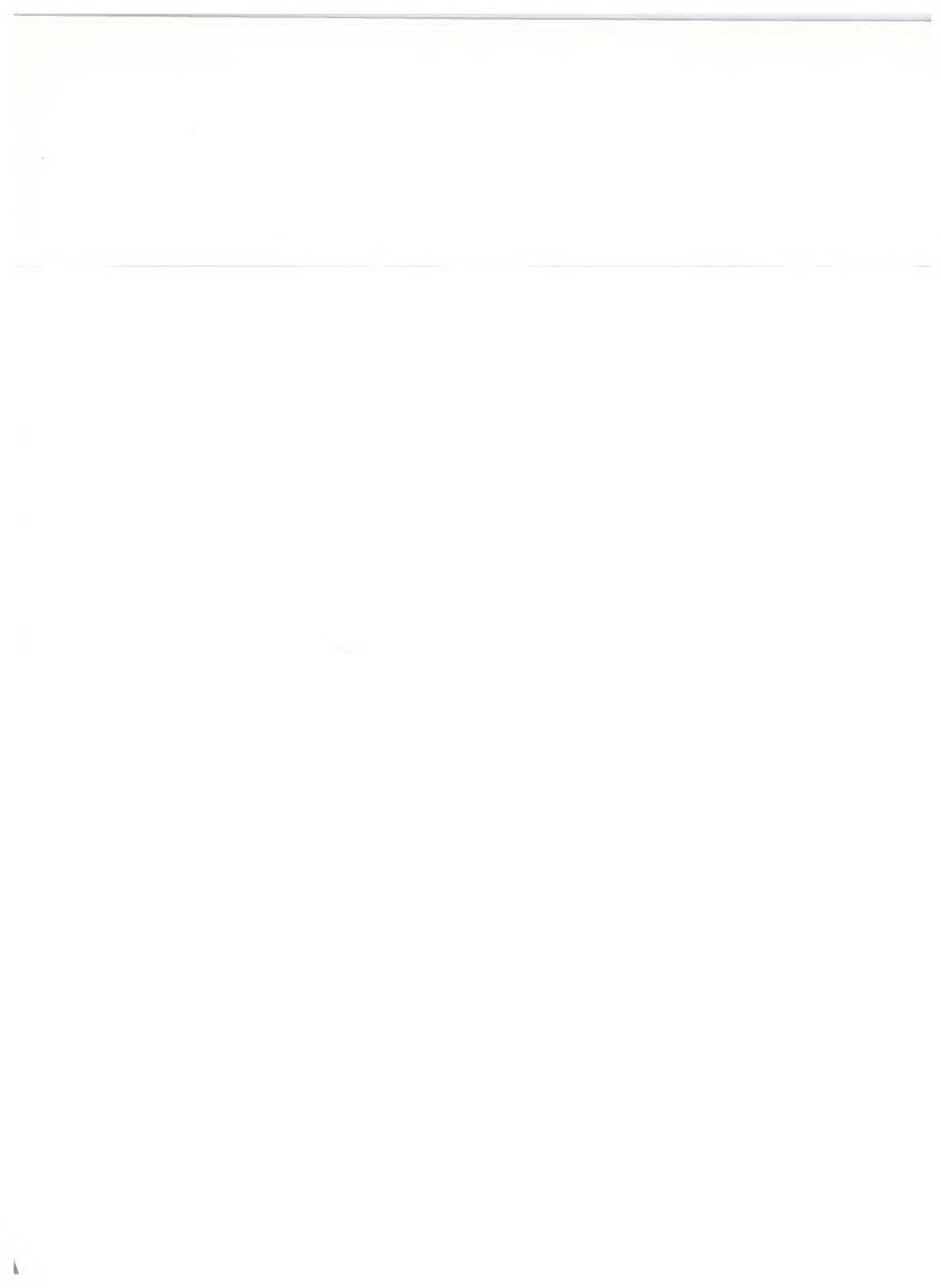
The Middle East Markets Reviewed



FOREIGN TRADE

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COMMERCE
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COVER: This view of Rumeli Hisar, Istanbul, introduces our annual review of business conditions in most of the Middle Eastern countries. Turkey has encountered more problems than the majority of them during the past year, but certain signs indicate that the picture is brightening there too.

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Canada in the Markets of the Middle East 2

Our first article provides the reader with some background material on this oil-rich region, where the old ways of life and traditional trade patterns are gradually giving way before modern forces of development and progress.

The Middle East Markets 4

These reports on twelve countries, prepared by the five offices of the Trade Commissioner Service in the area, stress developments during the past year that have a direct bearing on the export prospects for Canadian suppliers.

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COMING—DOMESTIC APPLIANCES FOR BRITISH HOUSEWIVES, MARCH 10

Economic progress of recent years is continuing; development plans blueprinted or in operation promise further advance and a growing market. Canadian exporters should be able to secure more business in the Middle Eastern countries in coming months.

J. L. MUTTER, *Chief, Asia and Middle East Division.*

THE region commonly referred to as the Middle East extends south and east from the eastern Mediterranean to the Arabian Sea, encompassing an area of roughly four million square miles.

This area, in which about 130 million people live, is divided into three main geographical regions,—the Northern Tier, the narrow Fertile Crescent, and the desert South. The Northern Tier, which comprises Turkey, northern Iraq, northern and western Iran, abounds in mountains and plateaus. The Fertile Crescent marches with the southern border of the Northern Tier from Israel and Lebanon across northern Syria and swings down into Iraq to meet the rivers flowing south to the Persian Gulf. South and east of the Fertile Crescent lie the deserts of western Egypt and southeastern Arabia and the salt flats of Iran. In this, the largest of the three regions, the

population is clustered in the great oases, the green valleys of the Nile, the Euphrates and the Tigris.

Although most of the people of the Middle East are farmers, the major part of the lands in which they live, because of inadequate rainfall, is quite unfit for agriculture. With present irrigation facilities, little more than 5 per cent of the total area can grow crops or provide pasture. With one notable exception, the Middle East is not generously endowed with natural resources. That exception is, of course, petroleum. Currently, the area ranks next to the Americas in oil production and over two-thirds of the world's known reserves of this vital commodity are located there.

Foreign Trade Increasing

The Middle Eastern states, with whose trade this special issue is mainly concerned, are Turkey, Iran, Israel, the United Arab Republic and the other Arab countries. In 1960, total exports from these countries were valued at nearly \$5.5 billion and their total imports at roughly \$4.7 billion. These are increases of 31 and 27 per cent respectively over 1956. Table I shows the growth of trade in recent years. Exports from the Middle East as a whole in 1961 may be estimated at nearly \$6 billion on the basis of preliminary data for the first nine

months. They have been sustained by the active demands of the principal markets—Britain, West Germany, France and the United States. According to U.N. statistics, Middle East exports to Britain totalled \$368 million in the first half of 1961 (\$353 million first half of 1960); to the Common Market countries, \$743 million (\$745 million same period 1960); to the United States, \$212 million (\$191 million first half 1960); and to Japan, \$192 million (\$168 million).

What They Sell

A substantial proportion of the income of many of the Middle East countries arises from the export of one or two commodities. The economies of Iran, Iraq, Kuwait and Saudi Arabia, for example, depend to a great extent upon exports of oil and upon world marketing conditions for petroleum and petroleum products generally. Cotton represents more than two-thirds of Egyptian, Sudanese and Syrian exports. In 1957, when Turkey's exports totalled \$345 million, tobacco alone accounted for \$139 million, and although today tobacco is relatively less important, it is still by a wide margin the largest single export product. Two items, citrus fruit and diamonds, represent about half of Israel's exports.

There are, of course, other sources from which these countries derive foreign exchange. The Suez Canal dues were worth about £50 million to the United Arab Republic in 1960, and several states in the area earn appreciable amounts from the transit and tourist trades. Generally speaking, however, they depend mainly upon a limited number of export products. In the past

Canada in the

Markets of the Middle East

TABLE I

TOTAL MIDDLE EAST TRADE*

Year	Exports (f.o.b.)	Imports (c.i.f.)
(U.S.\$'000,000)		
1956	4,245	3,737
1957	4,565	4,047
1958	4,917	4,155
1959	5,054	4,450
1960	5,471	4,768

*Based on IMF statistics. Included in the above totals are Aden, Cyprus, Egypt (U.A.R.), Ethiopia, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Saudi Arabia, Sudan, Syria, Turkey and others in the Persian Gulf and Northeast African areas.

this has made them especially vulnerable to market fluctuations, crop failures and other more or less unpredictable factors.

The Middle East countries are now striving to close the technological gap between themselves and the West, to broaden their economies, and to diversify their trade. This movement is reflected in the pattern of their imports, which strongly feature machinery and equipment for industrial enterprises; in the number of development plans in progress, and in the number of loans and grants for economic assistance they have accepted, not only from governments and business groups of the West but from the Sino-Soviet bloc as well. The Iraqi-Soviet Economic and Technical Co-operation Agreement of 1959 is an example of the latter. From 1946 to March 1961, United States loans and grants—mainly to Turkey, Iran, Israel and Jordan—have totalled about \$3 billion.

Trade with Canada

At \$24.5 million in 1960, Canadian exports to the Middle East rose 14 per cent above 1959. The total for the first nine months of 1961 exceeded the January-September 1960 total by about 12½ per cent. As Table II shows, exports to most of the leading markets in the area increased—those to Iran and Israel by very substantial amounts. The only conspicuous decline recorded was in Cyprus, a market which

TABLE II

EXPORTS FROM CANADA TO THE MIDDLE EAST

	1958	1959	1960	1960 (9 months)	1961 (9 months)
(In Can.\$'000)					
Bahrain	*	*	112	76	62
British Middle East, n.e.s.	3†	8†	115‡	24‡	128‡
Cyprus	#	#	609	604	18
Iran	1,657	2,242	2,499	1,944	3,190
Iraq	970	4,310	2,425	1,637	1,106
Israel	4,641	4,557	6,184	5,252	7,149
Jordan	159	72	131	94	260
Kuwait	*	*	1,091	936	715
Lebanon	2,242	3,182	3,443	1,797	1,991
Saudi Arabia	2,020	2,878	2,905	1,993	1,900
Sudan	186	368	335	267	140
Syria	767	1,067	674	486	303
Turkey	1,479	693	2,014	1,121	1,238
United Arab Republic (Egypt)	1,207	1,601	2,010	1,557	1,812
Total above	15,331	20,978	24,547	17,788	20,012

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

†Aden only.

‡British Middle East n.e.s. includes Aden, (previously classified separately), British Somaliland, (previously included with Kenya), Qatar and the Trucial States (previously included with Saudi Arabia).

#Before 1960, trade with Cyprus was included with Malta.

TABLE III

IMPORTS INTO CANADA FROM THE MIDDLE EAST

	1958	1959	1960	1960 (9 months)	1961 (9 months)
(In Can.\$'000)					
Bahrain	*	*	.....	.....	.....
British Middle East, n.e.s.	63†	401†	8,493‡	5,251‡	37‡
Cyprus	#	#	180	24	26
Iran	920	11,961	31,469	21,605	17,405
Iraq	1,559	1,111	722	9	26
Israel	1,813	2,505	2,372	1,884	2,513
Jordan	5	2	1	1	2
Kuwait	*	*	22,303	71,322	16,374
Lebanon	81	27	33	29	14
Saudi Arabia	68,023	70,729	39,774	27,459	34,673
Sudan	80	441	83	32	40
Syria	200	189	127	44	135
Turkey	529	913	855	636	586
United Arab Republic (Egypt)	271	281	846	517	422
Total above	73,544	88,560	107,258	74,813	72,253

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

†Aden only.

‡British Middle East n.e.s. includes Aden, (previously classified separately), British Somaliland, (previously included with Kenya), Qatar and the Trucial States (previously included with Saudi Arabia).

#Before 1960, trade with Cyprus was included with Malta.

bought over \$500,000 worth of Canadian wheat in 1960 but none last year. Among the principal Canadian commodities other than wheat moving to these markets are aluminum, asbestos, sheet and strip steel, agricultural equipment, drugs and chemicals, cars and parts and,

to certain of them, an interesting assortment of consumer goods, such as domestic electrical appliances, radios, tires, medicinal preparations.

Table III shows that the greater part (over 90 per cent) of Canada's imports from these countries come from Saudi Arabia, Iran and

Kuwait, and consist entirely of crude oil. Our purchases of oil from these sources have risen steadily and substantially in recent years and tilt the trade balance heavily in favour of the Middle East. Other imports are citrus and dried fruits, nuts, carpets and diamonds.

Prospects

In the last fifteen years, the Middle East has been the scene of one political upheaval or international incident after another. Some of these have not threatened directly the general peace of the area; others have had world-wide repercussions. Many problems are still unsettled, many issues unresolved. Pressures and tensions remain and what has been described as a "nervous" climate persists. Despite all this, much economic progress has been made in recent years and, as the various development plans come to fruition, the income and trade of the Middle East countries will undoubtedly grow. In this growth, Canadian exporters should be able to share. One recent indication of the interest of the Department of Trade and Commerce in helping Canadian businessmen to develop the potentialities of the markets of the Middle East is to be found in the opening, at the beginning of this year, of a Canadian Trade Commissioner Service post at Tel Aviv; another, in the program announced towards the end of last year for a series of 22 wide-ranging Canadian trade missions to visit export markets around the world during 1962. Of these, no less than three are planned for countries of the Middle East.

The reports in this issue, prepared by the five Trade Commissioner posts responsible for the promotion of Canadian exports to the Middle East, provide up-to-date information about conditions in the various countries of the area, indicate where promising opportunities lie (now or in the future), describe the competition to be met, the procedures to be followed, the difficul-

ties to be overcome. These studies are commended to the attention of Canadian businessmen in a position to supply the goods and services

these markets are now importing and will require in increasing volume as their economic development progresses. ●

From the Cairo office . . .

Egypt

Last half of 1961 saw the taking over by the State of all import and export trade, as part of move towards socialized economy. Our Cairo office reports on this change and its possible effect on pattern and promotion of Canadian exports to Egypt.

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

EGYPT has taken a sharp left-hand turn towards a socialized economy through a series of laws and decrees promulgated in July and following months. The purpose of these is to redistribute the national income and the means of distribution more equitably and narrow the gap between the "haves" and the "have-nots". The method used is state control of virtually every sector of the economy. According to a bulletin put out by the National Bank of Egypt, "the impact of the July 1961 regulations on every detail of Egyptian life is immense". Unfortunately, confusion in business conditions is one very apparent side-effect; after six months, this confusion has still not been entirely dispelled.

It is not possible in an article of this type to analyze all the laws in detail, but a summary is worthwhile. The decrees fall into three classifications. The first includes direct measures for the redistribution of the national income—upward revision of income taxes, ceilings on income, only one job per person, distribution of profits to workers, reduction from an eight-hour to a seven-hour day, and in-

creased taxes on landlords. The second is agrarian reform—an amendment to the 1952 law reducing maximum landholdings from 200 to 100 feddans (acres, approximately). The third is aimed at enlarging the public sector or reducing private ownership in commerce, finance, industry and related services by nationalization.

Foreign Trade Taken Over

In addition to nationalization of banks, insurance, transport and industrial enterprises (in some cases nationalization was partial but in all cases the state obtained control), state trading organizations have taken over the import and export trade and agents or representatives of foreign firms which have not been nationalized will be superseded by July 1962. It is in this field of foreign trade, of prime interest to Canadians, that things are not clear and changes can be expected.

Initially, 12 government trading companies—some of which had existed for a few years and others were still being organized—were charged with handling all Egypt's imports. Subsequently, six more state firms were added to the list

and the former private and recently nationalized trading companies were amalgamated with the 18. The 88 chapters (commodity divisions) of the Customs Tariff were allocated to these companies according to their particular interests. In some instances, one firm might have a monopoly of some product; in others, a commodity might be allocated to two or more firms. For example, Chapter 41 (Cork and Manufactures) was given to Tractor and Engineering Company, but Chapter 66 (Aluminum) was given to eight authorized importers.

It is not yet clear whether this system will do the job intended. Some firms have been allocated commodities in which they have no interest or experience; many of the 18 are plagued with organization and administrative problems as a result of amalgamations. Many state-owned factories which have been accustomed to importing their raw materials directly do not see any advantage in buying through a state-owned trading firm. Changes in the system are inevitable as time exposes weaknesses, but it is clear that these will be procedural changes only. The principle of state enterprise is definite and henceforth there will be no place for the private entrepreneur in industry or foreign commerce.

"Vertical" Integration

One major revision now being formulated concerns the over-all organization of commerce and industry. There is to be a Supreme Council headed by the President

and composed of seven Vice-Presidents and Ministers concerned with production and trade—for example, Industry, Economy, Supply, Housing, etc. Under this Council there are to be 39 Public Organizations, responsibility for which will be divided among the Ministers. Thus the Minister of Economy will have banks, insurance, foreign trade and cotton. All the firms with related activities will be grouped in one Public Organization. This is termed "vertical" integration as opposed to the former "horizontal" integration, in which state holding companies—the Economic Development Organization, the Al Nasr group, the Misr group—were made up of a variety of new and nationalized businesses.

Agricultural Losses Serious

Equally as significant as the economic and social reform program was the calamitous series of partial crop failures that plagued Egypt's agriculture during August and September. Pests destroyed between 30 and 40 per cent of the cotton crop, representing a loss of \$100 million in export earnings. (Egypt is negotiating to buy cheap U.S. short-staple cotton for domestic use so that more high-priced long-staple cotton can be exported.) Unusually high Nile floods, following abnormally low water levels and coupled with insect attacks, caused a drop of 40 per cent in the corn crop and reduced output of potatoes, onions, clover, peanuts and rice. Many of the deficiencies will be compensated at least partially

by the very generous surplus food disposal program of the United States, but little can be done to make up the loss in foreign exchange earnings.

Exchange Reserves Fall

Against this background there is little likelihood that the chronic pressure on foreign exchange reserves will be alleviated. These reserves stood at E£13.5 million at the end of 1961 compared with E£20 million a year earlier (excluding E£60.6 million in gold). Since 1956, the trade deficit with convertible currency countries (as opposed to non-convertible credits with Communist countries) has been running at E£60 to E£80 million a year. Egypt earns this amount from Suez Canal tolls and tourists, but debt service and other invisible payments account for at least E£20 million per year. The classic methods of handling this problem of declining reserves—by increasing exports, cutting back on imports, drawing on loans and resorting to credit buying—have all been used so much that there is little room for intensified application. Egypt has, however, recently taken measures to divert more exports from Communist countries and toward the West, with a view to earning more convertible currencies. There may also be some slowing-down of the development program.

