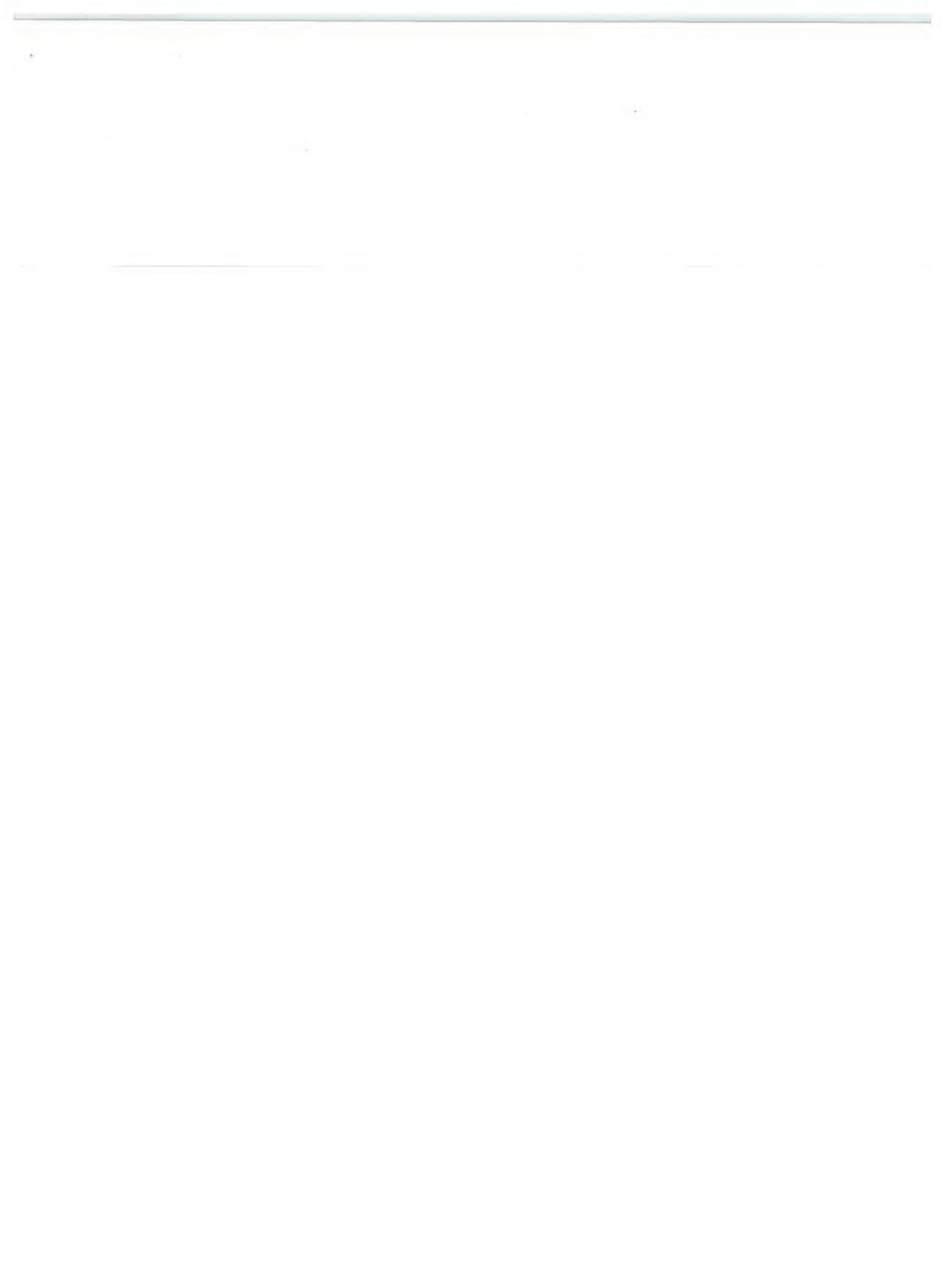


Spotlight on India, Pakistan, Ceylon, Burma
GATT Tariff Concessions Benefit Canadian Exporters

FOREIGN TRADE

DEPARTMENT
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India: Third Plan Objectives

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Orderly economic development under state planning that covers every sector—this is India's blueprint for progress. Our Commercial Counsellor in New Delhi assesses this progress, compares achievements of the earlier Plans with objectives, discusses the effect of latest Plan on foreign traders such as Canada.

Pakistan Attacks Basic Problems

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Good crops and the help given by the Washington Consortium have resulted in larger exchange reserves, rise in exports, some advance in industrial development, as Government seeks to strengthen economy and raise Pakistan's living standards.

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Effect on business of Army's take-over of government not yet clear, but foreign import firms and private traders slated to disappear as nationalization proceeds. Fall in exchange reserves has brought strict import controls, Singapore reports.

Ceylon Experiences Difficult Year

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Lower world prices for main exports have intensified financial problems, sapped exchange reserves, and brought restrictions on imports and higher tariffs. The author discusses the avenues of trade that remain open to Canadian exporters.

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COMING—SELLING TO THE U.S. GOVERNMENT, MAY 5 ISSUE

Any survey of agriculture, industry, trade and investment in India today must stress the impact on each of the Five Year Plans. In making this survey, the author analyzes the influence of the Plans and shows how Canada's trade and aid fit into the picture.

GERALD A. NEWMAN, *Commercial Counsellor, New Delhi.*

INDIA

-Third Plan Objectives

BUSINESS conditions in India today defy any easy assessment because the whole range of activities is changing rapidly under the pressure of the Five Year Plans. Nor can current conditions be given their proper balance without a recognition of what has happened since the Plans began and of what the country is seeking to achieve in the next ten years. Both these aspects have been covered in previous reports in *Foreign Trade* and the present com-

supply, under PL480 and over four years, 16 million tons of wheat and a million tons of rice to build up food reserves and meet current needs. In addition, India continued to receive an annual grant of seven million dollars' worth of wheat from Canada under the Colombo Plan. This has not only permitted the concentration of its exchange on industrial development, but has also helped to stabilize food prices—a basic factor in the attainment of the Five Year Plan objectives.