Export Promotion Changes

State trading, nationalization and import control have radically

FOREIGN TRADE OF EGYPT

(millions of E£)

	IMPORTS				EXPORTS			TRADE BALANCE				
	1958	1959	1960	Jan.-Aug. 1961	1958	1959	1960	Jan.-Aug. 1961	1958	1959	1960	Jan.-Aug. 1961
Arab League	10.2	9.5	11.7	6.0	15.0	12.0	13.0	9.0	+ 4.8	+ 2.5	+ 1.3	+ 3.0
Communist Bloc	84.7	58.5	47.0	39.1	81.6	72.6	72.8	63.1	- 3.1	+14.1	+25.8	+24.0
Western Europe	102.2	98.2	97.2	45.3	42.5	44.8	50.0	24.3	-59.7	-53.4	-47.2	-21.0
Asia, Africa and Australasia	19.5	13.3	27.1	24.1	21.6	13.6	39.5	18.0	+ 2.1	+ 0.3	+12.4	- 6.1
North and South America	21.6	31.6	41.5	32.0	3.7	3.8	14.5	13.0	-17.9	-27.8	-27.0	-19.0
Total	238.2	211.1	224.5	146.5	164.4	146.8	189.8	127.4	-73.8	-64.3	-34.7	-19.1

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Saudi Arabia

changed the type of export sales promotion with which Canadian firms are familiar and which was common in Egypt up to a few years ago. No longer is it possible to send samples, prices and literature with a view to appointing an agent because agents are not permitted to represent overseas firms. Offers must be made to the government organization that handles the particular commodity and, for industrial requirements, to the industries as well. With the exception of bulk foodstuffs purchased by the Ministry of Supply, imports of nearly all consumer goods are prohibited; for raw materials, spare parts and capital equipment, the emphasis is on price and terms of payment and quality is often secondary.

Instead of trial orders and repeat business, today it is the "big deal" that is important: a year's supply of a specific pharmaceutical or a raw material, or a contract to build a factory, or the supply and erection of high-tension lines. Credit facilities and willingness to take Egyptian currency or exports in payment are over-riding considerations. Even for raw materials and cereals 90 to 180-day credit terms are normal and occasionally they have gone to one year.

CANADIAN TRADE WITH EGYPT

(In Canadian dollars)

	Exports to	Imports from
1958	1,207,344	271,235
1959	1,958,399	281,329
1960	2,009,944	846,317
1961 (8 months)	1,619,138	387,387

In spite of all the changes that have taken place, it is interesting to note that Canadian exports to Egypt were running at a higher rate in the first eight months of 1961 than in the previous three years. If this rate was maintained for the full year (present indications are that it was), Canadian sales may reach \$2.5 million. It is also significant that some of the largest Canadian orders, especially for commodities new to Egypt, came as a result of personal visits paid by exporters. ●

Basic development program is being worked out, with emphasis on public utilities, communications, agriculture. Imports are increasing, but Canada's sales (with seed wheat in the lead) slumped last year.

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

IN 1958 Saudi Arabia had a financial crisis, brought on by a lack of financial planning and over-spending of an ever-increasing income from oil. In 1959 steps were taken to put the situation right and by the end of 1960 the economy had been stabilized. By comparison with these up-and-downs, last year was a quiet and unspectacular one for the business community. There were the usual complaints about tight money and slow turnover, plus demands for more credit and stiffer competition, but the banks reported a 10 to 20 per cent increase in the value of letters of credit opened and bills for collection.

Saudi Arabia's first flush of riches—the Arabian equivalent of a gold-rush boom (the story used to be that cars were turned in when the ashtrays were full)—is now past and there is a more realistic attitude about how money should be spent. Sales of air-conditioned Cadillacs and Lincolns have slowed down and those of Fords and Chevrolets have picked up. Even the smaller European and British cars that were almost unsaleable three years ago are increasing in numbers. The program of building palaces and impressive government offices was curtailed during the austerity era and now that the economy has returned to normal, the emphasis is on houses of more modest proportions, roads, water and sewerage works, and other basic utilities.

Economic Development Studied

Despite the surplus in world capacity for oil production, Saudi Arabia has maintained its position as the second (after Kuwait) largest producer in the Middle East and has increased its exports every year.

Production for 1961, it is estimated, will exceed 1.5 million barrels a day, or roughly three times the volume of Canadian production. Now that the economy has been stabilized, the sizable recurring foreign exchange income from oil is being used for development. A World Bank mission conducted an extensive survey in 1960 and made recommendations to the Government on how economic development should be planned and executed.

Oil production and refining is virtually the only industry in the country and it is unlikely that industrialization will be undertaken on any large scale for many years. Rather, basic development is receiving emphasis—such as water resources, agriculture, communications, ports, health and education programs. Even before these are tackled, the setting-up of a competent planning body on an international basis and reorganization of government ministries to cope with the task are recommended. It is estimated that \$90 million should be budgeted in the first two years for the undertaking of pre-investment surveys and explorations for water, agriculture, communications and minerals, and the starting of some projects in these fields for which studies have been completed. Private enterprise and investment are considered important for electricity generation and distribution and, as conditions warrant, for industry and the exploitation of minerals.

The Government acted quickly to implement the Bank's financing recommendations. The budget allocation for development was \$44 million in 1960, \$72 million in 1961, and for this year it is \$80 million—considerably more than



—Photo by ARAMCO

A worker on the Ali Sahaiti farms cultivates a field of cabbage to help supply the oil companies and the local populace with food. ARAMCO offers technical advice and assistance to Arabian farmers to help them improve agricultural practices.

the Bank suggested and in some instances more than the ministries concerned can spend. With a national income of \$450 million a year for a population of approximately 5 million, money is not a problem in Saudi Arabia—for example, the money for an aerial survey contract won by a Canadian firm was paid to the bank in advance.

Projects Proposed

Other projects under way or being considered include roadbuilding, railway reconstruction, schools and hospitals, water and agriculture, grain silos, and improvement of ports. The Arabian American Oil Company has announced a loan of \$8.5 million to finance water and sewerage projects for Dammam and Al-Khobar, two towns in the

Eastern Province. A cement plant near Jeddah on the Red Sea is thinking of doubling its capacity; various ideas for the industrial use of oilfield gases (40 per cent are flared and the remainder pumped back into the earth) have been studied. A U.S. company is manufacturing detergents and offers for an aluminum utensil factory have been invited. At the moment, these are about all the private investments in industry but prospects may improve when new basic legislation—companies law, investment law and mineral rights—is passed.

Imports Are Increasing

With little opportunity for private investment, Saudis employ their wealth in the import trade and although no up-to-date statistics are available, it is safe to say that 1961

was a record year. Imports from the United States last year were some 15 per cent higher than in 1960. It is Saudi Arabia's largest supplier but Japan and Western Europe are making rapid gains.

Canada's exports, which have increased 10 to 20 per cent in each of the past seven or eight years, showed signs of levelling off in 1961 on the basis of statistics for the first seven months. The main reason may be previous large imports of seed wheat, by far the most important commodity in our trade, and consequent over-stocks, or possibly the steadily rising prices for Canadian seed wheat. Whatever the cause, imports in the early months of 1961 fell 14 per cent below 1960. Sales of some of the fairly extensive variety of other products that are listed have risen, however, and Saudi Arabia will continue to be one of our most important customers in the Middle East.

EXPORTS FROM CANADA TO SAUDI ARABIA

	1960 Jan.-Dec.	1961 Jan.-July
	(in Can. \$)	
Canned and prepared foods	5,148	
Wheat, flour, barley	2,540,057	1,444,272
Autos, trucks and parts	180,455	134,141
Clothing	3,538	252
Domestic appliances	46,946	16,166
Clocks, watches, pens, pencils and paper	73,249	22,136
Engines, hardware, iron and steel	35,293	105,030
Radios and electrical apparatus	19,182	2,797
Drugs and chemicals	2,318	7,153
Other articles	1,121	2,369
Total	2,907,307	1,734,316

To give better service to the Canadian exporter in his efforts to obtain an increasing share of this lucrative market, the Trade Commissioner Service intends to appoint an Honorary Commercial Agent in Jeddah, Saudi Arabia's Red Sea port and largest commercial centre. ●

See also "Selling in Saudi Arabia" in the December 30, 1961, issue of Foreign Trade—Editor.

Sudan

An export surplus, stable foreign exchange reserves, and progress with development projects were 1961 highlights. Low purchasing power, well-entrenched competition limit Canadian sales, but improvement should be possible as development proceeds.

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

THE dramatic recovery of the Sudanese economy was accomplished by the end of 1960 and last year witnessed steady progress. As in Saudi Arabia, and for similar reasons, it was a quiet year compared with previous ups-and-downs. Foreign trade achieved an export surplus, the foreign exchange reserves did not rise or fall markedly, and business conditions were relatively stable. Emphasis on development continued but on a scale that the country can afford. The Sudan is not without its problems but the future is promising.

Cotton sales, which account for 65 to 75 per cent of export earnings, were running 10 per cent below the previous year because of a small carryover and a crop that was down by 100,000 bales. The quality, however, was rated as well above average and this, coupled with a short crop in Egypt, kept prices high. Exports of other agricultural products—gum arabic (Sudan supplies 90 per cent of world consumption), durra, livestock, castor, sesame, peanuts, cottonseed and melon seed—were above average, thus helping to make up the short-fall in foreign exchange earnings from cotton.

Projects Under Way

The Sudan has a wealth of under-exploited resources, mainly agricultural. To develop the country, basic projects such as dams for irrigation and hydroelectric power are receiving priority. The largest of these is the Roseries Dam on the Blue Nile, 80 miles from the Ethiopian border. Impresit of Italy is the main contractor for this \$90 million project; the World Bank, the Industrial Development Association and

the West German Government are loaning \$51.5 million toward the foreign exchange costs. After completion of the dam in 1968, the reservoir will hold 2,700 million cubic metres of water, enough to irrigate 900,000 acres. It is designed to allow for a heightening of 33 feet in the future and thus additional storage capacity of 4,600 million cubic metres, plus hydroelectric generating installations.

Upstream from Khartoum, between the Blue and the White Nile Rivers, is the Gezira scheme that originally came into being in the 1920's when the Sennar Dam was built. This million-acre project is being enlarged by 830,000 acres with the completion of a heightening of the Sennar Dam and the bringing into production in two stages of the Managil Extension. Cotton continues to be the principal Gezira crop but there is a trend toward diversification in order to escape from the vulnerability of a one-crop economy. Experiments in growing wheat, sugar, tea and coffee have proved successful.

At Khashm el Girba a completely new settlement is being built to house the population of Wadi Halfa, which will be inundated by the reservoir of the Aswan High Dam now under construction. There will be 26 villages, each with 240 dwellings, a town of 700 houses, shops, schools, mosques, hospitals, etc., and a \$20 million multi-purpose dam on the Atbara River. The project is being financed by Egypt, the Sudan and the World Bank and is being undertaken by an Italian-French consortium.

Less spectacular but equally essential are schemes to modernize

the railways with diesel engines, build hard-surface roads (as yet there is no road from Khartoum, the main centre, to Port Sudan, the only ocean port) and bridges. Industry is also expanding, with projects completed, nearing completion or in the stage of advanced planning for textile mills, a flour mill, sugar refinery, oil refinery, tannery, pharmaceutical plant, soap factory and paper mill. The Sudan's main problem in all these plans and development projects is a shortage of labour, both skilled and unskilled. Even for picking cotton, it relies to a large extent on migratory labour, mainly Moslems from West Africa on their way to or from Mecca.

Imports Liberalized

The Sudan's financial wellbeing and the almost complete convertibility of European currencies has permitted a wide measure of liberalization for imports. The great majority of consumer goods are under Open General Licence; the main exceptions are those commodities produced locally. Capital goods, spare parts and raw materials can be imported freely. Trade liberalization has not, however, changed the direction of trade. Britain maintains its predominant position, and accounts for 20 to 30 per cent of the Sudan's imports and exports. Other European countries, led by Germany, Italy and France, have increased their share of the market, notably through development projects. Bilateral (barter-type) trade agreements negotiated a few years ago with Communist countries and the United Arab Republic when cotton was moving sluggishly are still in existence, but have lost most of their attraction for the Sudanese. They account for only 5 to 10 per cent of total trade.

In order of importance as measured by value, the Sudan's main imports are machinery, cotton piecegoods, vehicles and transport equipment, base metals and manufactures, petroleum products, sugar, synthetic textiles, tea, chemicals and

pharmaceuticals, wheat flour, jute bags and coffee. According to incomplete statistics, total imports during 1961 were running 25 per cent above 1960.

Canadian trade with the Sudan is limited to purchases of gum arabic and sales of automobiles and certain farm implements.

The Sudan at present is not the most attractive market for Canadian

CANADIAN TRADE WITH THE SUDAN

	Exports to	Imports from
	(In Can. \$)	
1958	185,613	80,058
1959	368,239	441,107
1960	335,220	82,673
1961 (8 months)	127,528	33,764

exporters. Although import and exchange controls are not onerous, the competition is well entrenched, per

capita purchasing power is low, and there are few natural or historic links between the two countries. The many development programs will eventually pay off and when they do, Canadian exporters who have made efforts to cultivate this market will be in a favoured position. One asset we have is a wealth of goodwill among Sudanese officials and businessmen. ●

Aden

Important sources of revenue make this an active market; Canada's sales have increased spectacularly since imports liberalized.

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

DURING 1961 the prosperity and economic wellbeing of the Colony of Aden and the Aden Protectorate (known also as the Federation of Arab Emirates) improved. Preliminary figures indicate a 15 per cent increase in trade, continued activity in building and construction, more shipping and larger tonnages, and consequently higher figures for petroleum refining and bunkering. A good part of Aden's enhanced prosperity compared with previous years stemmed from the absence of strikes that plagued the Colony until anti-strike legislation was passed early in 1961.

The Aden Port Trust has plans to improve berthing facilities but even now more than 500 ships a month call at Aden, nearly always for brief periods, to load and discharge cargo, take on stores and bunkers, and allow passengers and crew to take advantage of duty-free shopping. There is no accurate figure of tourist spending in any period; estimates range from £4 million to £8 million a year, with passengers on large liners spending £20,000 to £30,000 in a six-hour call. Cameras, watches, binoculars, transistors, perfumes and similar products subject to high duties in the tourists' home countries are favoured purchases. Well over

300,000 watches and 40,000 cameras are imported each year—figures that bear no relation to the population of only 140,000.

The Colony's most important industry is the British Petroleum oil refinery that supplies bunker fuel oil worth £25 million, in addition to exports of various petroleum products valued at another £25 million in 1961. Because Aden produces no oil, supplies of crude are imported from Persian Gulf countries. Sales of stores to ships calling at Aden also account for a small but growing income that should exceed £300,000 in 1961.

In recent years, the British forces, mainly the Royal Air Force, have provided the Colony with an important source of revenue. Personal spending by the 14,000 servicemen and their dependents, plus construction of military installations and housing, amounted last year to an estimated £12 million and incidentally improved the appearance of this rather arid hot peninsula. There are also a number of development projects planned and in execution, especially in the Protectorate. However, the building boom will taper off in a year or two and Aden will need many projects to avoid a slump. Unfortunately, limited resources and uncertainty about future

political stability have not helped in attracting foreign investment.

Entrepôt trade, one of Aden's most important *raison d'être*, has been declining in recent years and this trend is likely to continue. The nearby countries with which the Colony does a large re-export business—Somalia, Ethiopia, Sudan and Yemen—are all developing their own ports, banks, postal and telegraph facilities in order to conduct business directly. Despite the services he renders, the middleman is not always appreciated.

Imports of goods other than oil products (which account for approximately half the total) are expected to reach a value of £45 million in 1961, an increase of 8 per cent over the previous year, largely because of the building boom and increased spending by tourists and servicemen. It is a matter of some doubt whether these sources of revenue will continue (or be replaced) in the future. Britain continues to be by far the most important source of supply, followed by Japan, India, Germany and other European countries. Since restrictions on imports from hard-currency countries were removed, Canada's exports have risen by leaps and bounds—from £1,350 in 1958 to £6,992 in 1959, £12,443 in 1960 and £36,747 in eight months of 1961—but still represent only a minute fraction of the total. The main commodities in this trade are motor vehicles and wheat flour. ●

From the Athens office . . .

Turkey

Austerity measures bar practically all non-essential imports but products needed by industry can be sold. Sizable foreign economic aid used mainly to buy spare parts and other production needs.

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

TRADE between Canada and Turkey has never reached important proportions. Its range for the calendar years 1957 to 1960 and the first eight months of 1960 and 1961, according to DBS statistics, is shown in Table I.

Table II shows the principal types of goods that Canada supplied to Turkey during 1960.

The reader will note that a number of products, including cattle hides, sulphite pulp, aluminum in primary and semifabricated form, nitrogenous fertilizers and synthetic rubber were exported in 1960. These exports were not repeated in 1961. The reason is that the United States Government made dollar funds available to the Turkish Government for the purchase of these and certain other products, provided that they came from the U.S.

As might be expected, Canada's imports from Turkey are almost solely agricultural, apart from relatively small quantities of chrome ore in certain years. Table III lists imports during the past four years.

Canadian Prospects

Future prospects for Canadian exports to Turkey are not easy to predict in detail, but one or two broad lines of probability can be discerned over the next two or three years.

Clearest of all is the bleak outlook for all luxury and most non-essential goods. With few exceptions, Canadian producers and exporters of non-essentials will not find the Turkish market encouraging. Turkey's balance-of-payments difficulties are so great that it cannot afford to use foreign exchange for goods it can get along without. The Government's import control policy

reflects this and will undoubtedly do so for some time to come.

On the other hand, producers of basic raw materials, certain chemical products, iron and steel goods, certain non-ferrous metals, finished and semi-finished capital equipment, and a wide range of manufactured goods (including spare parts) would be well advised to consider the Turkish market if they feel that they have any chance at all of competing against European suppliers, and to seek Turkish sales representatives if they do not already have them.

Exporters should not cherish any illusions about Turkey, an extremely competitive and rather difficult market for Canada. European manufacturers have important advantages. They can visit Istanbul and Ankara quickly and more cheaply. They have at their disposal frequent and much cheaper shipping services. Many of them have long-standing familiarity with, and established agency connections in, the country. And in some instances—Germany, Italy and France, for example—suppliers are able to take advantage of large credits placed at Turkey's disposal by their governments or banking groups.

In addition, United States producers and engineering firms are greatly helped by the massive financial aid that the U.S. Government is giving to Turkey.

Another problem is the difficulty of finding good agents. The number of individuals and firms in Istanbul and Ankara experienced in foreign trade, financially reliable, and able to correspond in English is limited and those that fulfill these requirements are often already committed. Patience and perseverance are thus

required at the outset. Nevertheless, Turkey's requirements over the next ten to twenty years are going to be enormous and many Canadian producers should find it worthwhile to cultivate this market.

1962 Import Program

The Turkish Government's overall import arrangements continue to be based on two half-yearly programs announced early in January and early in July each year. (See *Foreign Trade* of February 10, 1962, for information on the foreign trade regime for the first half of 1962.) In a statement issued on December 29, 1961, the Minister of Finance said that foreign exchange equivalent to U.S.\$560 million would be available for imports during the whole of 1962, adding that it was proposed to allocate it as follows:

\$235 million	for capital goods
\$220 "	" raw materials
\$ 50 "	" essential goods not produced in Turkey
\$ 55 "	" agricultural products from the United States.

The fourth group represents the dollar value of the surplus U.S. agricultural products that the Government expects to buy against payment in Turkish liras. Turkey purchased during the past year about 700,000 tons of such products—mainly wheat, valued at approximately \$71 million under a PL480 agreement signed on July 29, 1961. A further agreement was signed in Ankara early in January for an additional 300,000 tons of U.S. wheat valued at \$21.1 million.

The Minister announced at the same time that the total value of the eighth so-called global program for the first six months of 1962 would be as follows:

\$ 95 million	for "free list" commodities
\$ 65 "	" "quota" goods
\$ 30 "	" imports from clearing-account countries.
\$190 "	total

One of Turkey's basic problems is a chronic adverse balance of trade, that is aggravated (instead of

TABLE I
CANADIAN TRADE WITH TURKEY

	Exports	Imports from
	(in Can.\$'000)	
1957	483	841
1958	1,479	529
1959	1,127	913
1960 (12 mos.)	2,014*	855
1960 (8 mos.)	855	605
1961 (8 mos.)	863	525

*The large export total for 1960 resulted mainly from the sale of over \$800,000 worth of aluminum high-tension cable.

TABLE II
MAIN CANADIAN EXPORTS TO TURKEY

	1960 (Can.\$)
Total (twelve months)	2,014,414
of which:	
Aluminum, semi-fabricated (high-tension cable)	1,052,081
Aluminum, primary forms	35,410
Machinery and parts, n.o.p.	168,094
Sheet and strip steel, n.o.p.	146,776
Ploughs and parts, n.o.p.	39,125
Pneumatic tires for trucks and buses	65,531
Pulp, sulphite bleached, paper grades	49,866
Plastics, synthetic rubber, not shaped, n.o.p.	33,297
Drugs and chemicals, n.o.p.	47,759
Nitrogen fertilizer, n.o.p.	29,500
Manufactures of iron, n.o.p.	46,628
Autos, passenger, new, over \$1000	16,782
Motor vehicles, n.o.p., and parts	18,651
Engines, aircraft and parts	15,327
Radio wireless apparatus	14,900
Whisky*	65,316
Stoves, n.o.p., heating apparatus	22,971
Cattle hides, raw	32,230
Pneumatic tires for tractors	24,880

*Mainly exports to the U.S. armed forces stationed in Turkey.

being offset, as in Greece) by invisibles. Although statistics for all of 1961 are not yet available, it is expected that the trade deficit will reach at least \$150 million, or about the same as in 1960. Table IV shows total imports and exports over the past four years by main trading areas.

Table V, covering total exports by commodities during the latest four years for which figures are available, illustrates Turkish dependence upon agricultural exports.

TABLE III
CANADIAN IMPORTS FROM TURKEY

	1957	1958	1959	1960	1961 (6 months)
	(in Can. \$'000)				
Total imports	841	529	913	855	421
of which:					
Walnuts, shelled	....	....	288	47	60
Tobacco, Turkish, unstemmed	257	232	220	185	110
Filberts, shelled	211	166	191	440	112
Figs, dried and paste	108	32	94	38	18
Cotton linters and fibres	....	34	44	83	112
Wool, washed or scoured	....	....	16	16	....
Chrome ore	216				

TABLE IV
TURKEY'S FOREIGN TRADE

	1957	1958	1959	1960	1961	
					I (Quarters)	II
	(in U.S. \$'000,000)					
Imports						
Total	397.1	315.1	470.0	468.2	87.5	109.5
of which, from:						
EMA area*	161.4	142.8	252.1	258.7	50.9	64.7
U.S. and Canada	121.9	87.9	123.9	121.9	14.8	20.5
Soviet bloc	67.0	57.3	42.4	42.6	10.6	11.1
Other sources	46.8	27.1	51.5	45.0	11.2	13.2
Exports						
Total	345.2	247.2	353.8	320.7	81.8	58.2
of which, to:						
EMA area	165.2	121.8	198.0	175.9	37.5	27.2
U.S. and Canada	90.4	48.4	64.7	59.1	24.9	8.3
Soviet bloc	62.1	56.3	40.4	39.6	9.8	8.9
Other destinations	37.5	20.7	50.7	46.1	9.6	13.8
Trade balance	-51.9	-67.9	-116.2	-147.5	-5.7	-51.3
Net gold and foreign exchange reserves	-22.6	+15.1	-18.0	+35.0	+41.7	+76.6

*European Monetary Agreement countries.

Foreign Aid

According to a United States Information Services statement released in Ankara early in December last, the United States has made \$3,658 million in financial aid available to Turkey from the beginning of 1948 to the end of November 1961. Of this, \$2,100 million consisted of military aid and \$1,558 million of economic aid. The latter was broken down as follows:

\$979 million for imports	
\$307 " " farm produce under PL480	
\$183 " " development loans from the Development Loan Fund	
\$ 51 " " credits from the Export-Import Bank	
\$ 37 " " technical aid.	

TABLE V

TURKISH EXPORTS BY COMMODITIES

	1957	1958	1959	1960
	(in U.S. \$'000,000)			
Fruits	70.9	56.4	68.6	77.4
Tobacco	138.9	84.3	91.8	65.5
Cotton	41.5	22.9	54.1	48.6
Sugar	3.7	1.7	1.9	17.5
Ores*	29.6	22.6	13.2	15.8
Wool, hair and mohair	14.6	7.5	20.4	14.5
Copper	8.6	6.5	6.8	11.0
Animal feedingstuffs	7.4	6.2	10.4	10.6
Pulses	0.1	2.5	8.9	8.0
Cereals	2.3	10.7	39.7	6.2
Others*	27.6	25.7	38.0	45.6
Total	345.2	247.2	353.8	320.7

*The items "ores" and "other" cover for the most part manganese and chromite ores and nuts.

The technical aid covers 351 different projects and includes the sending of 2,013 Turkish technicians and others to the United States, and the dispatch to Turkey of some 850 U.S. experts for varying periods.

To begin with, this economic aid was given primarily for buying agricultural, roadbuilding, and power-production machinery and plant. Since 1956, however, it has been devoted mainly to the purchase of raw materials, spare parts, and other essentials to production. Of the total of \$979 million devoted to imports, some \$824 million represented outright gifts.

Turkey received financial aid from other sources during 1961—credits of \$50 million and of \$37.5 million from the European Fund of the OECD and from the IMF respectively; a credit from West Germany of DM200 million to be made available over 1961 and 1962 for specific investment projects agreed upon between the German and Turkish Governments; a credit of \$20 million from the IDA; one of \$12 million from Italy in connection with the large steel mill to be built at Ereğli, and an export credit guarantee for \$12 million from the French Government for the same purpose.

Financial Outlook

The Turkish financial year runs from March 1 to February 28. At a press conference on December 1 last, the Minister of Finance announced that expenditures during the 1962/63 year would total the equivalent in Turkish liras of \$1,150 million, an increase of \$147 million over the previous year. The largest single item was \$284 million for national defence, followed by \$160 million for the Ministry of Education. Revenue was expected to fall short of expenditure by \$130 million and the gap will have to be made up from foreign aid or other sources.

In a statement early in September the then Minister of Finance of the Military Government described the situation of Turkey as follows:

"The people of Turkey must be aware of the economic conditions of the country beyond all doubt.

"Turkey is under the burden of a foreign debt totalling \$1,400 million, with an obligation to pay \$120 million of it annually. This figure represents 35 per cent of Turkey's annual exports. Under such conditions, no mistakes can be tolerated. Turkey has gone through a ten-year period of extravagance. She can no longer afford wrong decisions.

"The situation in which we find ourselves is as follows: a colossal debt; inadequate private-enterprise capital; weak state industries established for political considerations, free from a competitive medium, and busily using up their own capital; uncompleted projects totalling 18,000 million liras awaiting action; stagnant agriculture; eroded soil; wasted and dried forests; stagnant exports; and the effects of a fluctuating price policy full of errors."

To this catalogue of problems must be added a population of 28 million people, largely peasant and illiterate, with a per capita income of under \$200 a year, suffering from widespread unemployment and under-employment, and now increasing, it is believed, at a rate of 3 per cent per year.

Production of wheat has increased by 9 per cent over the past five years and totals about seven million tons. But a 16 per cent increase in population during the same period has not only ended all possibility of exporting wheat but has made necessary the large imports from the United States.

The chairman of the Grain Committee of the Ministry of Agriculture has stated recently that the country must produce nine million tons in order to eliminate imports. He emphasized that the yield per acre must be raised.

The Road Ahead

It would be wrong to conclude from the foregoing that Turkey's problems are insoluble. It is true that the year 1961 was darkened by

the political events that overshadowed all else and slowed down business activity, and that drought in large areas of central and eastern Turkey reduced crop yields and caused widespread distress.

But the year was marked as well by a good deal of progress. For one thing, the military government did succeed in holding inflationary trends under control. It also suppressed or postponed many of the hundreds of industrial and other ventures that the previous government had started but which lacked adequate funds and management.

On the other hand, a considerable number of government and private undertakings were started or brought to completion or near-completion. For example, on a recent visit to the south coast of Turkey I saw at Mersin a fine new harbour already in use, although the storage sheds were still being built. A great new oil refinery was about to go on stream (in February), a large modern grain elevator had been completed, and a large citrus-fruit processing plant, privately owned and equipped with the latest U.S. machinery, was already in operation.

At Antalya, also on the south coast, a new ferro-chrome plant, owned jointly by the Eti Bank of Turkey and the French company Pechiney, is expected to be ready for operation in February. It is to have an annual output of 2,000 tons of carburated ferro-chrome, 8,000 tons of pure refined ferro-chrome, 2,000 tons of silica ferro-chrome, and 4,000 tons of calcium carbide. The plant should add appreciably to Turkish export capabilities.

In the national election held on October 15, 1961, none of the four political parties obtained a working majority, with the result that a coalition government was formed on November 20. Turkey's progress in the immediate future will depend to a large extent on how well this government, composed of statesmen holding widely different views, succeeds in working together for the good of the country. ●

Cyprus

The author recently visited the island of Cyprus; his first-hand report on the market discusses recent easing of import restrictions, lists likely-to-succeed export products, and reviews five-year plan.

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

CYPRUS is the third largest and one of the most attractive of the islands in the Mediterranean. It covers 3,572 square miles and according to the last census, December 1960, its population (including the personnel of the British military bases of about 12,000) is only 577,000.

After several centuries of Turkish rule it came under British control in 1878 and was administered as a British colony from 1914 until August 16, 1960. On that date it became independent under the Zurich and London agreements reached between Britain, Greece and Turkey.

Trade with Canada

Until 1960, the Dominion Bureau of Statistics included Canada's trade with Cyprus in our trade with Malta and it was not possible to ascertain the nature or size of the trade. But it was known that, apart from an occasional cargo of wheat, the movement since the beginning of the last war had been small. It consisted of small spasmodic shipments of lumber, certain pharmaceuticals, mining and woodworking machinery, a little whisky and canned fish, a shipment (in 1957) of iron and steel scrap, and a few miscellaneous products whose value in any one year seldom exceeded a few hundred dollars.

Before the war, according to information received from old-established Cypriot traders, certain Canadian goods of a North American type, or for the production of which Canada was particularly favoured, were imported when the Commonwealth tariff preference was sufficient to overcome the European ocean-freight advantage. Examples

were automobiles, automobile tires, leather and canned salmon.

Since the war, continued British import and exchange control regulations have handicapped Canadian sales. Table I gives the statistics on our exports to Cyprus in 1960 and the first half of 1961.

Cypriot exports to Canada (see Table II) are limited by the restricted range of the island's production, by the fact that much of it—e.g., copper, iron pyrites, asbestos, and potatoes—is duplicated in Canada, by infrequent and expensive shipping connections, and because its trade in general is oriented to Britain, Greece, certain European countries and the Middle East.

It is to be hoped that the relatively small shipments of grape juice, wine and brandy can be increased. Several Cypriot producers are anxious to enter the Canadian market and would be glad to hear from interested Canadian importers. Shippers of tobacco and of citrus fruit are also hopeful that they may be able to do business with Canada. It is said that Cyprus tobacco blends exceptionally well with the Virginia type, and many people consider Cyprus lemons the finest in the world.

Imports Liberalized

Following independence, the Cypriot Ministry of Commerce and Industry began to examine the trade-control regulations it had inherited, with a view to broadening its trading connections and lessening its dependence on a few large markets—Britain in particular. Officials have expressed concern over the adverse effects that British entry into the Common Market may

have on its agricultural exports, such as citrus fruit and table potatoes, most of which have been going (until recently) to Britain. The Ministry concluded bilateral agreements of a clearing-account type with certain countries, including the U.S.S.R., by which substantial quantities of accumulated products such as raisins and tobacco were sold.

During the first half of 1961 restrictions were lifted on a number

TABLE I
CANADIAN EXPORTS TO CYPRUS

	1960	1961 Jan.-June
	(in Can. \$)	
Wheat	576,199	
Salmon, coho, canned	720	800
Printed matter, n.o.p.	787	373
Mining machinery and parts	4,380	5,961
Shoe machinery and parts	1,867	
Passenger autos, new over \$1,000	3,844	
Automobile parts	283	
Storage batteries	3,012	1,483
Radio receiving sets	15,618	
Radio wireless apparatus, n.o.p.	820	
Manufactures of non-ferrous metals	166	
Medicinal preparations, antibiotics	338	1,944
Film, motion picture, not exposed	120	
Shipments under \$50	560	327
Vitamins		1,011
Dresses		207
Total	608,714	9,977

TABLE II
CANADA'S IMPORTS FROM CYPRUS

	1960	1961 Jan.-June
	(in Can. \$)	
Grape juice over one gallon	37,631	
Sugar candy, confectionery, n.o.p.	537	
Brandy	12,679	8,870
Wines, non-sparkling	18,261	7,250
Chrome ore	99,154	
Packages containing goods	11,326	1,275
Shipments under \$50	80	
Labels, tags, tickets		138
Total	179,668	17,533

of imports from the dollar area. Those of interest to Canada were:

Meat and meat preparations, except killed poultry
Milk and cream, evaporated, condensed or dry
Prepared breakfast foods
Whisky
Edible vegetable oils
Dying, tanning and colouring materials
Medicinal and pharmaceutical products
Insecticides, fungicides, disinfectants
Casein, gelatin, glue
Chemical materials and products
Rubber tires and tubes for vehicles
Asphalted fabric
Agricultural machinery and implements
Tractors
Office equipment
Metalworking machinery
Mining, construction and other industrial machinery
Optical instruments and appliances
Photographic and cinematographic apparatus and appliances
Surgical, medical and dental instruments and appliances
Photographic and cinematographic supplies

Late in 1961 restrictions were lifted, effective January 2, 1962, on a further group of dollar-area goods, including:

Automobiles and trucks
Leather, natural, reconstituted or artificial
Power-generating and electrical machinery, apparatus and appliances
Household refrigerators
Hygienic, medical and surgical articles of rubber
Manufactures of soft and hard rubber, n.e.s., including machinery belting, rubber gloves, piping and tubing, etc.
Office supplies, pens and pencils
Glass, glassware, porcelainware
Jewellery
Musical instruments

Effect on Canadian Sales

It will probably be some time before one can tell which Canadian products will be competitive enough to take advantage of the easing of these restrictions. The high inland and ocean-freight costs that goods from Canada have to pay may, in many cases, make the c.i.f. costs so high that even where they have a tariff preference they will not be able to compete with similar products from Europe.

However, Canada's automobile manufacturers were quick to act on the new opportunity and all four

received import licences late in 1961 for approximately twenty cars each. Moreover, the Ministry of Commerce and Industry has promised to consider favourably the granting of further import licences for Canadian automobiles during 1962.

The Cypriot tariff on automobiles from Commonwealth countries is 30 per cent, as against 45 per cent on those from other countries. The inland and ocean freight on a Canadian car to Cypriot ports is about \$450, as against about \$150 from a British or Continental port.

As a market for motor cars Cyprus possesses an importance out of all proportion to its size because it has no proper public transport system. There are no railways, streetcars or regular bus services on the island. Transportation depends almost entirely on private cars or taxis. For longer journeys there is a system of grouping several people in one taxi.

In addition to automobiles, I found during a visit to the Republic in November/December that Cypriot importers were interested in the possibilities of importing a number of other products from Canada. These are:

Air-conditioning equipment
Refrigerators
Electric ranges
Film projectors
Galvanized pipe
Stainless steel shafts
Outboard motors
Box shooks
Synthetic yarns
Synthetic soles and heels
Leather, hides
Cordage
Technical tape
Seed potatoes
Oilseeds, cattle food cake and meal
Fishmeal
Meat meal
Soybean meal
Insecticides
Detergents
Maize starch
Drugs, including synthetic hormone preparations
Wheat
Flour
Packaged rice
Biscuits
Refined vegetable oil
Shortening
Canned milk

Sardines
Caviar
Luncheon meat

Wheat and Flour

As noted earlier, Cyprus purchased 375,743 bushels (10,227 metric tons) of Canadian wheat in 1960, valued at \$576,199. No further sales have taken place because the United States afterwards offered its surplus wheat to the Republic against payment in Cyprus currency under PL480. Some 40,000 tons of American red winter No. 2 and hard winter wheat, plus 12,000 tons of barley, to a total value of Cy.£1.2 million c.i.f. Cyprus port, were shipped to the Cyprus Grain Commission in 1961. The Commission paid the discharging costs.

Cyprus itself produces considerable quantities of wheat and barley. In recent years output of the former has totalled about 70,000 tons and of the latter 65,000 tons. But millers like imported hard wheat for mixing. Canadian Northern No. 3 and No. 4 are preferred.

There is no market for imported flour. Two new modern flour mills will be completed early this year. One in Nicosia will be able to handle 35 tons of wheat a day; the other, at Famagusta, will have a capacity of 40/50 tons a day. Another modern mill that has been in operation in Nicosia for some time has a capacity of 30 tons. When the two new mills are in operation, total capacity will be double consumption so that Cyprus may have flour available for export.

The Cyprus Ministry of Commerce and Industry began late in 1961 a series of negotiations on trade agreements that will involve, before mid-1962, some fifteen or more countries. These include West Germany, the U.S.S.R., Lebanon, Yugoslavia, Turkey, Israel, the United Arab Republic, Greece, Japan, Finland, Hungary, Poland, Bulgaria, Rumania, and Czechoslovakia. Negotiations with the first four have already been concluded. A large Australian trade mission is to visit the island in February.

On August 21, 1961, in an address to the House of Representatives, the President of the Republic reviewed the problems facing the new state and outlined a five-year program of economic development designed to meet them. Table III shows the proposed allotments under the program of public investment.

An Economic Planning Commission, set up within the Ministry of Finance, is to be responsible for implementing the program. It is understood that a high priority is to be given to meeting what is perhaps the island's most serious problem, the shortage of water. But no time is being lost in tackling the other projects. Tenders were quickly called for extension of the harbour at Famagusta, the principal port. The contract went to a Polish firm for about Cy. £1.2 million.

TABLE III
FIVE-YEAR PLAN ALLOTMENTS

	(Cy. £ millions)
Agriculture	7.0
Water dams	10.0
Water supplies	4.0
Hydrological research and geophysical survey	2.0
Animal husbandry and animal breeding	.5
Forests	1.0
Development Bank	.6
Fisheries	.4
Tourist trade	3.0
Harbours	11.1
Airports	.9
Roads	5.5
Telecommunications	1.4
Electrification	10.5
Government buildings	.5
Health	2.0
Social services	.6
Other services	1.0
Total	62.0

Although the Government intends to meet as much as possible of the cost of the program from internal resources, it is recognized that the major share will have to come from outside.

The British Government is the only one which has given any substantial aid to date. At the time of independence, Britain undertook to give the new state the sum of £12 million over a period of five years, in addition to paying part of the cost of certain projects, such as the new air terminal at Nicosia. As of January 11, 1962, Britain had made available £7 million.