This has not eliminated the need for self-sufficiency in food production by the end of the Third Five Year Plan, when this outside assistance may terminate or be reduced and when the population will be larger. India is therefore stepping up its agricultural targets in both cereals and grains and cash crops under the Five Year Plan, as shown in Table I.

A number of inter-related programs are being used to secure the Third Plan objectives: irrigation (area increase from 26.1 million acres to 90 million); improved seed areas (from 55 million acres to 155 million); soil conservation; fertilizers—a plant in each state—and an extension service reaching down to the tradition-steeped village farmer. All these measures are intended to step up per acre productivity, which today is among the lowest in the world. Already results have been encouraging.

India's crop season extends from July to June so that the 1961-62 crop is now coming into the market, beginning with rice, millet, and cotton harvests in January and extending to wheat, barley and other grain crops in March and April. Present reports are that the 1961-62 crops are equal to or better than in the

ments in a sense supplement those reports.

Agriculture Must Expand

The rise of India's population by over 40 million in the next five years (from the present 438 million) carries with it a three-pronged threat in terms of agriculture. First, there is the immediate need to stem any further rise in food imports at a time when all available exchange is required to make industry self-sustaining. Second, there is the threat of inflation, when stability is essential; and third, there is the long-term need for providing the food these increasing millions will require, as well as stepping up the cash crops that remain the basic exports today.

Over the ten-year period 1951-1960, India's production of cereals increased from 41.7 million tons to between 60 and 62 million. At the same time, imports reached a rough annual total of 4.5 million tons. The immediate impact of these imports on India's diminishing foreign exchange was cushioned in May 1960 when the United States agreed to

previous year, though the prolonged cold this winter has reduced the cotton harvest. Food grains are expected to total about 79.3 million tons, almost equal to the revised target figures of 80 million tons for 1960-61. The authorities are optimistic about reaching the food grain objective of 100 million tons by the end of the Third Five Year Plan in 1965-66, at which time production should be close to self-sufficiency.

The rise in cash crop production this year has led to some speculation that India's prices are too high for

world markets, particularly for sugar, but also for tea, jute and peanuts. On the other hand, the inadequate supply of cotton is creating concern in the milling industry, with limited exchange resources pointing to reduced imports and without prospect of aid when the United States is no longer pressed by cotton surpluses. Hence there is urgent need to step up local production; the per acre yield in 1961, at 111 pounds, remains low.

On the whole, apart from cotton, this year's conditions in agriculture are encouraging and appear to be keeping pace with the Five Year Plans.

Industry Is Growing

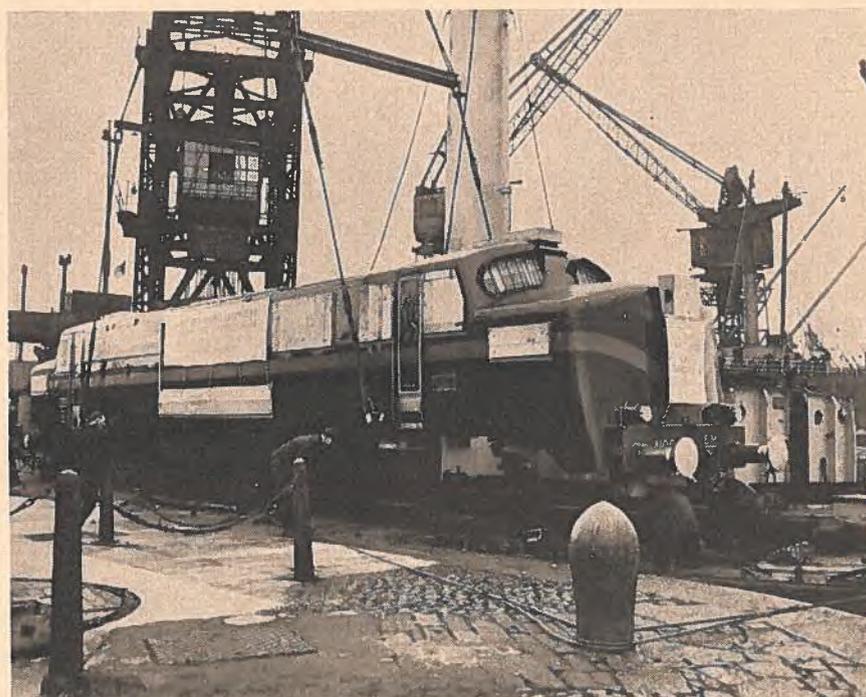
India is engaged in an industrial revolution and has reason to be proud of the progress made in the past ten years—especially because this has demanded and is demanding boldness and adjustment to disciplines that are in many ways new to Indian thinking. In steel, three huge plants of one million tons each have been added to the economy; nitrogenous fertilizer production has been stepped up from 10,000 tons in 1951 to 76,000 in 1960; produc-

tion of cement has gone up from 3 million to 10 million tons and industrial machinery from \$21 million to \$500 million in value. Indeed, it has been the success of such efforts that has given rise to some of the problems set out below.

The Second Five Year Plan ended in 1961 and the Third Plan began. The latter continues the emphasis on industrial development, but the achievement in 1961 was not as outstanding as in 1960 or 1959. True, plant capacity continued to increase and a record number of new projects were licensed, but actual production was only 7.3 per cent higher in the first eleven months of 1961 than in the same period in 1960, compared with the 12.2 per cent increase between 1959 and 1960. Output of basic industrial materials did not rise noticeably; coal output showed no sustained increase and tended to decline in mid-year; iron ore and steel, although moving up, were not vigorous. Output of the other major material for industry, non-ferrous metals, was down. But industrial chemicals made good progress, particularly sulphuric acid and caustic soda.