The United States and the World Bank are understood to be studying sympathetically the Republic's requirements and an announcement of aid from these and other sources is expected within the next few months. ●

Trade Commissioners Coming to Canada

The following officers of the Trade Commissioner Service are returning to Canada during the first six months of 1962 for home leave. A number of them will also tour the country to discuss trade with their areas with Canadian businessmen; the schedules for these tours will be published in *Foreign Trade* when arrangements have been completed. Readers will please note that the information given here is subject to change as the needs of the Service dictate.

Departing from Post in February

C. T. CHARLAND, Assistant Commercial Secretary, Lagos, Nigeria, for leave and transfer in the summer to Ottawa.

W. J. JENKINS, Assistant Commercial Secretary, Lima, Peru, for leave and transfer in June to Rome, Italy.

In March

N. W. BOYD, Assistant Commercial Secretary, Tokyo, Japan, for leave and transfer in July to Washington.

R. F. RENWICK, Commercial Counsellor, Port-of-Spain, Trinidad, for leave, tour, and return to post.

In April

C. G. BULLIS, Assistant Trade Commissioner, Kingston, Jamaica, for leave and transfer to Ottawa.

W. B. McCULLOUGH, Commercial Counsellor, Santo Domingo, Dominican Republic, for leave, short tour and transfer in September to Wellington, New Zealand.

J. E. MONTGOMERY, Assistant Commercial Secretary, The Hague, Netherlands, for leave, tour, and return to post.

W. B. WALTON, Assistant Commercial Secretary, Beirut, Lebanon, for leave, short tour, and transfer in September to Manila, Philippines.

In May

C. R. GALLOW, Trade Commissioner, Johannesburg, South Africa, for leave, tour and return to post.

RICHARD GREW, Commercial Counsellor, Rome, Italy, for leave, tour, and transfer in October to Cairo, Egypt.

E. H. MAGUIRE, Trade Commissioner, Singapore, for leave, tour, and return to post.

P. V. McLANE, Trade Commissioner, Glasgow, Scotland, for leave, tour, and transfer to Dublin, Ireland.

J. H. STONE, Commercial Counsellor, Wellington, New Zealand, for leave, tour, and transfer in November to Rome, Italy.

From the Beirut office . . .

Lebanon

Canadian sales to this unrestricted consumer goods market total about \$3½ million a year. Five Year Plan, to begin in 1962, will stress development of rural areas; may mean opportunities to sell machinery, industrial equipment.

L. A. CAMPEAU, *Commercial Counsellor, Beirut.*

THE Lebanese economy is prospering and constantly developing in spite of a rather difficult international situation. Beirut is experiencing a building boom of almost unrealistic proportions, stimulated by an influx of investment from oil-rich Arab countries. Construction activity in Lebanon generally is, in fact, undoubtedly exceptional in the Middle East. The cement consumption per capita is said to be the highest in the world. In 1961, because of political difficulties in neighbouring countries, capital found refuge in Lebanon at an increasing rate. As a result, Lebanese banks acquired all-time record deposits. On the basis of these and other developments during 1961, the country is prospering. It has a surplus on its

balance of payments in spite of a deficit in its balance of trade—the result of earnings from invisibles, such as revenue from the tourist trade, remittances from Lebanese abroad, and dealings in gold and foreign exchange. The Lebanese Government's main source of income is customs receipts.

1961 Crops Larger

Because of drought in the last three years and lack of irrigation water, fruit and vegetable crops decreased. Current crop estimates compared with 1960 show an improvement, as the figures on the right prove.

For other fruits, such as peaches, pears, plums and apricots, the estimate is 49,600 metric tons compared with 38,100 in 1960. Fruit

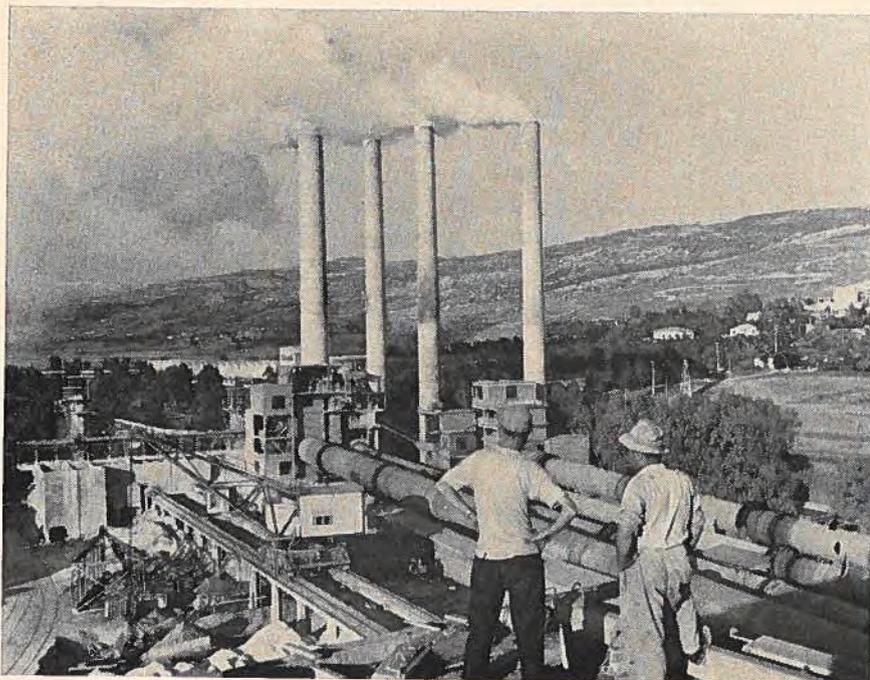
exports rose in 1961 because the Fruit Board intensified its efforts to find new markets. With a larger production, better packing, the use of modern transport, and trade agreements, larger exports are forecast for the 1961-62 marketing season.

CROP ESTIMATES

	1960	1961
	(in metric tons)	
Wheat	35,000	20,000
Barley	8,000	4,000
Corn	2,500	1,500
Grain sorghum	2,500	1,500
Rice	200	200
Leaf tobacco	3,800	3,600
Oranges	75,000	67,000
Lemons	26,000	24,000
Apples	42,000	47,000

Transit Trade

Last year brought a decline of roughly 4.7 per cent in the activity in the Port of Beirut; loadings and unloadings, including transit trade, totalled 1.64 million tons as against 1.72 million in 1960. Since the 1958 troubles, Lebanon's overland transit trade has dropped from about 500,000 to approximately 250,000 metric tons per year. Lebanon's neighbours have developed new favoured ports: Lattakia (Syria), Aqaba (Jordan), and Basra (Iraq). In spite of this competition, a third basin is to be constructed in the Port of Beirut at an approximate cost of \$16 mil-



A record construction boom is keeping Lebanese factories, like this one making cement at Chekka, busy. Per capita cement consumption in Lebanon is said to be one of the highest in the world.

lion to take care of constantly increasing traffic. However, with Syria newly independent, the lagging transit trade may revive, with Syria serving as a connecting link between Lebanon and the Arab hinterland.

Competitive Market

There are no major trade restrictions affecting the entry of Canadian goods into Lebanon. Apart from a small list of 45 items requiring an import licence, there is free convertibility, a low exchange rate, low taxes, inducement for foreign investment, and a banking secrecy law.

As a market Lebanon is in a different category from the rest of the Middle East, (except perhaps for Kuwait, Qatar and Bahrain). Industry does not dominate its economy nor is it likely to for some time. It is essentially a consumer goods market and as such presents a challenge to exporters. The Lebanese have become sophisticated and discriminating because they are able to choose from a wide range of goods from many countries. Sales depend to a large degree on price, style, packaging and adaptation to local needs, and it is in these areas that many foreign firms have succeeded in this market. There is also an expanding market for building materials and the like.

Five Year Plan

The Lebanese Government is to launch early this year a Five Year Plan aimed primarily at improving rural areas, although the main towns will also benefit. The Plan provides for expenditures amounting to about \$150 million to bring drinking water and electricity to 1,279 villages. (It includes an electricity project costing \$24 million.) Some \$21 million has been earmarked for irrigation, of which \$4 million is to be used to build dams and artificial lakes to retain river and rain water in the mountainous areas and \$6 million has been allotted to improve, deflect and clean

the courses of rivers. The largest allocation under the Plan goes to roads. In addition to \$27 million approved by the Government in 1961, \$41 million has been allocated to build new roads linking nearly 600 villages with highways. The other allocations under the Plan are as follows: \$3 million for maintenance of antiquities, \$25 million for reconstruction, and \$7 million for public buildings. There are also plans to make greater use of the fruits and other agricultural products of Lebanon. For this purpose different industries are to be set up—a brewery, a cold storage plant, a frozen food factory, and a plant to produce fruit juices. Other planned projects are for cattle feed and chemical products. The first industry to be completed is the brewery; construction began in July 1961. The second to be undertaken is the cold storage plant; the equipment and installation will come from abroad, with the possibility of short-term financing.

Foreign Trade

Lebanon in 1960 exported goods worth \$70 million and imported goods worth \$387 million; the trade deficit thus totalled \$317 million compared with \$187 million in 1959. (Official Lebanese statistics for 1961 have not yet been released.)

Lebanese imports increased by 50 per cent over 1959. The principal suppliers in order of importance were Britain, the United States, West Germany, France, Saudi Arabia, Syria, Italy, Turkey, Belgium, the Netherlands, Switzerland, Sweden, Japan and the U.S.S.R. During this period Saudi Arabia replaced Syria as the main customer for Lebanese exports; other important outlets during 1960 were Syria, Jordan, Iraq, Switzerland, the United States, Britain, Italy and the U.S.S.R. Lebanese exports to the United States and the Soviet Union decreased but sales to Britain increased by about 40 per cent.

CANADA'S TRADE WITH LEBANON

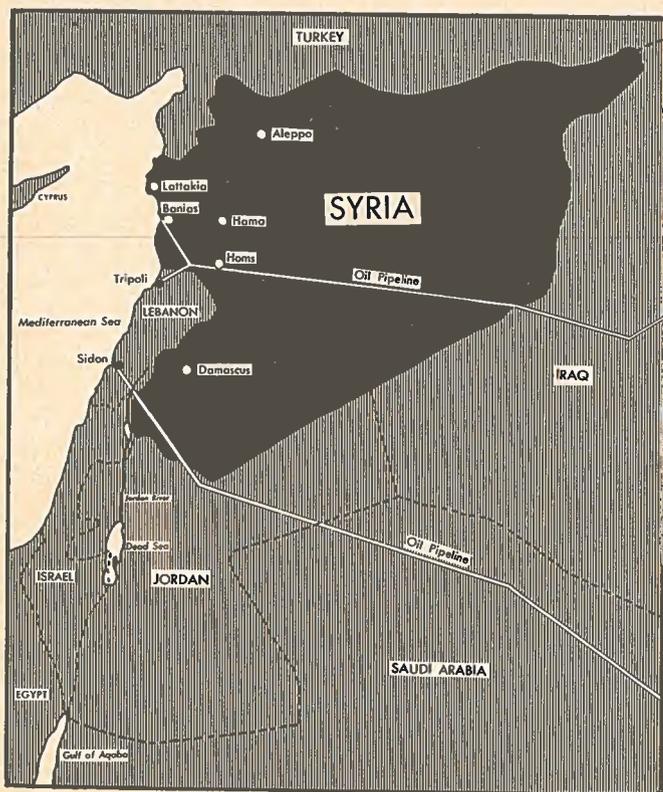
	Exports to	Imports from	Balance of trade
1959	3,421,894	26,140	3,395,754
1960	3,442,709	32,838	3,409,871
1960 (Jan.- July)	744,040	6,286	737,754
1961 (Jan.- July)	1,008,881	11,146	997,735

Canada sells about one hundred times as much to Lebanon as Lebanon sells to Canada. For the first eight months of 1961, Canadian exports to Lebanon reached Can.\$1,008,881, compared with Can.\$744,040 in that same period in 1960. During these eight months, Canadian imports from Lebanon increased to Can.\$11,146 from Can.\$6,286 in the same period of 1960.

The principal commodities that Canada sells to Lebanon are asbestos milled fibres, aluminum, washing machines, refrigerators and parts, flour, passenger automobiles and automobile tires, milk powder, Douglas fir, and medicinal preparations. The commodities moving to Canada from Lebanon are few—cotton linters and fibres, seeds, vegetable food products and carpets.

Outlook

Government experts are optimistic about the outlook for business in Lebanon for 1962. They predict that the rise in the standard of living will continue, and that purchases of consumer goods, industrial goods and services will increase. With the race for projects and industries, a rush of foreign investment to share in the development and the profits is anticipated. Stimulated by the Lebanese Government, there may be greater participation by international business in Lebanese enterprises during the next few years. The 1962 budget indicates the Government's intention to increase expenditures for economic development in the interests of general prosperity. The commercial future of Lebanon therefore remains extremely bright.



Markets in Brief

SYRIA

Area: 72,000 square miles.

Population: 4.6 million.

Climate: temperate and dry; summer warm and winter relatively mild.

Language: Arabic; French and English spoken by the business community.

Currency: Syrian pound=100 piastres. Can.\$1=S£ 3.42 free market rate. The free exchange rate for customs purposes is adjusted every six months.

Weights and measures: metric system.

Capital: Damascus, 3,000 feet above sea level.

Chief ports: Lattakia, and Baniyas, terminal of oil pipeline from Iraq.

Marketing centres: Damascus (population) 500,000; Aleppo 550,000; Homs 160,000; Hama 150,000; Lattakia 110,000.

Economy: based mainly on agriculture (wheat, barley, cotton). Drought during the period 1958-1960 reduced the grain production to less than half the 1957 bumper crop (wheat 1.3 million tons, barley 721,000 tons), and forced Syria, normally an exporter, to import cereals. Main industries are spinning and weaving, cotton ginning; manufacture of cement, sugar, vegetable oils, soap, glassware; handicrafts, and a petroleum refinery.

Total Syrian imports: 1959—U.S.\$180 million; 1960—U.S.\$213 million; 1961 (9 months)—U.S.\$128 million.

Chief imports: (per cent) 1961 (9 months)—machinery 12, grain 7, textile fibres 6.4, pharmaceuticals and chemicals 6, vegetables and fruits 5.5, flour 5.5, automobiles 4, petroleum products 3.5, clothing 3.3, steel 3, lumber 3, wool 3, tires 3, sugar 3.

Chief suppliers: (per cent) 1961 (9 months)—United States 21.5, West Germany 15, Britain 8.3, France 5.8, Netherlands 5.4, Italy 5.4, U.S.S.R. 4, Belgium 3.1.

Value of imports from Canada: 1959—Can.\$1.08 million (including barley \$695,000); 1960—Can.\$674,000 (barley sales were not repeated); 1961 (8 months)—Can.\$247,000.

Chief imports from Canada: (Can.\$'000) 1961 (8 months)—steel sheet 80, drugs and medicines 48, milk powder 33.4, lumber 31.6, asbestos brake linings 13.6, tires and synthetic rubber 6.3, clothing 4, flour 3.

Total Syrian exports: 1957—U.S.\$152 million; 1958—U.S.\$116 million; 1959—U.S.\$100 million; 1960—U.S.\$95 million; 1961 (9 months)—U.S.\$72 million. The steady decrease in Syrian exports was due principally to the droughts between 1958 and 1960.

Chief exports: (per cent) 1961 (9 months)—cotton 64, raw wool 6, oilseeds 4, livestock 3.

Chief markets: (per cent) 1961 (9 months)—Communist China 13, Lebanon 10, France 7, Czechoslovakia 6, Jordan 5, U.S.S.R. 4, Italy 4, Portugal 4, Netherlands 4.

Value of Canadian purchases: 1960—Can.\$127,000; 1961 (7 months)—Can.\$119,000.

Chief Canadian purchases: (per cent)—cotton linters 90, unstemmed tobacco 9.

Transit trade: 1961 (10 months)—crude oil: 28 million tons from Iraq and 13 million tons from Saudi Arabia.

Dollar exchange: controlled by Exchange Office. Shortage of foreign currency because of poor agricultural production in 1958, 1959, 1960.

Prices: quote in U.S. dollars, c.i.f. whenever possible.

Samples: free if of no commercial value; subject to import duties if of any commercial value.

Trade agreements: normal tariff treatment for all countries, including Canada. Special tariff reductions to Arab states.

Import controls, documentation, customs tariffs, marking and labelling: prior import and exchange licences are required before a firm order is placed. For further details, consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Correspondence: airmail only; letters 25 cents per half ounce.

For detailed information on the market write to:

Chief, Asia and Middle East Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Counsellor
Canadian Embassy
P.O. Box 2300
Beirut, Lebanon

Kuwait

Variety of development projects under way, financed by oil revenues. Free of import controls, this market promising; bought over \$648,000 worth of Canadian goods in first eight months of '61.

E. MAKLOUF, *Commercial Assistant, Beirut.*

THE Sheikdom of Kuwait comprises 5,800 square miles of desert lying between Iraq and Saudi Arabia, at the head of the Persian Gulf. Poor and little known before World War II, it has today acquired international standing with the development of the petroleum industry, from which it now receives revenues of over \$420 million a year.

Production of crude oil totalled 80 million tons in 1960 and this figure was exceeded in 1961, despite the political problems that arose. Apart from the Kuwait Oil Company (British-U.S.), which is the largest concessionaire, two other organizations—the American Independent Oil Co. and Getty Oil Co.—are operating in the area. Concessions for offshore exploration have also been granted to a Japanese company (which produced 1.5 million tons in 1961) and to Royal Dutch Shell. It is likely, therefore, that Kuwait's oil revenues will increase.

Oil Finances Development

Petroleum has altered the character of the country remarkably. Formerly a British Protectorate, Kuwait attained full autonomy in June 1961 and now has its own currency, the Kuwaiti dinar (equals £1), replacing the Indian rupee. The population, about 100,000 at the end of the last war, formerly lived off the scanty proceeds of the pearl industry, dhow building and trading. It has increased with the inflow of foreigners to 230,000 in 1957 and 321,000 in 1961. The visitor to Kuwait finds many modern conveniences and a generally high standard of living.

Oddly enough, Kuwait is faced with the problem of excess capital. Heavy expenditures on development schemes, free schooling and medical care, etc., do not by any means absorb all the oil revenues. Overseas holdings total about \$700 million, bringing in a further income of \$30 million a year, but surplus capital remains unused. Private and government investors are seeking to place their money in sound ventures. To meet this situation, an Investment Committee has been set up and an extensive development program undertaken. Plans include the construction of:

- Mosques, shopping centres, and roads (in progress), a seafront and roadway, a dockyard and a pipeline.
- The Kuwait International Airport (in progress).
- The Town Hall (being built), also 15 schools, an orphanage, two hospitals, laboratories and a clinic.
- An 850-unit housing scheme for lower-income families. Three thousand such units have already been built.
- Two new condensers for seawater distillation and a brackish water distribution system.
- A thermal power station (being built).
- A sewage treatment plant, and main sewerage scheme (tenders have been issued).

Other projects envisaged include a museum, a library, a teacher's college, a hospital for lepers, a

polyclinic, a cement factory, an asbestos-cement pipe plant and a flour mill.

Development is also taking place in the oil and gas industry. Following the establishment of a domestic distribution company, a petrochemical enterprise was created, in which the Government holds a 40 per cent share and an Italian organization 40 per cent. The new industry will produce caustic soda, chlorine, hydrochloric acid, polyvinyl chloride, acetylene, oxygen, hydrogen and ammonia.

An underground survey by a U.S. firm has revealed the presence of large reserves of fresh water and preparations for exploiting these are under way. This is the first discovery of fresh water and is of considerable significance to Kuwaitis, who up to the present have obtained their drinking water from distillation plants.

The British subsidiary of a U.S. company has agreed to build an aluminum products manufacturing plant.

Although economic and social development can be financed locally, foreign capital is favoured because it brings with it the technical skills that are lacking in Kuwait. A commission from the World Bank has visited the country to study its economy as a whole and make recommendations to the Government.

Import Trade

Kuwait buys practically all its needs from abroad. Imports in 1960 totalled about \$250 million and came mainly from Britain, the United States, Germany, India and Japan, its traditional suppliers and customers. The chief imports were building materials, machinery, automobiles and trucks, electrical appliances (especially air conditioners), rice and grains, flour, foodstuffs, clothing, drugs and medicines. Official statistics for 1961 are not yet available but a slight decline in imports is reported,

attributed to the uncertain market resulting from political difficulties in the area.

The market remains promising. There are no import or other restrictions and the customs tariff is low (4 per cent ad valorem). Direct imports by the oil companies and the State enter duty-free. Alcohol is the only commodity strictly controlled; imports require a prior permit. This freedom of trade and the growing needs of the people make Kuwait a promising outlet, especially for consumer goods.

Trade with Canada

Canada's exports to Kuwait totalled \$1.09 million in 1960. The principal commodity was barley (\$487,000), followed by automobiles (\$427,000) and flour (\$54,000). In 1961 barley sales were not repeated. Exports for the January-August period of 1961 increased to \$648,000 from \$445,000 (less barley sales) during the same period of 1960. Commodities such as radio equipment, copper tubing and pharmaceutical specialties were also introduced to the market. The accompanying table shows the value of Canadian exports during the first eight months of 1961.

Kuwait's exports of crude oil to Canada totalled \$22 million in

CANADIAN EXPORTS TO KUWAIT

	Jan.-Aug. 1961 (in Can. \$'000)
Automobiles	473
Radio, T.V. equipment and parts	48
Flour	19
Clocks	17
Washing machines	14
Sweaters, shirts, pyjamas, etc.	12
Plastics	10
Copper pipes and tubing	10
Pharmaceuticals	9
Tires	9
Nuts	7
Asbestos brake lining	4
Cooking equipment (non-electric)	2
Other	14
Total	648

1960 and \$13 million during the period January-July 1961.

Despite its limited population, Kuwait is a large buyer of consumer goods and offers good prospects for engineering services. With the development program under

way, capital equipment will also be needed. As in all markets, competition is keen but there is no currency discrimination. The Commercial Counsellor in Beirut is ready to supply information and help to Canadians interested in Kuwait. ●

Bahrain

The merchant community's growing purchasing power, free port facilities, and trade links throughout the Persian Gulf area make Bahrain a small market that Canadian exporters should explore.

E. MAKLOUF, *Commercial Assistant, Beirut.*

THE petroleum industry is Bahrain Island's mainstay; it is operated by the Bahrain Petroleum Company (BAPCO), a subsidiary of Caltex, registered in Canada. Crude oil production totalled 2.3 million tons in 1960 and slightly more in 1961. The company's nearby Sitra Island refinery, second largest in the Middle East, turned out about 11 million tons of refined products during 1961. Besides local crude, the refinery receives oil from Dhahran in Saudi Arabia through a pipeline 35 miles long, half of which is under the sea. Royalties paid to the Government now exceed \$15 million a year and BAPCO contributes further to the economy with \$12 million a year in salaries and local purchases.

Transit Trade

The second source of government revenue is the transit trade. The Sheikhdom of Bahrain has long been an important distribution centre for the Persian Gulf area. Large quantities of goods are re-exported to Saudi Arabia, Qatar, the Trucial States and other places. Imports in 1960 totalled about \$60 million, and re-exports about \$22 million. This transit and entrepôt trade is now threatened, however,

by competition from merchants in Saudi Arabia and in other areas who are demanding direct agencies. To meet this competition, the Bahrain Government has built a deepwater harbour and opened a Free Zone where goods in transit can be held indefinitely free of duty, against payment of low storage charges.

Other developments include the construction of a new bridge for the causeway between the two main islands, road improvements, and a new soft-drink factory. Apartment building is proceeding satisfactorily but on a smaller scale than in previous years because of the surplus accommodation.

Imports

Bahrain's chief imports, including those intended for re-export, are shown in the accompanying table. Re-exports amounted to 36.5 per cent of imports; over half went to Saudi Arabia.

Imports during the first five months of 1961 totalled \$25 million and re-exports \$8 million (\$4 million to Saudi Arabia). The leading suppliers in 1960 and 1961 were Britain (25 per cent), India, the United States, Japan, Germany, and the Netherlands.

BAHRAIN'S PRINCIPAL IMPORTS

	1960 (U.S. \$ million)
Foodstuffs	11.7
Cereals	4.7
Sugar	2.2
Household equipment	9.4
Textiles	5.3
Machinery and parts	3.4
Building materials	3.3
Clothing	3.3
Automobiles and trucks	2.2
Hardware	2.2
Cement	2.0
Cigarettes	2.0
Other*	8.3
Total	60.0

*Includes hosiery, haberdashery, paints, automotive accessories, glassware, pharmaceuticals, and various other manufactured goods.

CANADA'S EXPORTS TO BAHRAIN

	1960 (In Can. \$'000)	1961 Jan.-Aug.
Canned foodstuffs	4.2	1.3
Automobiles	70.0	12.0
Clocks and parts	20.7	11.5
Cooking stoves (oil)	2.3	.7
Cotton shirts, pyjamas	1.6	5.2
Marine engines and parts	4.0	
Fishing nets	3.3	
Card-punching machines and computers		7.8
Other	5.9	1.5
Total	112.0	40.0

Export Prospects

Its modest size (231 square miles) and population (150,000) limit Bahrain's possibilities as a market. It is nevertheless an active trading centre with a rising standard of living. The merchant community possesses trade links throughout the Persian Gulf area, has a good deal of purchasing power, and with the free port facilities at its disposal it offers excellent contacts for Canadian firms. There are no import or exchange restrictions. Customs duties amount to only 5 per cent on essential goods, 10 per cent on non-essentials, and 15 per cent on tobacco and liquor. Although they will have to reckon with competition from other countries, Canadian suppliers can increase their share of this expanding market. ●



Import traffic into Iraq increases each year, with shipments of iron and steel, tea, grain and sugar well in the lead. A constant stream of vessels ply the Shatt-al-Arab waterway that links the Tigris and the Euphrates with the Persian Gulf.

Iraq

Strict import and exchange restrictions continue; control of commercial agencies moving into Iraqi hands. Outlook for agriculture improves as drought ends. New laws encourage investment in industry, national income is rising, progress continuing, to make this one of the most promising Middle Eastern markets.

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

DURING 1961, the economic situation in Iraq improved steadily, mainly because of a greater sense of security and the extensive development program that the Government is carrying out. However, business activity remained relatively slow because consumer purchasing power was low, following several years of drought and poor harvests. Credit was also tight, as importers had ordered heavily during 1960. The market was well stocked with consumer goods and

the level of building and contracting work generally was high.

The highlights of 1961 were the budget, the inception of a Five Year Economic Plan, the passing of laws for the promotion of industry and the Iraqization of foreign firms, and the abolition of various taxes.

Five Year Plan

The Five Year Plan (retroactive to April 1961) became law in December of last year. It replaces

the temporary four year plan instituted in December 1959 and envisages a total expenditure of ID566* million or (about \$1.58 billion) for 248 major projects. The main emphasis is on industry, with large sums allocated to housing, transportation and communications, and agriculture. The objective is to increase the net national income by ID45 million, reduce the trade deficit by ID43 million, and create permanent employment for 30,000 Iraqis.

Among the projects planned are:

● **Industry**—Fifty-five projects at an estimated cost of ID167 million. They include the 13 plants covered by the Iraqi/Soviet Economic and Technical Co-operation Agreement of March 1959 and the following industries: caustic soda, carbon black, ethylene, polyethylene, polyvinyl chloride, rayon yarn and fibre, rayon textiles, paper, tires and tubes, a sugar mill and a ceramics factory. Consulting engineering contracts have already been signed for some of the latter.

● **Housing**—Ninety-four projects costing ID140 million. Construction of government buildings, cultural centres, 14,000 housing units, waterworks and sewerage systems.

● **Transport and Communications**—Forty-seven projects which are to cost ID136.5 million. Included is construction of several thousand kilometres of main and secondary roads.

● **Agriculture**—Fifty-two projects to cost ID112 million. These include increasing the storage capacity of the Tigris and Euphrates reservoir systems to a total of 58 billion cubic metres of water, and the generation of 400,000 additional kilowatts of electricity.

Just over half of the funds are to be provided from oil revenues. Government organizations such as the Oil Refineries Administration,

the National Electricity Administration and the Ports Administration will provide smaller amounts. Foreign loans have already been received from Czechoslovakia (ID12 million) and the U.S.S.R. (ID65 million) under the Iraqi/Soviet Economic and Technical Co-operation Agreement of 1959. It is proposed to raise the balance of ID142 million through internal loans and loans from international organizations.

Encouraging Industry

A new law superseding previous legislation was enacted to encourage the development of industry. New industries are exempt for limited periods from income tax on profits, and from stamp duty and import duties on machinery, raw materials, building materials and laboratory equipment, etc. Property tax need not be paid for ten years. To qualify for these benefits, the number of non-Iraqi employees must not exceed 10 per cent of total employment and at least 60 per cent of the capital must be Iraqi. It is interesting to note that capital investment from other Arab countries is regarded as Iraqi capital for the purpose of determining whether industrial enterprises qualify for these concessions. It is reported that this law has evoked a good response from private organizations interested in developing light industry. Exemptions accorded in 1960 under previous legislation numbered 76, compared with 51 in 1958.

Iraqization of Agencies

A law organizing commercial agencies, passed on January 28, 1960, went into effect in December 1961. Under it, Iraqi nationals must hold at least 51 per cent of the capital of all commercial agencies.

It is reported that 36 foreign companies and six individuals, controlling 663 agencies, are affected by this law, which compels them to conform to it within six months. A number of foreign companies

took steps to comply with this law following its publication in January 1960. It is not expected that compliance will mean insuperable problems for the foreign firms involved. It does not apply, for the moment, to agencies controlled by nationals of other Arab countries. Commercial firms from Britain, Pakistan, the United States, Sweden and West Germany are affected. Eastern Bloc countries will not be affected because their exporting to Iraq is done through government channels. Engineering and consulting firms are not touched by this law.

Taxation Revised

The inheritance tax and the tax on agricultural produce were abolished and exemptions from taxes on agricultural land, real property and estates of deceased persons were increased, effective April 1, 1961. These measures are designed to reduce the outflow of capital, encourage private investment in Iraq, and promote the production of certain crops. On the other hand, excise taxes on beer, arak, cigarettes, gasoline and lubricants were increased on March 23, 1961, to offset the loss of revenue resulting from these exemptions.

Budget Increased

The ordinary budget for the financial year April 1961 to March 1962 showed estimated expenditure and revenue at record levels of ID120.7 million and ID112 million, respectively, compared with the 1960/1961 figures of ID116.2 million and ID102.1 million. The main source of revenue is, of course, oil royalties, which totalled about ID95 million during the 1961 calendar year. Oil revenues are divided equally between the ordinary budget and the development budget. An increase in revenue from customs and excise duties is expected—an estimated ID37 million for the fiscal year 1961/1962, compared with an actual revenue of ID33 million in 1960/1961. It is also hoped that revenues from

*One Iraq dinar = £1 = Can.\$2.94.

banking, insurance and government undertakings will be greater.

Apart from being the most ambitious budget to date, it marked a change in the financial policy of the Government. The latter is endeavouring to reduce its dependence on oil royalties and increase revenues from other sources through the development of natural resources and industry.

Petroleum Production Rising

Petroleum production exceeded 48 million metric tons during 1961, an increase of 1.5 million over the preceding year. Petroleum exports were valued at ID222.6 million in 1960 and ID201.7 million in 1959. Proceeds from the export of crude oil are received by the international oil companies operating concessions in Iraq, and they retain 50 per cent of the operating profits (before deduction of foreign taxes). Iraq's oil revenues totalled about ID95 million in 1961, compared with ID90 million in 1960 and ID86 million in 1959.

In December 1961 the Iraqi Government passed legislation limiting the oil concessions of the Iraq Petroleum Company and Associates (Basrah Petroleum Company and Mosul Petroleum Company) to 1,937 square kilometres, or about one-tenth of the area stipulated in the original concession agreements. It is understood that plans are being made to form a national oil company so that the Government may participate actively in the exploitation of oil resources, including distribution and marketing.

Agricultural Outlook Improved

Generous rains during the 1960/1961 winter season ended the drought that had persisted for three successive years and the 1961 cereal harvest was therefore much nearer normal. The wheat crop was estimated at 850,000 to 900,000 metric tons (600,000 in 1960), sufficient to cover domestic consumption. The barley harvest totalled approximately 900,000

metric tons (750,000 in 1960), which will permit a certain amount of export.

Average annual wheat production during the decade 1950 to 1960 has been 800,000 metric tons. Barley crops have averaged one million and other grains 200,000 metric tons per year. Production during recent years has suffered, partly because of unfavourable weather and partly because of the reorganization of farm-land ownership being carried out under the Agrarian Reform Law of 1958. It is hoped that the completion of major irrigation and drainage schemes, the mechanization of farming and the reorganization of land tenure will double grain production by 1970.

Iraq's present grain storage capacity is 155,000 metric tons, following the inauguration of a 65,000-ton concrete silo at Basrah. Two other concrete silos (12,000 tons capacity each) are to be built.

Production of cotton for the 1961 season is estimated at 26,500 metric tons, compared with 24,000 in 1960. Some of the current crop can probably be exported.

The Director General of the Date Association stated that date output in the 1960/1961 season totalled about 300,000 tons, an increase of 30,000 over the 1959/1960 figure. Exports from the 1960 crop rose to 161,000 metric tons by the end of December 1960, against 118,000 for the same period of 1959. Exports from the 1961 crop had reached 81,000 tons at the end of November 1961.

Foreign Trade

Exports, excluding oil, totalled about ID8 million in 1960, compared with ID11.5 million in 1959 and ID14.5 million in 1958. Iraq's main customers in 1960 were India, Lebanon, Kuwait, the United States, Britain, Communist China, the U.S.S.R., West Germany and Italy. Exports consisted mainly of dates (250,000 tons), wool, hides, cement (100,000 tons), cotton, casings and gall nuts, as Table I shows.

TABLE I
PRINCIPAL EXPORTS FROM IRAQ

	1959	1960
	(ID'000)	
Dates	3,820.0	4,048.3
Wool and goat hair	1,627.5	913.6
Raw hides and skins	472.3	623.4
Cement	706.0	574.4
Raw cotton	1,519.9	266.4
Casings (intestines)	143.3	222.7
Gall nuts	121.5	101.9
Total, including all others (except oil)	11,500	8,000

TABLE II
PRINCIPAL IMPORTS INTO IRAQ

	(ID'000,000)
Iron and steel	14.6
Tea	8.2
Grain	8.2
Sugar	8.0
Chemicals and dyestuffs	5.9
Artificial silk piecegoods	5.6
Cotton piecegoods	4.6
Internal combustion engines	3.9
Timber	3.0
Tires and tubes	2.8
Contractors' plant and handling equipment	2.2
Paper	2.1
Pumps	1.7
Woollen piecegoods	1.4

TABLE III
IRAQ'S PRINCIPAL SUPPLIERS

	1959	1960
	(ID'000,000)	
Britain	22.7	34.0
United States and Canada	10.5	15.8
West Germany	9.4	12.5
Belgium	5.5	8.8
Ceylon	6.4	7.3
Japan	8.5	6.5
Arab countries	4.1	5.3
Australia	2.9	5.2
Soviet Bloc	7.3	14.2

Imports into Iraq totalled ID139 million in 1960, compared with ID116 million in 1959 and ID110 million in 1958. The main suppliers were Britain, the United States, West Germany, Belgium, Ceylon, Japan, Australia, Lebanon, the Netherlands, Czechoslovakia, Sweden, Italy, the U.S.S.R., Communist China, Switzerland, Pakistan and Taiwan. The principal commodities imported during 1960 are

shown in Table II and the value of imports into Iraq, by principal countries of origin, in Table III.

Iraq's trade deficit for 1960 (excluding oil exports) totalled about ID131 million, as against 87.8 million in 1959.

Import Restrictions

Early last year, quotas were established for all imports. The objective was to prevent further loss of foreign exchange, brought about by the heavy deficit in foreign trade (excluding petroleum), to discourage overstocking by merchants, and to cut down business failures among the less experienced importers. Import licences were issued within the limits of unpublished quotas, based on actual imports during previous years and the needs of the market. Priority is being given to goods destined for the development program.

A list of 48 prohibited imports was also established. It contains goods considered luxuries or manufactured in Iraq—such as textiles, clothing, footwear, construction materials, furniture, soaps, dyes, cosmetics, beer, edible oils, fats, lubricating oils, certain chemicals and tobacco, and so on.

To implement this policy, the foreign exchange law of 1950 was amended, tightening controls over all foreign exchange transactions. The Central Bank was authorized to allocate various kinds of foreign exchange in accordance with the country's reserves.

The 1962 import program has not yet been made public. It is, however, not expected to be more liberal than in 1961, because the Iraqi Government desires to reduce the amount of foreign exchange spent on non-essential imports.

Trade with Canada

Canada exported to Iraq during the first eight months of 1961 goods valued at \$978,500 compared with \$2.4 million in 1960. The more important commodities were refrigerators, washing machines, industrial machinery, farm implements, as-

bestos milled fibres, foodstuffs, wrapping paper, cooking equipment, plastics and synthetic rubber, pharmaceuticals and vitamins, and sheet and strip steel.

Imports from Iraq during the first seven months of 1961 consisted of wool in the grease valued at \$25,353. Imports in 1960 (dates only) totalled \$721,405.

Net national income in Iraq rose from ID292 million in 1956 to ID422 million in 1960; oil provided ID92 million of this. The country is

therefore in a position to pay for its growing needs of bulk commodities, industrial equipment and technical knowhow. Consumer income (the average per capita income has risen from ID47 in 1956 to ID64 in 1960) is increasing and the demand for consumer goods expanding as jobs open up in new industries and the agricultural situation improves. To the foreign manufacturer looking abroad, Iraq offers one of the most promising markets in the Middle East. ●

From the Tehran office . . .

Iran

Strict import controls, imposed last June, continue; some upturn in business expected by end of year. Third Development Plan gets under way next September; Canada's sales should improve as industrialization gathers momentum.