TABLE I
INDIA'S AGRICULTURAL PRODUCTION

Commodity	1950-51	1955-56	Target	
			1960-61	1965-66
(in tons '000,000)				
Rice	20.9	27.1	32.0	45.0
Wheat	6.6	8.6	10.0	15.0
All cereals	43.7	54.9	64.0	83.0
Pulses	8.5	10.9	12.0	17.0
Food grains (cereals and pulses)	52.2	65.8	76.0	100.0
Oilseeds	5.1	5.6	7.1	9.8
Sugar cane	5.6	6.0	8.0	10.0
Cotton (million bales)	2.9	4.0	5.1	7.0
Jute (million bales)	3.3	4.2	4.0	6.2



—IBRD Photo.

India's steel mills, thermal power plants and factories depend on prompt deliveries of coal to achieve Five Year Plan production targets—and 90 per cent of the coal moves by rail. This new electric locomotive, bought with a World Bank loan, will play a part in easing current transportation problems.

Turning to textiles, both jute and cotton production were weak, although rayon production moved steadily upward. The automobile and cycle industry, though by no means the barometer of industry that it is in the western world, was also weak and the paper and paper-board industry made only modest progress.

On the other hand, output of consumer durable goods—enamelware, electric lamps and sewing machines—improved steadily throughout the year.

Why was there a levelling-off in 1961? In textiles, jute was in short supply. In the basic industrial material and heavy metal industries, expanding industrial capacities have already outstripped the power supplies, especially in the heavy industrial areas of West Bengal and Bihar. Other problems that faced industry are discussed in the article on page 6.

There is a feeling in certain quarters that India's Five Year Plans are entering the most crucial stage; production in both agriculture and industry in the next two years must be expanded at a much faster rate than at present. This not only makes strong demands on the Indians themselves but implies continuing and vigorous support from other countries through aid and loans.

Investment—Public and Private

In building up industry, the Indian Government has adopted a socialistic approach. The basic industrial fields—power, steel, mining, transport and electricity—are designated for development by government, as are such undertakings as chemicals, pharmaceuticals, newsprint, tools, electronics and aircraft. It was stated that in the Third Five Year Plan, the share of the public (government) sector in the output of the organized manufacturing industries is expected to increase from less than one-tenth in 1960-61 to one-fourth in 1965-66.

The large scale of the Plans still permits a wide range of activities for private enterprise and private in-

Scope for Private Investment

The following industries in the private sector welcome the investment of foreign capital in joint enterprises with Indian companies:

Iron and steel structurals, castings, forgings and pipes

Special steels

Non-ferrous metals and alloys

Boilers and steam generating plants

Equipment for transmission and distribution of electricity

Furnaces

Marine diesel engines

Industrial machinery

Ball, roller and taper bearings

Special reduction units

Machine tools

Tractors; earthmoving and construction machinery

Plastics

Industrial and scientific instruments

Fertilizers

Organic chemicals

Fine chemicals and intermediates

Industrial explosives

Industrial gases

Agricultural chemicals

Dyestuffs and drugs

Newsprint

Pulp

vestors and overseas companies have participated vigorously, with the direct encouragement of government agencies. (The industries in which the investment of private foreign capital in joint ventures would be welcome are listed in the accompanying box.)

The drop in India's foreign exchange reserves to critical levels and the heavy reliance on foreign aid have made it necessary to restrict imports to items essential for the fulfilment of the Five Year Plans. This has disrupted established trading patterns and many firms have diverted their interests to industrial fields. At the same time, these restrictions have created an artificial scarcity and have made it highly profitable to produce replacements for imports. These needs were naturally accentuated by the planned

industrial expansion that opened up the way for ancillary industries. It was quickly discovered that these new companies, or even the expansion of established firms, put on the market stocks that could double in value almost at once on release to the public. The result has been an enthusiastic demand for such shares, especially where the firm has a foreign collaborator of recognized reputation.

Consequently, even though there was a modest adjustment in production in 1961 and the wholesale price index levelled off, the stock market remained buoyant. The Reserve Bank of India index on available dividends on industrial securities (base 1952-53=100) climbed from 121 in 1958 to 189.1 by November 1961.

It is understandable, therefore, why this office and a number of Canadian companies have received numerous inquiries as to possible collaboration with Indian firms in joint company industrial ventures. The interest in overseas collaboration arises from the primary need to find some way of financing the foreign equipment and knowhow that most of these new industries need.

In 1961, a record number of 405 joint collaboration schemes with foreign companies were approved, compared with 388 in 1960 and only 24 in 1957. Britain led in 1961 with 128, followed by the U.S. with 80, West Germany 69, Japan 30, and Switzerland 20. Canada was credited with 5 joint company approvals. For full particulars on joint company ventures see the article on page 8.

Trade Pattern Changed

In considering India's foreign trade, it is always necessary to think in terms of the Five Year Plans and to realize that, whatever the current difficulties, the country is pressing towards a goal which, if attained, should mean steady trade expansion.

The First Five Year Plan (1951-56) did not cause any marked change because it was largely a

period of arranging and initiating those undertakings that did not make a heavy demand on foreign exchange. Imports averaged about Rs.724 crores (\$1,593 million) and exports Rs.609 crores (\$1,340 million). But in the Second Five Year Plan (1956-61) industrial development increased the demands on foreign exchange, with imports running about Rs.1,072 crores (\$2,358 million) a year, and exports showing only a modest increase at Rs.619 crores (\$1,362 million) per year. This growth in imports swallowed up India's foreign exchange reserves, brought a sharp demand for aid to maintain the impetus in capital equipment purchases and to cover the cost of raw materials, maintenance parts, etc., and made more urgent the stepping-up of exports.

At the beginning of the Third Five Year Plan in 1961, it was considered that imports would average about Rs.1,150 crores (\$2,530 million) a year during the life of the plan (excluding PL480 funds of about \$1,320 million for the five years). Export targets, it was felt, could be put at Rs.740 crores (\$1,628 million) a year. The discrepancy between imports and exports was to be made up by invisibles, long-term loans and grants-in-aid. But what has really exercised the Indian authorities is the realization that if India's economy is to become self-sustaining by the end of the Fourth Five Year Plan, exports must be doubled in the next ten years.

It is in the light of these remarks that Table II, India's exports by commodities during the past five years, should be examined.