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

THE difficulties that Iran's economy encountered during 1960 continued throughout the past twelve months. To combat these and prevent a further flow of foreign exchange from leaving the country in payment for imports, the authorities tightened their policy on the extension of bank credit and introduced additional import restrictions on June 4, 1961. The latter covered some 213 luxury and semi-luxury products, varying from refrigerators to automobiles. At year's end, the new Iranian prohibited import list had not been in effect long enough to achieve any noticeable results. Trading in the bazaar has been quiet, even though the 1961 autumn cash crops were good. High inventories because of excessive imports during 1960, a serious shortage of

available cash, and the lack of the necessary confidence in the bazaar have been responsible for this business inactivity. Reduced Ministerial budgets have also had a serious impact on local factories and the building industry in particular.

Iranian Industries

As Iran's population increases and industries begin to develop, a great need for capital investment and for a large number of skilled technicians arises. The Iranian authorities are looking for help to those countries which are currently exporting their manufactured goods to this territory with some success—primarily Western European countries. Iranians believe that the commercial policies of these countries are sufficiently flexible to permit

them to play a rôle in the development of new industries in Iran. The existing laws and regulations for the attraction and protection of foreign investment have, however, not brought in the amount of outside investment which was at first envisaged. None the less, it is interesting to note that certain important factories for assembling/manufacturing have been set up here during the past few years. Included in the list are trucks (Leyland), motor cars (Fiat, Willys, Landrover), a rubber factory (B.F. Goodrich), and pharmaceutical plants (Don Baxter, Glaxo—now under construction). As Iran's high customs duties and other taxes covering a wide range of commodities increase, more foreign industries will be attracted.

Third Plan Being Drafted

Iran's Third Plan is scheduled to get under way in September 1962, following the conclusion of the current Second Seven Year Plan. As reported in *Foreign Trade* of September 23, 1961, the primary objective of the Third Plan is to raise the national income by an average of at least 6 per cent a year. Although the final draft has not been published, the Iranian authorities have stated that the swing will be from urban to rural development and from the more spectacular dam projects to medium- and small-scale schemes. During the first 18 months of the Third Plan, the programming will be devoted primarily to agriculture and to rural areas and will include the building of schools, well drilling, pest control, seed improvement and the like. The four main groups making up the total cost of the Third Plan of some 190 billion rials (about \$2.5 billion) include: agriculture (19 per cent of the total), industry (28 per cent), communications (25 per cent), and social development (health, education, rural development, etc., 24 per cent).

Although the projects that may be undertaken later on have not been disclosed officially, it is known—and this is of interest to

CANADA'S EXPORTS TO IRAN

	1959	1960	1961 (8 months)
		(In Can. \$)	
Total Canadian exports to Iran	2,102,000	2,278,000	2,812,285
of which:			
Textiles	225		184,432
Sheet and strip steel	124,000	413,000	885,910
Aluminum in primary form	376,081	590,000	363,384
Switchgear protection equipment and parts			286,399
Nuts and bolts	113,000	152,000	43,130
Lamps and lanterns	223,000	112,000	
Milk powder		3,584	143,095
Asbestos milled fibres	27,000	178,000	66,300
Stove parts and heating apparatus	110,000	127,000	56,238
Passenger automobiles	329,000	233,000	
Transformers and parts	187		439,252

NOTE: Estimated value of Canadian exports to Iran in 1961 is \$5 million. Imports into Canada from Iran for the same period will total about \$35 million, with crude oil by far the leading commodity.

Canadian engineering firms—that the consulting work for most of the probable undertakings has already been completed. Although certain phases of the financing will be implemented using internal revenues and resources, the foreign exchange requirements will likely be met through a consortium of foreign countries prepared to help Iran bring the Plan to a successful conclusion. The foreign exchange gap has been estimated at about \$850 million and it is likely that the proposed consortium will be expected to provide a major share of this.

What Iran Is Buying

The sale of foreign exchange to cover commercial imports (including duty-free imports and Iran's bilateral trade with certain countries) totalled \$577.2 million during the Iranian year 1339 (March 21, 1960, to March 20, 1961). The imported products include, among others, industrial and agricultural machinery (\$100,735,080); chemicals and pharmaceuticals (\$27,977,920); iron and ironware (\$78,811,347); textiles (\$39,156,999); tires and tubes (\$14,806,587); trucks and chassis for cars (\$16,520,493), passenger cars (\$17,467,840); paper and cardboard (\$10,446,093); oils, fats and

their products (\$11,822,373). Germany, the United States, Britain, Japan and France were the principal suppliers, in that order. Canada's share of the Iranian market, although insignificant, is picking up and will continue to improve as the Iranian industries take on more importance. From the accompanying DBS statistical resumé of Canadian exports to Iran, it is interesting to note that some important capital equipment was shipped here during the past twelve months.

In spite of Iran's present economic austerity program aimed at easing the balance-of-payment difficulties, there is good reason to believe that business in general will experience an upturn towards the end of 1962. Iran, with a population of 20 to 22 million and a foreign exchange income from oil alone in excess of \$300 million, represents an interesting market for any Canadian firm prepared to meet the challenge of doing business in this area. It is, however, a highly competitive market and one where quality is not always the determining factor. A visit to the country is strongly recommended; much can be achieved in a matter of a few days. Useful information on the market can also be obtained from the Commercial Counsellor in Tehran. ●

Israel

Exports are rising, but cannot keep pace with imports; strict import and exchange controls are maintained. But Canadian trade with Israel is increasing, with products used by industry or capital equipment succeeding best in this particular market.

B. C. STEERS, *Commercial Secretary, Tel Aviv.*

DURING 1961 Israel increased its exports and saw foreign investment in the country expand. Exports, according to provisional figures, rose \$27 million over 1960 to reach \$243.6 million—a significant achievement for a population of only 2.2 million. Imports for the first eight months of the year totalled \$369.3 million; for the full year, they will probably approximate \$550 million, and the forecast is for purchases abroad to mount to \$750 million by 1964. The trade deficit at the end of August stood at \$200.2 million, a 12.4 per cent increase over August 1960.

Loans from abroad, proceeds from bond sales, foreign investment, and German reparations all help to reduce the large deficit on the balance of payments. Although the tourist trade is growing year by year, receipts from visitors in 1961 are not expected to total over \$45 million.

Industrial Exports Increase

The rise in exports stemmed mainly from industry; industrial exports (including diamonds), continuing the upward trend of recent years, rose by 19 per cent, or from \$152.5 million in 1960 to \$181.4 million in 1961. In December the diamond syndicate in London was reported to have raised Israel's annual quota of uncut diamonds from \$13.9 million to \$33.3 million. Net exports of diamonds reached \$65 million last year and this year will probably total \$75 million.

The Israeli garment industry also met with growing success in marketing its products abroad. Exports totalled \$11.1 million during the first eleven months of 1961, compared with \$7.9 million for the same period of 1960 and \$6.2 million for the full year 1959. Among the best sellers are woollen knitwear, raincoats, swimsuits, wool garments and nylon stockings.

Industry continues to grow throughout Israel; here, for example, is a small plywood factory in operation at the Afikim "kibbutz" or communal settlement.

Agricultural exports also played a large part in the growth of Israel's foreign trade. Although citrus exports dropped from \$46.6 million in 1960 to \$40.5 million in 1961 because of the poor crop, sales of other agricultural products more than compensated for this and reached \$20 million, compared with \$15 million a year earlier.

Trade with Canada

Canadian exports to Israel have been rising over the past three years—from \$4.6 million in 1959 to \$6.2 million in 1960 and to \$7.14 million in the first nine months of 1961. Because Israel does not plan any relaxation in its intricate system of import controls, products that are also made in Israel or goods for which local substitutes can be found cannot be sold here. In addition, even when import licences for consumer products or luxury goods can be

PRINCIPAL CANADIAN EXPORTS TO ISRAEL

Commodity	1959	1960	1961 (9 mos.)
(In Can. \$'000)			
Wheat, except seed, n.o.p.	2,549	2,426	4,221
Asbestos milled fibres (groups 3, 4, 5)		704	618
Aluminum in primary forms	157	334	511
Plastics, synthetic rubber n.o.p.		316	152
Acids n.o.p.	83	280	
Telephone and telegraph apparatus	74	249	125
Sheet and strip carbon steel		213	
Lumber, Douglas fir	130	188	93
Meats n.o.p., canned	336	174	57
Cattle hides, raw	89	168	88
Wood pulp, sulphate kraft unbleached		136	
Flour of wheat, n.o.p.		117	
Wood pulp, sulphate kraft bleached		115	109
Bookkeeping, calculating machines and parts	26	103	150
Total exports 1960 (9 mos.)	5,252		
Total exports 1961 (9 mos.)		7,149	



Trade Office Opened in Israel



A new trade office has been opened in Tel Aviv by Barry C. Steers, Commercial Secretary, who looks forward to helping Canadian businessmen to develop trade with Israel. This latest Trade Commissioner Service office forms the Commercial Division of the Canadian Embassy. Mr. Steers' address is: Commercial Secretary for Canada, 35 Carlebach Street, Tel Aviv; telephone, 221203; P.O. Box 20140; cable, CANADIAN.

Mr. Steers was born in London, Ontario, in 1927 and is a graduate of the University of Western Ontario. Following business experience in Bogotá, Colombia, Mr. Steers joined the Trade Commissioner Service in 1957 and has served in Singapore and Athens. He is married and has three children.

obtained, the high duties and taxes make prices too high for most Israeli consumers.

A look at Table I, which lists the principal Canadian exports to Israel in the past three years, shows that the main opportunities lie in raw or semi-processed materials or equipment.

Israel is rapidly expanding its manufacturing capacity and is developing related services. Hand in hand with the building of new factories goes the building of roads and the construction or expansion of water supply systems, electricity services, houses and offices. Imports in 1962 will be tailored to these needs. Other projects under way include a new port at Ashdod; a potash works on the Dead Sea that will eventually produce some 750,000 tons a year; copper and

natural gas developments in the Negev, and a desalinization plant at Eilat. All these will require knowhow, equipment and supplies.

Foreign Investment

Foreign investment in Israel, some \$100 million in 1960, is still mounting month by month, reflecting a growing confidence in the Israeli economy on the part of foreign countries. In October a United States group announced that it would establish a plant to process cotton, wool and nylon waste for use in insulation and upholstery materials. A second U.S. company has begun manufacturing mirrors and a third has announced that it will build a \$500,000 plant for the casting of machine parts. A petrochemical plant valued at \$16 million is to be financed by North and South American capital.

Other projects are in the making. In December 1961 it was reported that a West German group planned to invest over \$30 million to set up seven chemical, building materials and textile plants. A British company plans to invest £1 million to make Acrilan, and Leyland Motors, also of Britain, intends to assemble trucks, cars and buses in Israel and eventually to have 60 per cent of the content made locally.

Direct Canadian investment in Israel is becoming increasingly important. Preliminary estimates indicate that this investment in 1961 totalled over \$5 million. Outstanding among Canadian enterprises in Israel is Supersol, a chain of supermarkets that has profited from the introduction of Canadian merchandising methods into this country. ●

On February 9, 1962, the Government of Israel announced a new single uniform rate of exchange for all transactions of three I£ to the U.S. dollar. For further details on this and other aspects of a new economic plan for Israel, see "Foreign Tariffs and Trade Regulations", page 36.

Sweden's Timber Exports

SWEDISH timber exports in the first ten months of 1961 totalled an estimated 820,000 standards, according to a survey by the *Swedish Timber and Wood Pulp Journal*. Sales in October reached 42,000 standards, or about the same as in September. Prices have been subject to further pressure because of the additional offers made in October, the *Journal* says.

One bright spot in present market conditions is the improvement in the business climate in the United States, as shown by the growing demand for Canadian timber. This has reduced the risk of increased Canadian pressure on the British market.

Returns from crown-forest auctions of standing timber in Sweden dropped almost 3 per cent compared with the average price paid last year, the *Journal* notes. Because the lots sold in 1960 included thicker and consequently more valuable stems, however, the real difference in prices is probably less than the straight numerical decrease would suggest.

As for pulp, market prices for the last quarter are now established. Sales during the last few weeks of the year dropped off somewhat and 1962 business has not yet got under way, except for negotiations on tonnage reservations, which will be subject to quarterly or half-yearly price agreements.

Since 1961 shipments of Swedish chemical pulp—for papermaking as well as dissolving pulp for other uses—will not equal 1960 shipments, year-end stocks at the mills will exceed considerably the 1960 year-end total of 200,000 tons. They will probably go as high as the figure for 1958 of 425,000 tons—or perhaps a little higher. Although the statistics do not present a cheerful picture, the continuing high level of paper consumption (and consequently of pulp) in Western Europe, which absorbs about three-quarters of Sweden's pulp exports, affords a basis for optimism. Exports of chemical pulp in the first three quarters of the year totalled 1.69 million tons, compared with 1.84 million in the same period of 1960.

Paper exports, on the other hand, were larger than in the previous year: January/September 1961 shipments totalled 1.01 million tons, compared with 939,000 in the first nine months of 1960.

—Office of the
Commercial Counsellor, Stockholm.

SHIPPING SERVICES TO THE MIDDLE EAST FROM

	Pacific Coast	Great Lakes	St. Lawrence and Atlantic
TO: Bahrain	Java Pacific and Hoegh Lines (<i>Dingwall Cotts and Co. Ltd., Vancouver</i>)	*Nedlloyd Line (<i>Montreal Shipping Co. Ltd., Toronto</i>)	*Hansa Line (<i>Watts Watts Shipping Agencies Ltd., Montreal</i>)
Iran	Java Pacific and Hoegh Lines	Java Pacific Line (<i>Montreal Shipping Co. Ltd., Toronto</i>) Nedlloyd Line	*Hansa Line Java Pacific Line (<i>Montreal Shipping Co. Ltd., Montreal</i>) Nedlloyd Line (<i>Montreal Shipping Co. Ltd., Montreal</i>)
Iraq	Java Pacific and Hoegh Lines	Hellenic Line (<i>Furness Withy and Co., Toronto</i>) Nedlloyd Line	Hellenic Line (<i>Furness Withy and Co., Montreal</i>) Nedlloyd Line
Israel	Zim Israel Navigation Co. (<i>North Pacific Shipping Co. Ltd., Vancouver; March Shipping Agency Ltd., Montreal</i>)	Zim Israel Navigation Co. (<i>March Shipping Agency Ltd., Toronto</i>)	Zim Israel Navigation Co. (<i>March Shipping Agency Ltd., Montreal</i>)
Jordan		*Hansa Line (<i>Watts Watts Shipping Agencies Ltd., Toronto</i>) Hellenic Line Java Pacific Line Nedlloyd Line Orient Mid-East Gt. Lakes Service (<i>Montoro Shipping Corp. Ltd., Toronto</i>)	*Hansa Line Hellenic Line Java Pacific Line Nedlloyd Line Orient Mid-East Gt. Lakes Service (<i>Montoro Shipping Corp. Ltd., Montreal</i>)
Kuwait	Java Pacific and Hoegh Lines	Java Pacific Line	Java Pacific Line Nedlloyd Line
Lebanon	Splosna Plovba (<i>Sea Freight Ltd., Vancouver</i>)	Canada Orient Line (<i>Keel Shipping Ltd., Toronto</i>) Hellenic Line Java Pacific Line Nedlloyd Line Niagara/Concordia Lines (<i>Gt. Lakes Overseas Shipping, Toronto</i>)	Canada Orient Line (<i>Keel Shipping Ltd., Montreal</i>) Hellenic Line Java Pacific Line Nedlloyd Line Niagara/Concordia Lines (<i>Canadian Overseas Shipping, Montreal</i>)

*Indicates inducement calls

FROM

TO:	Pacific Coast	Great Lakes	St. Lawrence and Atlantic
Lebanon		Orient Mid-East Gt. Lakes Service Watts Watts Line <i>(Watts Watts Shipping Agencies Ltd., Toronto)</i>	Orient Mid-East Gt. Lakes Service Watts Watts Line <i>(Watts Watts Shipping Agencies Ltd., Montreal)</i>
Saudi Arabia	Java Pacific and Hoegh Lines	Hellenic Line Java Pacific Line Nedlloyd Line Orient Mid-East Gt. Lakes Service	Canada India Pakistan Line <i>(McLean Kennedy Ltd., Montreal)</i> Head Line <i>(McLean Kennedy Ltd., Montreal)</i> Hellenic Line Java Pacific Line Nedlloyd Line
Turkey	Zim Israel Navigation Co.	American Export Lines <i>(American Export Lines, Toronto)</i> Canada Orient Line Hellenic Line Niagara/Concordia Lines Orient Mid-East Gt. Lakes Service Watts Watts Line	American Export Lines <i>(Moore McCormack Lines (Can.) Ltd., Montreal)</i> Canada Orient Line Hellenic Line Niagara/Concordia Lines Orient Mid-East Gt. Lakes Service Watts Watts Line
United Arab Republic	Splosna Plovba	Canada Orient Line Fabre Line <i>(A. O. Minshall Co. Ltd., Toronto)</i> Hellenic Line Niagara/Concordia Lines Montship Capo Line <i>(Montreal Shipping Co. Ltd., Toronto)</i> Orient Mid-East Gt. Lakes Service Watts Watts Line	Canada India Pakistan Line Canada Orient Line Fabre Line <i>(Saguenay Shipping Ltd., Montreal)</i> Hellenic Line Malaya Indonesia Line <i>(Cunard Steamship Co., Montreal)</i> Montship Capo Line <i>(Montreal Shipping Co. Ltd., Montreal)</i> Niagara/Concordia Lines Orient Mid-East Gt. Lakes Service Watts Watts Line

Documentation for the Middle East

THE following data are intended as a guide to the kinds and numbers of documents required by each country listed and the basic regulations. The numbers indicated include copies that the legalizing authorities and consular offices require for their files and that the consignee wishes to have for accounting purposes.

When completing shipping documents, exporters should follow explicitly any instructions they receive from their agent or consignee in the importing country and should avoid undue delay in preparing these documents. They should be posted promptly by airmail so that they will be in the importer's hands by the time the shipment arrives at the port of destination.

The documentation requirements for the most part are similar for shipments forwarded by freight, parcel post or air cargo. In general, there are no requirements covering the form of the documents or the language used in them. Consular fees are charged for certification or consular legalization of documents for Iran,

Lebanon and Turkey. Duty is levied on the basis of the cost or value of the goods, plus freight and insurance to the destination.

Import restrictions are in force in many of the Middle Eastern countries. Canadian exporters would therefore be well advised not to ship their goods until they are assured that the importer has obtained an import licence, if it is needed.

Health and pure food regulations often call for the production of additional documents. Many countries require sanitary or health certificates issued by the agricultural or health authorities in the country of origin for animals, plants and their products, and processed foodstuffs.

Leaflets on *Shipping Documents and Customs Regulations*, giving full details of the requirements (including health and pure food regulations) have been compiled by the International Trade Relations Branch for most of the countries listed in the table below.

Abbreviations: Com. I.—Commercial Invoice; C.O.—Certificate of Origin; B.L.—Bill of Lading; P/L—Packing List.

Country	Documents Required	No. of Copies	Notes (See end of table)	Country	Documents Required	No. of Copies	Notes (See end of table)
Bahrain	C.O.	3	1, 3, 7, 11	Syria	C.O.	4	1, 2, 3, 6, 9
	Com. I.	3			Com. I.	4	
	B.L.	2			B.L.	2	
Ethiopia	C.O.	3	1, 2, 3, 6, 7, 8, 9	Turkey	C.O./C.I.	4	1, 2, 7, 9, 10
	Com. I.	3			Com. I.	4	
	B.L.	2			B.L.	2	
Iran	C.O.	5	1, 2, 3, 7, 9	United Arab Republic (Egypt)	C.O.	4	1, 2, 7, 9
	Com. I.	5			Com. I.	4	
	B.L.	2			B.L.	2	
Iraq	Com. I.	8	1, 2, 3, 4, 5, 9	Yemen	Com. I.	3	1, 2
	B.L.	3			B.L.	2	
	P/L	1					
Israel	Com. I.	4	1, 3, 4, 9				
	B.L.	2					
Jordan	Com. I.	4	1, 2, 3, 9				
	B.L.	2					
Kuwait	C.O.	3	1, 2, 7, 8, 9, 11				
	Com. I.	3					
	B.L.	2					
	P/L	1					
Lebanon	C.O.	4	1, 2, 6, 8, 9				
	Com. I.	4					
	B.L.	2					
Muscat and Oman	Com. I.	4	1, 2, 3				
	B.L.	2					
Persian Gulf States	Com. I.	3	1, 2, 3, 11				
	B.L.	2					
Qatar	Com. I.	3	1, 2, 3, 11				
	B.L.	2					
Saudi Arabia	C.O.	5	1, 2, 7, 9				
	Com. I.	5					
	B.L.	2					
Sudan	Com. I.	3	1, 2, 3, 9				
	B.L.	2					

1. Commercial invoice should be signed and certified as true and correct by the shipper.
2. Commercial invoice should be certified by a Chamber of Commerce or Board of Trade.
3. Each copy of commercial invoice must be signed by the manufacturer or supplier in the country of origin.
4. No statement of origin is required other than that appearing on the commercial invoice.
5. Certificate of origin is not generally required. Customs authorities do require certificates for certain types of goods.
6. Certificate of origin may be combined with commercial invoice.
7. Certificate of origin should be certified by a Chamber of Commerce or Board of Trade.
8. Packing list should be furnished when details of shipment are not available on the invoice.
9. Special certificates, such as sanitary certificates, are required for certain products.
10. To correct errors in documentation a letter of correction is required.
11. Documents should be certified that the goods covered by the invoice do not contain Israeli products.

—Asia and Middle East Division.

Import and Exchange Regulations in the Middle East

The following is a summary of the import and foreign exchange control regulations currently in effect in Middle Eastern countries.

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

BAHRAIN

IMPORT permits are not required and there are no quota restrictions. The import of certain goods—such as firearms, alcohol and ammunition—requires special permission. All imports must be supported by a certificate from the manufacturer, producer or exporter that the goods are not of Israeli origin, do not contain Israeli materials, and are not being exported from Israel. All firms wishing to import goods are obliged to register their names and obtain a Trade Registration Number, without which the Bahrain Customs will not allow goods to be cleared. It is important that the firms with which exporters deal in Bahrain be registered in this way. Goods consigned to Bahrain are allowed to remain in the Customs for six months, after which they are subject to auction.

There are no exchange restrictions. Importers usually pay dollar drafts only after the merchandise has actually landed on the customs wharf. Dollars may be freely sold to residents of the Arabian Gulf area and customers may use local currency to liquidate dollar drafts drawn on them.

ETHIOPIA and ERITREA

IMPORTS are not subject to licensing, but application for the necessary foreign exchange, accompanied by a *pro forma* invoice, must be made to the State Bank of Ethiopia before firm orders are placed abroad. Exporters are advised to obtain the number of the exchange control payments licence before dispatching goods. This licence is usually valid for three months, but may be extended upon application, provided the goods are not subject to the prior deposit requirements. No licence is issued unless the foreign exchange is available and there are no restrictions on the method of payment for imports.

The State Bank of Ethiopia is the sole authorized dealer in and controller of foreign exchange and all transactions must be effected through it. All payments abroad are subject to the State Bank's supervision and

must normally be made in the currency of the recipient or in U.S. dollars. All foreign exchange received in Ethiopia must be surrendered to the State Bank of Ethiopia.

Exchange control payment licences for certain types of imports regarded as non-essential are authorized only upon payment by the importer of a deposit in Ethiopian dollars equivalent to 100 per cent up to 150 per cent of the value of the goods to be imported, depending upon their category. The importer must make the prior deposit when the payment licence is issued and it may be withdrawn only to effect payment for the specific import or upon cancellation of the import licence.

IRAN

REGULATIONS affecting the import of commodities are issued effective from March 21 every year for the year ending March 20 next year. Under the current regulations, the import of goods that appear on a lengthy list is prohibited. All other goods may be imported within the limits of the relevant regulations. Importers are not required to obtain beforehand an import permit for goods authorized to be imported under the general import quota. These licences are issued automatically at the time of release of goods from the Customs. Imported goods must generally be new and unused. Imports of used metals and rubber tubes for smelting, etc., and for manufacturing new articles are allowed. The clearance from Customs of goods forwarded as gifts without the transfer of foreign exchange does not require an import permit, provided their total value does not exceed 10,000 rials (approximately \$138.00) per person per year and they are of no commercial value. A number of goods that may be imported are subject to a commercial profits tax. This tax is levied either on a specific basis or ad valorem, according to the product.

All imports must be paid for by letters of credit except for the following list of essential goods: industrial and agricultural machinery and spare parts; drugs and patent medicines; chemicals and industrial dye-stuffs for local factories; natural and raw rubber, chemical fertilizers and pesticides; trucks, vans and buses; plastic materials; synthetic fibres and yarns for local factories; hides; newsprint and writing paper. Advance deposits for opening letters of credit are 25 per cent for certain machinery, 40 per cent for other essential and semi-essential merchandise, and 70 per cent for non-essentials.

IRAQ

ALL imports require prior licences and are divided into two groups. There is a list of some 48 items the import of which is prohibited, either because they are considered non-essential or for the protection of domestic industry. All other goods are permitted entry subject to individual quotas, which are confidential. Licences will be issued within the limits of the actual imports of each item during the preceding four years, having regard to the needs of the market. Goods required for development, such as machinery, will be licensed freely. Imports are restricted to established merchants and firms rather than inexperienced traders. Licences for imports authorize importers to purchase exchange from the banks at the official rate, although they must apply for it. The licence is usually issued on a c. and f. value and is valid for one year, during which time the goods must be imported.

ISRAEL

IMPORT licences issued by the appropriate licensing authorities are required for all imports, except direct government imports, passenger baggage and certain gifts. The import licence has a special section reserved for the use of the Foreign Exchange Control which contains the sanction of that authority for the issue of exchange. Upon presentation of the licence to an authorized bank, the latter provides the necessary foreign exchange. Import licences are valid for a period varying between nine and twelve months. The Director of Customs and Excise may release goods when the relative import licence has expired, if he is satisfied that the goods left the country of origin within the validity period of the licence. Merchandise arriving in Israel not covered by an import licence is subject to confiscation. In general, and by reason of dollar exchange shortages, preference is given to the import of essential goods. Goods not withdrawn from the customs house within three months or from the bonded warehouses within one year are liable to be sold at public auction by the customs authorities. Documentary collections are usually taken up by drawees only after the merchandise has arrived.

JORDAN

AN import licence and exchange permit are required for practically all merchandise entering Jordan. For payment in cash against documents, no import licence is required if the value is less than JD50 (approximately \$15.00). Import licences are issued by the Ministry of National Economy and are usually valid for six months; they may be extended for justifiable reasons. Imports are divided into two categories: prohibited imports, and essential and other goods, for which import licences will be issued in the relevant foreign

currency against payment of an import fee of 4 per cent by the importer. The securing of a licence assures the holder that foreign exchange will be granted. Import licences are valid for opening documentary credits up to 45 days from the date of issue of the licence. Goods shipped under a letter of credit must arrive in Jordan not later than one month after the import licence expires.

Application for the necessary exchange may be made after the import licence has been issued. In all cases, the Controller of Currency must issue an exchange permit before an importer can purchase exchange at the official rate. Drawees generally postpone action on documentary bills until after the goods arrive.

As a result of foreign aid from the United States, the Jordanian Government issued an order in February 1961 which stipulated that certain items may be imported only from the United States. Licences will not be granted for imports of these commodities from other countries.

KUWAIT

PERMITS are not required for imports into Kuwait and only a few items are prohibited entry. There are no exchange regulations on imports and exchange is supplied from the official dollar market. Merchants generally await arrival of the goods before making payment. All shipments to Kuwait must be supported by an authentic certificate showing that the goods are not of Israeli origin and that no Israeli products were used in their manufacture. Without this certificate, the goods are liable to confiscation by the customs authorities. The supply of dollars is usually adequate and normally there is no delay in payment for imports.

LEBANON

WITH the exception of certain listed articles that require a prior import licence, the import of all other goods into Lebanon is permitted freely and does not require a licence. Import licences are valid for six months and may be extended for a further six months, if application is made in writing before the licence expires. An importer is given one import licence a year for the total quantity of any particular commodity he wishes to import during that period, and he has the right to import these goods either in one or a number of shipments. Merchandise not cleared through the Customs within eight days has a surtax levied on it; it may remain in Customs for six months before being cleared. If it is not cleared within that period, it is liable to confiscation or sale at public auction.

Official exchange is available only for government imports. Other imports are paid for in foreign exchange bought in the free market. It is customary for payment to be made after the merchandise arrives, unless otherwise arranged between buyer and seller.

QATAR

FIREARMS, alcohol and alcoholic drinks excepted, imports are not subject to licence. The import of dangerous drugs and cultured pearls is prohibited. Merchandise imported must be cleared within twenty days; if not cleared within this period, it becomes subject to a fine. No exchange permission is required and dollar exchange is readily available from banks to pay for imports. Documents covering shipments should be certified to the effect that the goods do not constitute part of Israeli reparations.

SAUDI ARABIA

PRACTICALLY all goods may be freely imported into Saudi Arabia, though the import of a few is prohibited. Exchange transactions are absolutely free, including the import and export of banknotes and coin. There are no restrictions on the use of foreign currency in payment for merchandise originating in and shipped from countries in Europe. It is customary for drawees to pay documentary drafts only upon arrival of the merchandise.

SUDAN

IMPORTS into Sudan are subject to licence issued by the Ministry of Commerce, Industry and Supply. Licences are not valid until endorsed by the Bank of Sudan Exchange Control, and also by an authorized dealer to the effect that the currency already has been released. This means that the exchange must be remitted through an authorized dealer and the licence endorsed to that effect before presentation to the customs authorities for clearance of the goods. Import licences are valid for three months, subject to extension. Merchandise arriving in the country and not covered by an import licence is subject to fines or confiscation. An Open General Licence was established in July 1959 for a specific list of commodities, and this list is added to periodically. Import licences for goods are not likely to be issued unless the goods are highly essential and cannot be obtained from other sources.

SYRIA

BY a decree dated February 4, 1961, all transactions between Syria and all other foreign countries were made subject to exchange control and all dealings in foreign exchange and foreign securities, except through authorized banks, were prohibited. All proceeds from exports and invisibles from that date are to be surrendered to authorized banks at the official exchange rate within three months from the date of shipment.

All imports over S £350 (approximately \$100.00) in value are subject to the procurement of an import

licence issued by the Ministry of Economy and Commerce. Certain goods are prohibited import and for specified other goods the issue of import licences has been suspended. The issue of the licence gives the importer the right to purchase through an approved bank the foreign exchange needed to pay for imports. An import licence is valid for six months and it may be extended for three months before the expiry date. The import licence may not be renewed unless the importer can prove that the goods were shipped before the expiry date. Merchandise must be cleared through Customs before the import licence expires. Without an import licence, the goods are prohibited entry. A substantial list of goods that must be imported only through the port of Lattakia is available.

In September 1961, Syria dissociated itself from the United Arab Republic and once again became a self-governing entity.

TURKEY

ALL imports require an import licence which is valid for six months and all applications for such licences must be accompanied by a *pro forma* invoice or offer. Imports may be effected by natural and legal persons who possess an importer's certificate. No importer's certificate is required for imports by industrialists, exporters and mine-owners for use exclusively in their commercial activities. Imports must be effected within the validity period and if a period is granted for manufacturing goods, this may be added to the six months. Import licences are valid only for the tariff headings indicated in the licence and goods indicated against the said headings in the two lists appended to the regulations—a list of free imports and a list of imports subject to an allocation of foreign exchange or quota. These lists include items to be paid for with ICA funds and such payments can be made only by letter of credit. Applications for goods included in the quota list must not exceed 20 per cent of the quota to which they refer. No time limit is required for goods included in the free import list.

Applications for import licences must be accompanied by a guarantee deposit of 10 per cent of the Turkish lira equivalent of the foreign exchange applied for; no guarantee is required for imports by industrialists. Import licences are used for clearing the goods from Customs. When the goods are imported, a photostat or copy of the import licence, certified by a notary or authorized bank, must accompany the import declaration.

Under the Decree, the exchange of goods between Turkey and foreign countries shall be carried out in accordance with multilateral and bilateral agreements. Payments covering exchange of goods with countries with which Turkey has concluded such agreements shall be made in accordance with the provisions of the agree-

ments in question. Payments covering the exchange of goods with countries with which Turkey has no payments agreement shall be made in U.S. dollars for the dollar currency area and for other areas, in U.S. dollars or in currencies convertible into dollars.

UNITED ARAB REPUBLIC (EGYPT)

MOST imports require an import licence. Import licences are valid for two months for the opening of letters of credit and are renewable up to eight months for the arrival of the goods. Importers apply for licences every half-year, i.e., January and July. The

import licence bears an annotation on the method of payment and entitles the importer to buy the necessary foreign exchange. Merchandise must be shipped and arrive in Egypt before the import licence expires. Merchandise arriving in Egypt not covered by an import licence is subject to confiscation.

When he has obtained the import licence, the importer may buy the required currency. Exporters are required to surrender their export proceeds to, and importers must obtain their foreign exchange from, the National Bank or authorized banks. All importers pay a uniform premium of 10 per cent on exchange purchased for approved imports. ●

COMMODITY NOTES

Aluminum Products

COLOMBIA—A company newly established in Bogotá, Industrial de Aluminio, will produce aluminum products for the construction industry, principally doors, windows and showcases. Raw material will come from Aluminio Alcan de Colombia—a subsidiary of the Aluminum Company of Canada—whose factory is in Cali—Bogotá.

Asbestos

YUGOSLAVIA—An asbestos yarn factory has begun production at the Adriatic port of Poloce in Yugoslavia. It is the first of its type to be established in the country. In addition, an older asbestos manufacturing establishment, the Antisa Vucicic Salonite factory, has recently begun to produce asbestos and cement pipes up to five metres in length and one metre in diameter. Some of the production will be exported—Vienna.

Beer

WEST INDIES—Two subsidiaries of the Caribbean Development Company of Trinidad went into operation last December. St. Kitts Breweries Ltd. at Basseterre, St. Kitts, Leeward Islands, and Grenada Breweries Ltd., at Morne Rouge, Grenada, Windward Islands, will make "Carib" brand beer, selling at four bottles for one West Indies dollar. The Grenada plant cost \$1.5 million to build—Port-of-Spain.

Cotton

SPAIN—Spain's current cotton crop is a record one of approximately 480,000 bales, or 100,000 tons of fibre. Continued growth in annual production has now made Spain an exporter of some qualities of cotton. Since spinning capacity is well beyond domestic requirements,

however, imports for the production of cotton materials for export will continue. Only 10 years ago Spain's cotton goods exports depended on imports of the necessary fibre. Now, domestic cotton comprises a large part of these exports.

Some 100,000 bales of this year's crop were produced on dry land in southern Spain normally used for wheat cultivation—wheat sowing was impossible because of bad weather. Since cotton cultivation is considerably more remunerative for farmers than wheat growing, it is possible that this temporary measure may become permanent—Madrid.

Electrical Appliances

PORTUGAL—A licence has been granted to a Portuguese citizen to manufacture and assemble domestic electrical appliances, including all kinds of refrigerators and freezers, domestic air-conditioning units, washing machines and thermo-electric radiators, under certain conditions. These conditions are: the Israeli company giving its support is to form part of the firm to be constituted; the capital is not to be less than approximately \$720,000; at the end of the third working year the firm should be exporting not less than 30 per cent of its total production, and production should be started within two years—Lisbon.

Iron Ore

SWEDEN—The LKAB mining company was the world's largest exporter of iron ore in 1961, exporting 16.3 of a total output of 17 million tons. Of this, the Kiruna mines in Lapland accounted for 12.7 million tons and the Malmberget mines for 4.3 million. Overall deliveries, including those to the state-owned steelworks, Norrbottens Järnverk, totalled 16.9 million tons, up over a million from the preceding year.

In 1962, LKAB estimates production will reach 16.5 million tons, including 12.6 million from Kiruna and 3.9 million from Malmberget. This is 10 to 15 per cent below full capacity—Stockholm.

Jeeps

BRAZIL—The Toyota Motor Company of Japan is reportedly preparing to mass produce jeeps in Brazil for distribution throughout Latin America. Toyota plans to build from 6,000 to 8,000 jeeps a year at its new plant in São Paulo and to export to other Latin American countries. Its investment to date is reported at \$11.2 million—São Paulo.

Mowers and Tractors

BRAZIL—Iseki do Brasil, a new company, has been set up in São Paulo to manufacture mowers and small tractors of 5 to 20 h.p., of a type similar to those produced by Iseki Noki of Japan. The output of each type of vehicle is expected to be 100 units a month. These machines will use motors made in Brazil by another company—São Paulo.

Olive Oil

SPAIN—Hopes of an olive oil harvest of 380,000 tons have been dashed by adverse weather last December, particularly in the south, where gales and serious floods caused considerable damage to the fruit in process of being harvested. The estimated crop is now given as 350,000-360,000 tons. The quality too has been affected and this will cut down olive oil exports. In two sectors only have there been notable increases in olive oil sales this season—to Germany and Australia—Madrid.

Pecans

UNITED STATES—The Louisiana pecan crop for 1961 is valued at nearly six million dollars, up 31 per cent over 1960. The increase in value resulted from a larger crop; the average price per pound received by growers was lower than in 1960. Average price in 1961 was 16.9 cents per pound, compared with 30.2 cents per pound in 1960—New Orleans.

Pulp

NORWAY—To stabilize the market, Scandinavian producers of wood pulp have agreed to cut down production in 1962. This reduction will only apply to wood pulp produced for sale and will not affect pulp for use in integrated mills owned by the pulp producers. For mechanical pulp, the agreement provides for a reduction of 30 per cent (300,000 tons) during the period December 1, 1961, to July 31, 1962. Reduced production during the remainder of 1962 will depend on future discussions.

In 1961 Norway produced approximately 785,000 tons of mechanical pulp, of which some 500 tons

were for sale. During the same period, Scandinavian production of chemical wood pulp for sale will be cut by over one million tons, or about 20 per cent, provided other producing countries do not increase their output. In 1961 Norway's production of chemical wood pulp reached 735,529 tons, of which 286,902 tons were exported—Oslo.

Steel

UNITED STATES—U.S. production of raw steel in 1962 is expected to exceed the 97 million net tons estimated for 1961, as well as the 99.3 million tons produced in 1960. Predictions for 1962 range from 105 to 115 million tons, depending in part on the results of collective bargaining negotiations scheduled in May and June—Detroit.