In 1961, exports improved over 1960 and rose to Rs.667 crores (\$1,467 million), thanks to larger shipments of tea, coffee, tobacco, fish and fish preparations, sugar and iron ore. Exports of vegetable oils, mica, cotton textiles and manganese ore decreased.

From the long-term point of view, it is worth noting that roughly 48 per cent of total exports was made up of tea, jute goods and cotton tex-

TABLE II
INDIA'S EXPORTS

Commodity	Apr.-Dec.				
	1956	1957	1958	1959	1960
	(Can.\$'000,000)				
Cotton and jute goods	299	429	385	423	452
Tea	227	259	287	265	252
Manganese ore	19	67	33	27	25
Leather	33	45	38	60	54
Cotton, raw	16	39	45	34	23
Cashew nuts and cashew kernels	25	31	33	33	29
Tobacco, unmanufactured	25	27	34	29	33
Wool and animal hair, raw	15	27	20	26	18
Sugar and preparations (mostly sugar)	2	27	8	6	4
Iron ore	14	25	21	27	34
Vegetable oils (mostly castor oil)	26	25	16	29	21
Spices	12	18	19	21	37
Gums, resins and lac	18	18	15	17	14
Coffee	11	16	15	13	14
Hides, skins and furs, undressed	9	15	16	23	13
Total of above items	751	1,068	985	1,033	1,023
Grand total (including other items)	903	1,339	1,211	1,289	1,308

tiles—that is, agricultural products that go chiefly to established markets. The need for increasing the volume of these traditional exports and also broadening the base of the country's export trade is evident. It is likely that the efforts made to this end during the Third Five Year Plan will determine whether the planned progress is achieved.

During this critical period, India must continue to rely heavily on loans and aid to cover her import bills.

Trade with Canada

It is in this context that Canada's trade with India must be studied. Canada offered a potentially larger market for all of India's major exports, with imports from India totalling some \$29.35 million in 1960 and \$24.76 million in the first nine months of 1961. On the other hand, because of the lack of foreign exchange and the distorting influence of aid programs, our sales to India were reduced to about \$12 million in 1960, apart from shipments under aid programs which run to about \$25 million a year.

Table III shows the value of Canada's exports to India for the first ten months of 1961.

Commercial imports from Canada are now restricted almost entirely to industrial materials essential to

TABLE III
EXPORTS FROM CANADA TO INDIA
(January-October 1961)

Commodity	Value (Can.\$'000)
*Aluminum ingots, bars, slabs, etc.	6,582
*Wheat	6,171
Dissolving pulp	3,701
*Copper, refinery grade	3,555
Zinc blocks and anodes	2,729
*Locomotives and parts	1,689
Synthetic rubber	1,037
Steel, blooms, billets, sheets, etc.	956
Asbestos fibres and shorts	530
*Transformers, switchgears and parts	405
*Nickel anodes, cathodes, ingots	381
Newsprint paper	155
Files and rasps	153
Total above	28,044
Grand total (including other items)	28,102

*All or partly under Colombo Plan.

the Five Year Plans—non-ferrous metals, wood pulp, synthetic rubber, asbestos, newsprint and similar products. Consumer goods in almost any form have long disappeared. Recently, basic industrial materials have become subject to aid support, especially from the United States under the Development Loan Fund. It is hoped, however, that commercial trade will continue at about the 1960 level.

There are some trade opportunities in the occasional world tenders and of course some possibilities of

trade through joint company ventures and licensing arrangements. At the same time, unexpected opportunities to sell do occur and ex-

porters should keep a sharp lookout for them.

To sum up, India is on the move, with conditions in agriculture, indus-

try and trade changing rapidly. Firms which keep close to these changes are finding opportunities for business and trade. ●

INDIA

Industry Makes Progress

Production of machine tools, aluminum, sulphuric acid and iron has risen remarkably in ten years, but some other industrial sectors are not achieving Plan targets. Rail-car shortage and the lack of foreign exchange are among the limiting factors.

GERALD A. NEWMAN, *Commercial Counsellor, New Delhi.*

A spate of year-end reviews has highlighted India's industrial development since the beginning of the Five Year Plans in 1951. Against a background of a population increase from 361 million to 438 million and a rise in national income from \$22,528 million to \$31,900 million, production (see table) has made big strides.

Major increases in industrial production took place during the Second Five Year Plan (1956/61)

when economic assistance was directed largely to industry. Encouraging though these increases were, they fell notably short of production targets for the Plan. Finished steel was short of the Five Year Plan objective by 49 per cent, nitrogenous fertilizers by 62 per cent, textile machinery 47 per cent, cement-making machinery 70 per cent, paper machinery 100 per cent, aluminum 26 per cent, newsprint 68 per cent, chemical pulp 100 per cent, soda

ash 37 per cent, dyestuffs 50 per cent, and cement 35 per cent.

The crucial factors in this failure to achieve targets have been listed often. They include limited imports of industrial materials and components because of a lack of foreign exchange; insufficient technically trained manpower; inadequate allowance for a breaking-in period for new industry; transportation bottlenecks, and inadequate fuel and power.

Much of this was to be expected of the forced industrial growth under the Five Year Plans. New capacity has been thrust into, and has not grown out of, the economy, and it has overburdened available resources, railway facilities and financial means.

Rail Cars Needed

The most pressing difficulty, one which has led to lower production and sometimes complete shutting down of plants, has been the shortage of railway cars and an overburdening of railway facilities. This in turn has affected the supply of coal to steel mills, textile and other plants. Coal is India's main source of power; 90 per cent of it moves by rail and it accounts for about 30 per cent of total railway traffic. Production of coal climbed from 38 million tons in 1955/56 to about 55 million in 1960/61 and the target for 1965/66 is 97.5 million. In daily phased carloads, achieving this target will tie up 7,183 cars in 1961/62, 8,561 in 1962/63, 11,502 in 1964/65, and 12,339 in 1965/66. To meet these projected needs, only about 5,865 cars are now available.

INDIA'S PRODUCTION

Production	Unit	1950/51	1955/56	Percentage increase	
				1960/61	1950/51 over
Steel ingots	million tons	1.4	1.7	3.5	150
Aluminum	thousand tons	3.7	7.3	18.5	400
Machine tools	value: Rs. crores*	0.34	0.78	5.5	1,518
Sulphuric acid	thousand tons	99.0	164.0	363.0	267
Petroleum products	million tons	.....	3.6	5.7	.....
Cloth: mill-made	million yards	3,720.0	5,102.0	5,127.0	38
Cloth: khadi, handloom and powerloom	million yards	897.0	1,773.0	2,349.0	162
Iron ore	million tons	3.2	4.3	10.7	234
Coal	million tons	32.3	38.4	54.6	69
Exports	Rs. crores	624.0	609.0	645.0	3
Power: installed capacity	million kilowatts	2.3	3.4	5.7	148
Railways: freight carried	million tons	91.5	114.0	154.0	68
Roads: surfaced, including national highways	thousand miles	97.5	122.0	144.0	48
Commercial vehicles in use	thousand units	116.0	166.0	210.0	81

*One crore=10 million rupees=\$2.2 million.

At the same time, steel mills complain that deliveries of coal with a higher-than-satisfactory ash content have increased and this has meant production slowdowns and higher production costs. The railways are adding to their equipment and track-age and recently the World Bank loaned \$50 million to assist them in the overhaul and expansion of their operations. (The Department of Trade and Commerce receives the calls for world tenders that the Indian Railways issues periodically under this loan, and refers them to interested Canadian firms.)

New hydro and thermal power plants are being built under the

Plan, but so far generating capacity still fails to meet the demands of rapidly expanding industry in many areas. Increased power facilities remain an important goal under the Third Five Year Plan and probably will be in the succeeding Fourth Plan.

The need for much more technical assistance is recognized and numerous aid projects, including those under the Colombo Plan, are being expanded.

The problems that arise from dependence on imported industrial materials and components promise to continue for some time. Furthermore, expansion of exports—the

normal source of purchasing power—is likely to be slow and arduous in the next few years. The next ten years, in fact, will likely be critical ones in India's development. Basic industries will be coming gradually into production and will, it is hoped, relieve the country of much of its present need for machinery and equipment imports. They may also supplement the now largely agricultural and mineral exports (chiefly iron ore). Until industry manages to play a bigger rôle in the economy, however, the need for aid in various forms will remain urgent if India is to emerge as an industrial nation. ●

INDIA

Electric Power Increases

A \$2.4 billion power development program now under way promises adequate power supplies for expanding industry. Canada is sharing in it through Colombo Plan and other forms of aid.

GERALD A. NEWMAN, *Commercial Counsellor, New Delhi.*

POWER for India's industrial development under the Five Year Plans is based on the country's immense resources of coal and water flow. Oil and gas are available only in modest quantities and although uranium and thorium are present in sufficient quantities for producing atomic power, only one atomic power plant of 300,000 kilowatts is planned for the near future.

India has deposits of high-ash-content coal totalling about 50,000 million tons, mainly in the major industrial states, Bihar and West Bengal. In addition, lignite (up to 2,000 million tons) is apparently found in Madras, Rajasthan, Gujerat, Jammu and Kashmir. For these reasons, thermal plants are and will continue to be one of the main sources of power. On the other

hand, the Central Water and Power Commission estimates that 41 million kilowatts of hydro power is available, technically and economically speaking, and the Five Year Plans have put great emphasis on developing it.

Table I shows the development of electric power by types since the inception of the Five Year Plans, and the target for the Third Plan.

The 5.70 million kilowatts shown at the end of the Second Plan (1960-61) fell 1.2 million kilowatts short of the original target and this led to power shortages. These were aggravated by the fact that industrial plants can usually be brought into production more rapidly than power plants, which take four or five years to build. Power shortages will probably continue throughout the Third

Plan, particularly in the areas of heavy industry in Bihar and West Bengal.

The authorities are conscious of this situation and during the Third Plan are stepping up capacity at an annual commissioning rate of 1.4 million kilowatts. Even higher rates are contemplated in the Fourth and Fifth Five Year Plans now being discussed; the aim is to attain an ultimate target of 35 million kilowatts in 1975-76.

To achieve this rate of installed capacity under the Third Plan (1961-65), the equivalent of Can. \$2.3 billion is earmarked for power development in the public sector and \$110 million by private firms. In the public sector \$1.5 billion is

TABLE I
INSTALLED CAPACITY BY TYPE OF PLANT

	1950	1955	1960	Target 1965-66
	(kw.'000,000)			
Hydro plant	0.56	0.94	1.93	5.10
Steam plant	1.59	2.27	3.46	7.08
Oil plant	0.15	0.21	0.31	0.36
Nuclear plant	.....	.....	.....	0.15
Total	2.30	3.42	5.70	12.69

being invested in thermal and hydro plants, \$112 million in atomic power, and \$720 million in transmission and distribution facilities.

Foreign Aid Needed

In all these undertakings the Indian authorities are obliged to rely heavily on foreign sources for plant, equipment and engineering know-how. As a result the foreign component for power in the Third Plan is estimated at \$720 million. Some of the financing will come from Colombo Plan aid; most of it, however, will consist of long-term tied loans from various countries and of a loan from the World Bank.

India is seeking to reduce dependence on foreign aid as rapidly as possible. By extending domestic engineering services, she hopes to cover all engineering requirements up to the actual plant installation in hydro plants and up to 30,000 kilowatts in thermal plants. At the same time, a new heavy electrical plant at Bhopal and construction of two plants to manufacture steam boilers, steam and hydraulic turbines and heavy electrical equipment are expected to relieve the situation progressively.

The range and type of power plants under construction as planned and for which foreign aid has been allocated are shown in Table II.

TABLE II
POWER PLANTS UNDER CONSTRUCTION

	Under 30	30-60	60-120	Over 120
	(kw.'000)			
Hydro	6	7	2	12
Thermal	11	12	3	14

Countries participating include the United States, Britain, Japan, Switzerland, Yugoslavia, and Soviet Bloc countries (U.S.S.R., Czechoslovakia, Hungary and Poland). The World Bank is also helping to finance the program.