Television and Radios

NORWAY—Ostfold Radio, Fredrikstad, is the first T.V. manufacturer in Norway to start export sales. The initial consignment of 60 television sets was shipped to Iraq last summer. Portable radio receivers by Ostfold Radio are also selling well in Iraq. Recently 700 sets were delivered to the Government of Iraq, a contract secured after an exhaustive testing of 13 different makes from Europe and Asia—Oslo.

Trade Commissioners on Tour

In Territory

M. B. BURSEY, Commercial Counsellor in Oslo, Norway, will visit Bergen March 19-22.

B. C. BUTLER, Minister (Commercial) in London, will visit Cardiff and district March 26-30.

G. L. GAGNE, Assistant Commercial Secretary in Mexico City, will visit Guaymas, Sonora, Mexicali, and Baja California, March 19-23.

B. HORTH, Assistant Commercial Secretary in New Delhi, India, will visit Madras from March 12-17.

E. H. MAGUIRE, Trade Commissioner in Singapore, will visit Bangkok, Thailand, February 19-28.

P. V. McLANE, Trade Commissioner in Glasgow, Scotland, will visit Belfast, Northern Ireland, March 26-30.

K. D. TAYLOR, Assistant Trade Commissioner in Guatemala City, will visit San Pedro, Dula and Tegucigalpa in Honduras February 26-March 2, and Costa Rica March 3-8.

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. Bursey at Oslo, Mr. Butler at London, Mr. Gagne at Mexico City, Mr. Horth at New Delhi, Mr. Maguire at Singapore, Mr. McLane at Glasgow, and Mr. Taylor at Guatemala City.

FOREIGN TARIFFS

AND TRADE REGULATIONS

Austria

NEW LIBERALIZATION MEASURES INTRODUCED—The Austrian Ministry of Trade issued a new list of products which from January 1, 1962, may be imported without restriction from OECD countries, including Canada. Although import licences for such goods are still required for statistical purposes, they are granted automatically.

The following goods included in the new list may be of interest to Canadian exporters.

Vegetables (whether or not cooked), preserved by freezing

Cod liver oil in containers of less than 1 litre

Prepared or preserved fish in airtight containers, in oil

Soups and broths, in liquid, solid or powder form

Rapeseed oil cake

A large number of chemicals and pharmaceuticals. Among them are zinc oxide and zinc peroxide; radioactive chemical elements and radioactive isotopes; acetates and hemiacetates and single or complex oxygen-function acetates and hemiacetates, and their halogenated, sulphurated, nitrated or nitrosated derivatives; formaldehyde; sulphuric esters, their salts and their derivatives; first-aid boxes and kits; pigments based on iron oxide and ferric hydroxide; pigments based on ferrocyanides and ferricyanides; pigments based on chromates.

Polymerization and copolymerization products: polyethylene, polystyrene, PVC, polyvinyl acetate, polyvinyl chloroacetate and other polyvinyl derivatives (except emulsions, dispersions and solutions based on polyvinyl acetate).

Windows

Steam boilers

Outboard motors weighing 50 kilograms or less

Aircraft

The full list of liberalized goods is available from the International Trade Relations Branch of the Department of Trade and Commerce.

Common Market

1962 TARIFFS—The European Division, International Trade Relations Branch, has now received the 1962 tariffs of the EEC countries. There are no changes from 1961 in the duties on industrial products, but rates for agricultural products have been aligned for the first time towards the proposed Common Tariff. The effective date of the new rates is January 1, 1962.

Cuba

TRADE AGENCIES REORGANIZED—P. A. Savard, our Commercial Counsellor in Havana, has reported that, under several recently published resolutions of the Ministry of Foreign Commerce, the Cuban

trade agencies have been reorganized. The "Empresa (Agency) Cubana de Importaciones" and the "Empresa Cubana de Exportaciones", set up in March 1961 (see *Foreign Trade*, March 25, 1961), have been dissolved effective December 31, 1961. Twelve separate import, export or import-export agencies have been established to handle roughly the same commodity groups that were formerly the responsibility of the 14 sections of the two defunct Empresas. The new agencies, like the previous ones, will carry out the actual import and export transactions of Cuba under the general guidance of the Ministry of Foreign Commerce.

The new Empresas cover the following broad commodity groups: sugar and byproducts; tobacco; vehicles and transport equipment; machinery and equipment; fibres, hides and byproducts; raw materials and intermediate products; chemical and pharmaceutical products; minerals and metals; foodstuffs; general consumer goods; and items of art and culture. One of the agencies will be in charge of acting as an intermediary in all compensation and barter deals concluded by the other agencies.

Information about the various Empresas may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

TRAVEL REGULATIONS—P. A. Savard, Commercial Counsellor in Havana, wishes to draw to the attention of visitors to Cuba the necessity of presenting two passport-size photographs to the Cuban Immigration Department when applying for the Exit Permit (see *Foreign Trade* of January 27, 1962, page 25).

Israel

SINGLE RATE OF EXCHANGE ANNOUNCED—A cablegram dated February 12, 1962, from Tel Aviv, Israel, outlines the new economic plan for Israel. As part of the new government economic policy, the Finance Minister of the Israeli Government announced on February 9, 1962, that effective from midnight on that date there would be a single uniform rate of exchange of three Israeli pounds to one United States dollar. The new rate for the Canadian dollar is I£1=Can.\$2.8605 for cheques and I£1=Can.\$2.80 for bank notes. The new rate replaces the multiple exchange rates that have been in effect for several years, such as the official rate of I£1.80 to one United States dollar and I£2.16 to one United States dollar for tourists and diplomats.

This new economic policy points to the disbanding of the whole apparatus of administrative control over imports and exports. It provides for the elimination of premiums on exports and a large part of the taxes on imports except for luxury goods. Differential subsidies and premiums have been abolished. As a result, the ordinary budget based on revenue should decline slightly as there will be smaller customs duties and no export premiums. All financial transactions are to be carried out at the new uniform rate.

In his statement the Finance Minister stated that the foundations had been laid, and now the new economic plan was to set about building of the superstructure as well as to take account of the challenge from the reduction of internal tariffs within the Common Market. The devaluation received prior approval from the International Monetary Fund.

The cablegram further reports that the new measures were said by the Foreign Exchange Controller to constitute a step towards abolition of the foreign currency control.

Detailed information will be available when the official text of the new regulations is received.

Mexico

LEGALIZATION OF COMMERCIAL INVOICES—F. B. Clark, our Commercial Counsellor in Mexico City, has reported that effective March 1, 1962, commercial invoices covering land or sea shipments to Mexico valued at over 1,000 pesos (U.S.\$80) must be legalized by a Mexican Consul. The procedure whereby legalization can be effected by a notarized statement as to the veracity of the invoices is to be discontinued.

Commercial invoices should be legalized by the Mexican Consulate in the city of origin of the shipment; if there are no Mexican consular facilities available in the city of origin, application should be made to the nearest Mexican consular office. At present, Mexican Consulates in Canada are located in Ottawa, Montreal, Quebec, Toronto and Vancouver.

Consular legalization of invoices covering postal or air shipments is not obligatory.

Philippines

LIBERALIZATION OF FOREIGN EXCHANGE TRANSACTIONS ANNOUNCED—In Circular No. 133 of the Central Bank of the Philippines, dated January 21, 1962, and effective from that date, the Monetary Board of the Philippines Government announced new regulations respecting the control of import and export trade with the Philippines. The new Circular No. 133 amends a previous circular providing for the gradual lifting of restrictions on transactions involving foreign exchange. The announcement means that most of the controls affecting trade with the Philippines have now been dismantled. In effect, the decree

abolishes the multiplicity of foreign exchange rates and frees the peso on the open market to fluctuate in response to supply and demand.

The new Circular provides that authorized banks may now sell foreign exchange for imports to any applicant without the requirement of a prior specific licence from the Central Bank at the prevailing free market rate. The free market rate shall be determined through transactions in the free market.

All imports must be covered by letters of credit, except for transactions not involving more than \$100. Import letters of credit must be accompanied by a special time deposit at varying percentages of the value, depending upon the essentiality of the goods. The time deposits shall be kept for periods of not less than 120 days and have a reserve requirement of 100 per cent of the deposit. The categories of goods subject to the time deposit and percentages are as follows: unclassified items and non-essential consumer goods, 150 per cent; non-essential producer goods and semi-essential consumer goods, 100 per cent; semi-essential producer goods, 50 per cent; essential consumer goods, essential producer goods and decontrolled items, 25 per cent.

The margin levy is now suspended. Imports will be released from bond upon presentation of a certificate issued by the Central Bank indicating letters of credit are opened.

The Circular also provides that all exports from the Philippines shall be previously authorized by the Central Bank and receipts of foreign exchange from exports shall be subject to the following regulations: 80 per cent of all receipts from exports as well as invisibles shall be retained by the authorized agent bank for sale at the prevailing free market rate; 20 per cent or balance of export receipts shall be surrendered to the Central Bank at par value (P2.00 to U.S.\$1.00). The proceeds of exports must be received in currencies prescribed to form part of the international reserve. Within a period of 90 days from date of shipment, exporters must repatriate the total value of their exports in convertible currencies and liquidate this value within ten days of its repatriation.

Detailed information on these new regulations may be obtained from the Asia and Middle East Division, International Trade Relations Branch.

Electrocardiograph Developed

A Sydney, Australia, manufacturer has developed what is believed to be one of the most efficient electrocardiographs of its type in the world. The new device weighs only 15½ pounds complete with all accessories, is the size of a portable typewriter, yet has proved to be extremely efficient and quicker to operate than other models. The "Heat Mark II" can be serviced by any leading electronic firm and in addition, there are special service manuals made available to selected distributors.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalent multiply by .953232.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 12	Units per Canadian dollar	Notes (See below)
Argentina	Peso .....	.....	.01267	78.93	
Austria	Schilling .....	.....	.04059	24.64	
Australia	Pound .....	.....	2.3628	.4232	
Bahamas	Pound .....	.....	2.9535	.3386	
Belgium and Luxembourg	Franc .....	.....	.02108	47.44	
Bermuda	Pound .....	.....	2.9535	.3386	
Bolivia	Potosi	Free .....	.08742	11.44	
Britain	Pound .....	.....	2.9535	.3386	
British Guiana	Dollar .....	.....	.6153	1.62	
British Honduras	Dollar .....	.....	.7384	1.35	
Brazil	Cruzeiro	Free .....	.003341	299.31	
Burma	Kyat	Special Category	†	†	
Ceylon	Rupee .....	.....	.2203	4.54	
Chile	Escudo	Bank rate .....	.2215	4.51	
.....	.....	Free .....	.9972	1.0028	
Colombia	Peso	Certificate .....	.7414	1.35	
Congo, Republic of	Franc .....	.....	.1566	6.38	
Costa Rica	Coion .....	.....	.02108	47.44	
Cuba	Peso .....	.....	.1583	6.32	
Czechoslovakia	Koruna .....	.....	†	†
Denmark	Krone .....	.....	.1457	6.86	
Dominican Republic	Peso .....	.....	.1523	6.56	
Ecuador	Sucre	Official	1.0491	.9532	
.....	.....	Free .....	.05828	17.16	
El Salvador	Colon .....	.....	.04590	21.78	
Fiji	Pound .....	.....	.4196	2.38	
Finland	Markka .....	.....	2.6608	.3758	
France, Monaco, etc.	New Franc .....	.....	.003278	305.06	
Franco-African Republics, etc.	Franc .....	.....	.2141	4.67	(1)
French Pacific	Franc .....	.....	.004282	233.53	(2)
Germany	D Mark .....	.....	.01178	84.89	(3)
Ghana	Pound .....	.....	.2624	3.81	
Greece	Drachma .....	.....	2.9535	.3386	
Guatemala	Quetzal .....	.....	.03497	28.59	
Haiti	Gourde .....	.....	1.0491	.9532	
Honduras	Lempira .....	.....	.2098	4.77	
Hong Kong	Dollar	Free* .....	.5245	1.91	
.....	.....	Official .....	.1845	5.42	*Feb. 2
.....	.....	.....	.1846	5.42	
Iceland	Krona	Official .....	.02440	40.98	(4)
India	Rupee .....	.....	.2215	4.51	
Indonesia	Rupiah	Official .....	.02331	42.89	(4)
Iran	Rial .....	.....	.01385	72.21	
Iraq	Dinar .....	.....	2.9374	.3404	
Ireland	Pound .....	.....	2.9535	.3386	
Israel	Pound .....	.....	.3497	2.86	

*Latest available quotation date.

†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.

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 12	Units per Canadian dollar	Notes (See below)
Italy	Lira .....	.....	.001890	591.71	
Japan	Yen .....	.....	.002914	343.17	
Lebanon	Pound	Free .....	.3315	3.02	
Mexico	Peso .....	.....	.08393	11.91	
Morocco	Dirham .....	.....	.2098	4.77	
Netherlands	Florin .....	.....	.2898	3.45	
Netherlands Antilles	Florin .....	.....	.5563	1.80	
New Zealand	Pound .....	.....	2.9333	.3409	
Nicaragua	Cordoba	Effective buying .....	.1589	6.29	
		Official selling .....	.1488	6.72	
Nigeria	Pound .....	.....	2.9535	.3386	
Norway	Krone .....	.....	.1473	6.79	
Pakistan	Rupee .....	.....	.2215	4.51	
Panama	Balboa .....	.....	1.0491	.9532	
Paraguay	Guarani	Official .....	.008503	117.60	
Peru	Sol .....	.....	.03911	25.57	
Philippines	Peso	Free# .....	.2950	3.39	
Portugal & Colonies Republic of	Escudo .....	.....	.03661	27.31	(5)
South Africa	Rand .....	.....	1.4768	.6771	
Singapore and Malaya	Straits Dollar .....	.....	.3446	2.90	
Spain and Dependencies	Peseta .....	.....	.01748	57.19	
Sweden	Krona .....	.....	.2033	4.92	
Switzerland	Franc .....	.....	.2427	4.12	
Syria	Pound	Free .....	.2932	3.41	
Thailand	Baht	Free .....	.04962	20.15	(4)
Tunisia	Dinar .....	.....	2.5282	.3955	
Turkey	Lira .....	.....	.1166	8.58	(4)
United Arab Republic	Pound	Official	3.0124	.3320	
United States	Dollar .....	.....	1.0490625	.953232	
Uruguay	Peso	Free .....	.09563	10.46	
Venezuela	Bolivar	Free .....	.2293	4.36	
		Official .....	.3135	3.19	
West Indies Fed. ..	Dollar .....	.....	.6153	1.62	(6)
	Pound .....	.....	2.9535	.3386	(7)
Yugoslavia	Dinar	Official .....	.001399	714.80	

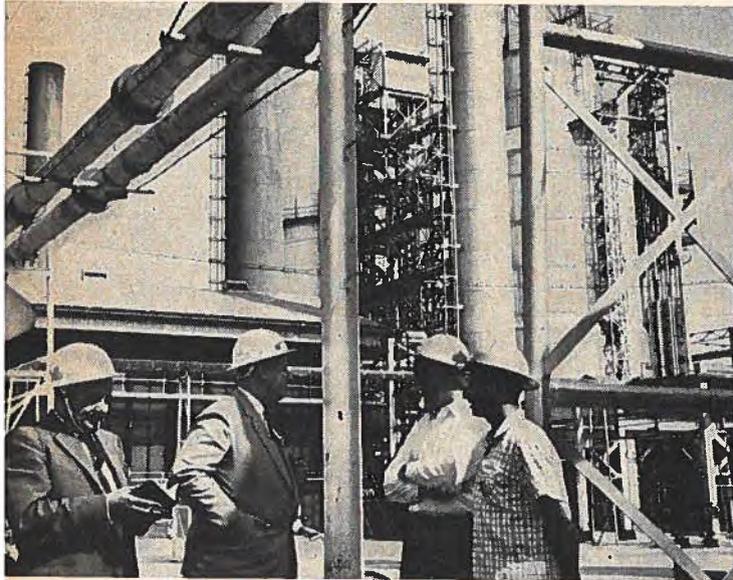
#Exchange controls abolished.

Notes

1. New franc is also used in Algeria, French Guiana, Guadeloupe and Martinique.
2. Chad, Central African Republic, Congo, Dahomey, Gabon, Ivory Coast, Mali, Islamic Republic of Mauritania, Niger, Senegal, Upper Volta, Cameroons, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Pierre and Miquelon.
3. New Caledonia, New Hebrides, French Polynesia.
4. Additional rates are in effect.
5. Portugal: approximately same rate for Portuguese territories in Africa.
6. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
7. Jamaica.

Trade and Commerce at Work

What are the duties of officers of the Department of Trade and Commerce? How do they assist Canadian businessmen? From time to time we plan, through pictures, to show these officials carrying out varied assignments.



A. B. Brodie (second from right), Commercial Counsellor in Tehran, accompanies an Ottawa visitor, R. B. Toombs of the Department of Mines and Technical Surveys (left), on a visit to Iran's oil industry. They are shown at the Abadan Refineries.



At the opening of the Canadian Trade Fair in Lagos, Nigeria, John B. Mountain (left), Commodity Officer for fruits, vegetables and products, greets the Prime Minister of Nigeria, Alhaji the Honourable Sir Abubakar Tafawa Balewa.

W. F. Hillhouse (left), Trade Commissioner in Bombay, India, turns over a recently arrived Colombo Plan shipment of Canadian newsprint to the publisher of the "Hindustani Times".



John H. Bailey (centre), Commercial Secretary and Consul in Bogotá, Colombia, holds the Canada Trophy that he is about to present at the Holstein-Friesian Exhibition in Medellin.



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DEPARTMENT OF
TRADE AND COMMERCE
CANADA

FOREIGN TRADE SERVICE

OTTAWA, January 11, 1962.

Mr. V.R. Keen,
President,
Exeter Lumber Exporters Limited,
Halifax, N.S.

Dear Mr. Keen:

Thank you for your letter of January 8, seeking information on the sales opportunities for lumber in Continental Europe. I am especially interested to learn that you have decided, on the basis of our discussions last month, to make a tour of the market early this year. Your letter is timely as we have been studying the potential in this market with the assistance of our Trade Commissioners.

Prospects for sales of Canadian lumber have never been better. According to a recent report prepared by the Timber Committee of the Economic Commission for Europe, lumber imports into this area during 1962 are expected to exceed those in 1961. Canada's share of the Continental European market now stands at slightly less than 2 per cent, with exports of 50 million board feet.

Most countries on the Continent are net lumber importers; total imports exceed 3,000 million board feet per year. The biggest buyer is West Germany with annual imports running at 1,200 million board feet. Italy and the Netherlands each import more than 300 million board feet and France between 300 and 400 million. Belgium-Luxembourg and Greece each require over 100 million board feet.

I am convinced that your company could take a part in increasing Canada's share of this important lumber market. However, you should be prepared to give agents and importers in those countries adequate assurance that you can supply their special requirements on a continuing basis.

We strongly urge you to visit Ottawa soon and discuss with us the full range of the Department's services to exporters. Meanwhile, we will advise our Trade Commissioners on the Continent of your proposed business trip so that they can work out an itinerary for you and arrange appointments with prospective buyers.

Yours faithfully,

O. Hickie

O. Hickie,
Forest Products Division.

Can I
sell lumber
on the
Continent...

Trade and Commerce Can Help You