Canada's Share

Canada, under the Colombo Plan, continues to participate in the Third Five Year Plan power program through the construction of the third

stage of the Kundah 240,000 kilowatt hydro project in the state of Madras. In addition, the Indian Government proposes to use part of the \$20 million special credit granted by the Canadian Government to India (for the purchase in Canada of capital equipment to obtain plant and equipment) for a 128,000 kilowatt hydro project (Rana Pratap Sagar) and for a smaller 30,000 kilowatt thermal project.

Apart from these developments of immediate interest to Canadian firms, there are two or three other power projects included in the Third Plan for which foreign exchange allocations have yet to be made and, if finances permit, these may come up for formal tender.

To Investigate Opportunities

In India the various states, through their respective electricity boards, are responsible for development and distribution of power within their boundaries. All power plans are, however, subject to the approval of the Planning Commission of the Central Government which is advised by the Central Water and Power Commission in the Ministry of Irrigation and Power in New Delhi. Canadian firms interested in pursuing prospects for power development would therefore be well advised to make their initial approach through the Office of the Commercial Counsellor for Canada in New Delhi, to determine which projects have positive prospects before proceeding to deal with the electricity boards in the individual states.

It is increasingly desirable for Canadian firms (suppliers of both plant and engineering services) to establish some form of joint relationship with Indian companies, in keeping with India's policy of encouraging the growth of domestic agencies in all fields and relying on their capacities as soon as possible. The general terms for such joint company relations in the engineering field are set out in the brief article on this page. ●

INDIA

Joint Engineering

INDIA'S numerous hydro and thermal power, heavy engineering, mining and manufacturing projects have aroused the interest of engineers throughout the world, including a number in Canada. To conserve foreign exchange, however, India desires to become self-sufficient in engineering as in other fields. A number of foreign consulting firms have therefore found it advisable to enter into joint engineering arrangements with Indian companies. These arrangements require the approval of Indian Government authorities, and joint companies must conform to the following practices if they wish to secure official approval:

- The principals in the joint enterprise must form a new company and register it in India.

- The capital structure of the new company must receive Government sanction.

- The Government prefers that foreigners hold a minority of the shares, but each case is dealt with on its merits.

- At least two Indians with high technical qualifications and experience must be working directors of the company.

- The new firm must indicate as precisely as possible the fields in which it will operate.

- The Government must approve a contract the joint company receives if some portion of the work will have to be done abroad and also must approve the purpose and amount of remittances abroad.

- The company must take steps to reduce progressively the amount of work done abroad and to build up local talent to minimize or eliminate the need for foreign assistance.

- Government approval of the joint company is subject to review at the instance of the company itself or of the Government, after three years' operation.

—GERALD A. NEWMAN,
Commercial Counsellor, New Delhi.

Pakistan Attacks Basic Problems

International aid funds are assisting Pakistan to expand secondary industry, increase exports, and reduce balance-of-payments deficit; imports are still controlled. Aid shipments predominate in Canadian trade but normal commercial sales continue.

J. E. LANCASTER, *Commercial Secretary, Karachi.*

PAKISTAN continues to struggle with two basic problems that beset its economy: first, how to provide adequate sustenance for a rapidly increasing population, and second, how to raise living standards to a reasonable level. This explains the maintenance of tight import and currency controls and the importance of the co-operative efforts of the countries of the Washington Consortium and the Government of Pakistan to strengthen and broaden the country's economy and productive capacity.

Pakistan is an agricultural country and over 80 per cent of the population of nearly 96 million earn their livelihood from the soil. Faced with the need to provide more of the necessities of life for its people, but confronted with continuing pressure on the land and with slender foreign exchange resources, the Government is endeavouring to expand and widen the output of secondary industry and agriculture through a series of Five Year Plans. Success in these plans could mean an economically stronger Pakistan whose people would provide a better market for countries such as Canada. Failure could only spell chaos.

Living Costs Steady

The latest official statistics (end of third quarter, 1961) indicate a deficit in Pakistan's external balance of payments. The deficit is usually more than offset by official donations from friendly countries but for July-September 1961 there was an over-all deficit and a resultant loss of reserves. In spite of

what might prove to be a surplus position in the final quarter of 1961, a somewhat more restrictive import policy has been introduced for the shipping period January-June 1962.

However, taking into account seasonal factors and foreign aid, holdings of gold and foreign exchange by the State Bank have recently increased. They now total some \$258 million in gold and approved foreign securities. The money supply, which declined during most of 1961, rose substantially in the final quarter of the year, although it appears to have levelled off since then.

Furthermore, although the money supply increased there has been noteworthy internal price stability. This probably resulted from generally favourable crop conditions in both East and West Pakistan, particularly for rice and wheat; the continuity of supply of foodstuffs under the PL480 agreement negotiated with the United States; the more liberal import policy, and greater domestic industrial productivity, all of which increased the supply of consumer goods. The cost-of-living indices have remained relatively steady, mainly because of the availability of foodstuffs in both provinces.

Consortium Aid

No understanding of Pakistan's economy is possible without an appreciation of the part played by the Washington Consortium countries—the United States, Britain, Canada, West Germany, France and Japan—and the World Bank. These have agreed to provide

financing totalling \$945 million in the second and third years of Pakistan's Second Five Year Plan (begun in July 1960) to bolster economic development. Canada's share totals \$38 million and consists of \$23 million in grant aid and \$15 million in long-term loans. In addition, a Canadian arrangement makes available wheat to a value of approximately \$7 million. In essence, the Consortium's aid serves to underwrite Pakistan's balance-of-payments deficit and provides a small surplus besides. The Government is thus able to formulate plans for expansion on a sound basis.

The United States gives further assistance with its PL480 program. Under a recently signed agreement Pakistan will receive \$621 million in foodstuffs and other farm products over four years. This brings to more than one billion dollars the value of PL480 agreements between the U.S. and Pakistan.

Agriculture Encouraged

The Government has recently taken steps to establish an Agricultural Development Corporation and agricultural universities that will function in both East and West Pakistan. A new research council will co-ordinate all agricultural research. These changes do not promise great strides immediately in the field of agriculture, but they will have a cumulatively beneficial effect on agricultural development.

Of more immediate significance, good weather and moisture conditions in both provinces resulted this year in more than satisfactory supplies of food grains, particularly rice in East Pakistan and wheat in the Western province. The vital export crops—jute, cotton, tea and rice—have also done well. The jute crop in the current growing season is estimated at nearly 6.5 million bales, one of the largest in

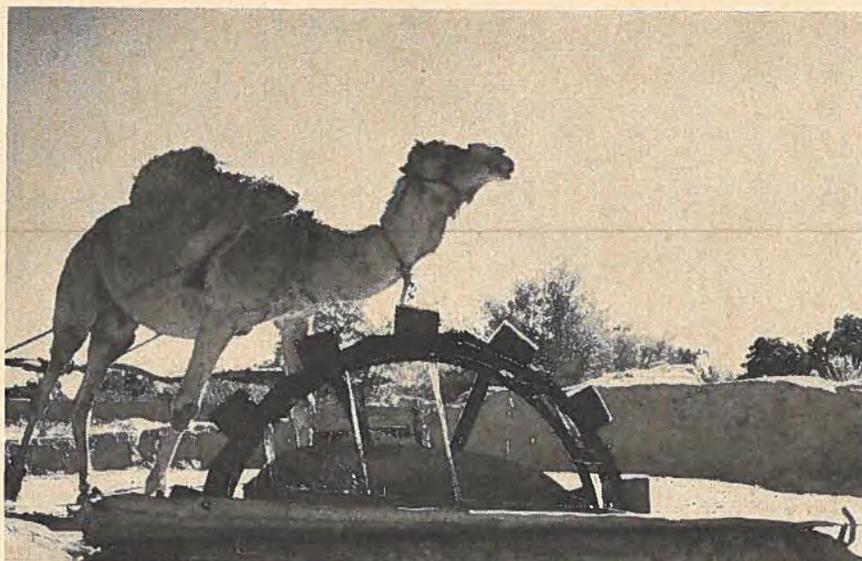
recent years. The Government's export price maintenance policies, however, may affect exports. Jute sales in the final six months of 1961 were 15 per cent above the 2.65 million bales for the same period of the previous year.

The 1961/62 cotton crop is estimated at 1.7 million bales. Domestic consumption will probably exceed 1.3 million bales, leaving approximately 370,000 for export. The West Pakistan crop—the largest source of supply—decreased slightly because of bad weather. Tea production has increased substantially to an estimated 58 million pounds in the 1961/62 growing season and despite larger domestic consumption, more exports are expected. Rice exports totalled nearly 112,000 metric tons in the calendar year 1961. The production of superior-quality rice in West Pakistan has increased significantly, although the East Wing remains the major source of supply.

Secondary Industry

Since partition in 1947, when the new state of Pakistan found itself virtually without secondary industry, manufacturing has developed considerably—in particular, textiles. Jute manufactures and cotton textiles for both the home and export markets have progressed most. The importance of textile exports is underlined by government pressure for a switch in sales—of cotton textiles especially—from the domestic to the export market. There is concern in both business and government circles over the threat to sales of jute manufactures in the British market as and when Britain joins the European Economic Community. Outside of specific government projects (such as a steel mill) the cotton textile industry continues to attract most of the capital coming in from such areas as Britain, Malaya, British East Africa and Bahrain.

Plans are being formulated or implemented to build two steel



—UN Photo.

Four out of five Pakistanis depend for a livelihood on the soil. The Government is working to improve agricultural conditions; plans include extension of irrigation. Here a camel-driven Persian well helps with the water shortage in a dry area.

mills and two oil refineries, one each for East and West Pakistan. A United States syndicate has won a contract for a 350,000-ton steel mill to be erected in Karachi. Construction of the Karachi oil refinery is proceeding on schedule. Cement production is increasing to meet demand in East Pakistan and the requirements of the Indus Basin project in the West Wing. Recently a large fertilizer plant turning out ammonium sulphate and urea, built under the Japanese aid program, began operations in East Pakistan.

The Indus Basin Scheme

A Pakistan Government authority, with financial and technical backing from a consortium of nations under the World Bank, is undertaking what is claimed to be the world's largest engineering project, the \$1.8 billion Indus Basin scheme. Canada's contribution amounts to \$22.1 million. The project, based on a treaty between Pakistan and India, will take ten years to complete. It will provide irrigation waters from the Indus River and its westernmost tributaries to make up for the water being diverted to India from the

three eastern tributaries. It entails construction of two huge dams, a series of link canals connecting the Indus and its four major tributaries, river barrages, considerable hydroelectric development, subsidiary construction, and the resettlement of the agricultural population living in areas to be flooded. A number of Canadian firms have been seeking contracts under the scheme, either individually or as members of syndicates.

East and West Wings

The two provinces or wings of the country differ from each other physically and climatically and their peoples culturally and linguistically. West Pakistan's 310,000 square miles and population of 44 million contrast with East Pakistan's 54,500 square miles and 52 million population. West Pakistan is more advanced economically. It possesses a better network of rail lines and highways, more secondary industry, the country's largest cities, Karachi and Lahore, and the Central Government's provisional capital, Rawalpindi. Living standards are somewhat higher—annual per capita income totals \$70, compared with \$48 for East Pakistan.

To improve East Pakistan's economic position and to raise its living standards, the Central Government has announced certain policies. These include the plan to allocate development funds according to population, thereby favouring the East Wing; the provision that specific capital projects under international aid programs be located in East Pakistan; the naming of Dacca, the Eastern Province's capital, as the seat of the Central Government's legislative assembly, and the resting of jurisdiction over the railways and such quasi-official bodies as the Pakistan Industrial Development Corporation with the provincial governments rather than central government authorities. It is hoped that these and other measures will raise economic standards and establish economic balance between the two provinces.

Import Controls

Pakistan protects its economy with a system of import and foreign exchange controls. The country's economic position is reviewed twice a year and an import policy established for a six-month "shipping period"—January/June and July/December. On December 27, 1961, the Government announced its import policy for the period January/June 1962 (see page 17). While retaining generally the liberal outlook of the previous two shipping periods, certain restrictive measures have been introduced.

The Government will issue no import licences for certain manufactures because of adequate domestic production, and in some cases there is an announced difference in policy for the East and the West Wings. A number of items considered non-essential or domestic production of which is adequate have been placed on the export bonus voucher list. This list includes items of interest to Canada, such as electrical apparatus and appliances, refrigerators, certain building materials, sheet glass, and fountain pens.

TABLE I
CANADA'S EXPORTS TO PAKISTAN

	1961 Jan.-Sept.
TOTAL EXPORTS	\$8,883,436
Under aid:	
Wheat	2,237,008
Aluminum	1,610,695
Wood pulp	1,348,251
Ammonium sulphate	795,524
Nitrogen fertilizers	561,493
Sheet and strip steel	193,978
Copper alloy pipes and fittings	85,666
Copper bars	320,171
Blooms, billets and plate steel	21,853
Total under aid	\$7,174,639
Total commercial exports	\$1,708,797
Of which:	
Files and rasps	183,856
Plastics, synthetic rubber	103,558
Asbestos milled fibres	116,163
Passenger autos and station wagons	34,054
Engines, aircraft, and parts	31,309
Transformers and parts	44,806
Engines, marine, and parts	34,306
Cranes, winch, hoist and parts	18,017
Aircraft assembly and parts	27,065
Switchgear protective equipment	15,757
Trucks and chassis	17,282
Engines, turbines and parts	5,745
Textile industrial machinery and parts	16,678
Medicinal chemicals, n.e.s.	14,530

TABLE II
CANADA'S IMPORTS FROM PAKISTAN

	1961 Jan.-Sept.
TOTAL IMPORTS	\$1,512,801
Of which:	
Fabrics, jute, unbleached	1,071,238
Jute and jute butts	128,136
Cotton fabrics	48,663
Persian lamb skins	31,844
Skis, racquets, frames	30,292
Wool in grease	21,766
Scissors and shears	11,468
Balls for sports	9,736

The bonus voucher scheme is an export promotion arrangement whereby exporters of certain primary commodities and of manufactured goods receive vouchers amounting to a fixed percentage of their foreign exchange earnings. These vouchers are transferable and may be traded on the market. They entitle the bearer to purchase foreign exchange up to their face value and may be used to import a list of otherwise unlicensable items. Bonus vouchers generally command sizable premiums over their face value. Their use effectively trebles the landed costs of products such as automobiles and

refrigerators that may be imported under the scheme. The result of this arrangement is to give Pakistan the advantage of an exchange-rate differential and at the same time to restrict imports of non-essentials.

It is difficult to judge what success arrangements tying imports to export performance will have. There is no doubt that a number of capital and consumer goods have come into the country under the bonus voucher scheme that would otherwise have been excluded. The substantial premium on export bonus vouchers suggests that they are in brisk demand and it follows that exports must benefit to some extent.

Trade with Canada

Although some of the major commodities among Canada's exports to Pakistan are financed under Canada's capital aid program, normal commercial arrangements account for a reasonable volume of sales (see Table I). There is a fairly substantial trade in rubber products—tires, tubes, belting and hose—which has existed for some time but is at present facing difficulties because many of these commodities are now supplied under the U.S. foreign aid program. Sales of forest products of various types, principally paper and plywood, totalled about \$400,000 in 1960, including some \$300,000 worth of sulphate pulp given under aid. Plywood now faces restrictions but paper sales are continuing at a reduced rate.

The largest commercial sales, as might be expected, involve iron and steel products, ranging from steel billets (until recently financed under aid—\$2 million in 1960) to end-products. In 1960 the latter included automobile parts \$247,904, machines, n.o.p., \$187,700, files and rasps \$154,195, chemicals \$100,000, electrical equipment \$99,500, marine and aircraft engines \$60,000, hardware \$15,900, and paper-mill machinery \$13,586. ●

Burma Faces Austerity

New regime is continuing import restrictions, planning to nationalize import trade, and reviewing the tariff. Fall in rice exports has affected earnings; teak production is rising. Canadian sales to Burma improved slightly last year.

E. H. MAGUIRE, *Trade Commissioner, Singapore.*

BURMA appears to be a limited market for Canadian exports, at least in the immediate future. Early in March, the Army took over the Government. The take-over was accomplished in the face of increasing political activity by secessionist groups and a deteriorating economic situation. It is reported that most of the population, including the business community, have welcomed the change. It is hoped that the new Government will be able to get the Second Four Year Plan for economic development off the ground. The Plan was supposed to have been started last October but nothing was done up to the time that

the civilian government was taken over.

Import Trade Regulated

A long period of austerity can be expected. Early last month the Government announced plans for the complete nationalization of import trade and of the distribution system; this caused an outcry from the business community. The new Minister of Trade Development has announced the suspension of the nationalization plan for two years. Private traders may operate during the period of grace but only those who have proved efficient will be allowed to continue when the period is over. In the meantime, only essential goods will be allowed into the country. Foreigners in the import trade will be permitted to operate for a further six months and may deal only in goods under Open General Licence. However, foreign businessmen are invited to invest their capital in industry, either on their own or in joint ventures with the Government. The tariff increases on a wide range of goods instituted last fall are to be reviewed and perhaps revised downward.

Burma's reserves of foreign exchange have been falling steadily for the past six months and as a result, the granting of import permits for some categories of essential

goods has had to be delayed. Only a few products can be imported under Open General Licence. Smaller export surpluses of rice during the last two growing seasons (because of unfavourable weather and widespread flooding) have been mainly responsible for the downward trend in the reserves. The export surplus from the 1961/62 rice crop is estimated at no more than 1.5 million tons, and an annual surplus of two million tons is considered necessary to carry the Four Year Plan to its goal.

Diversifying Production

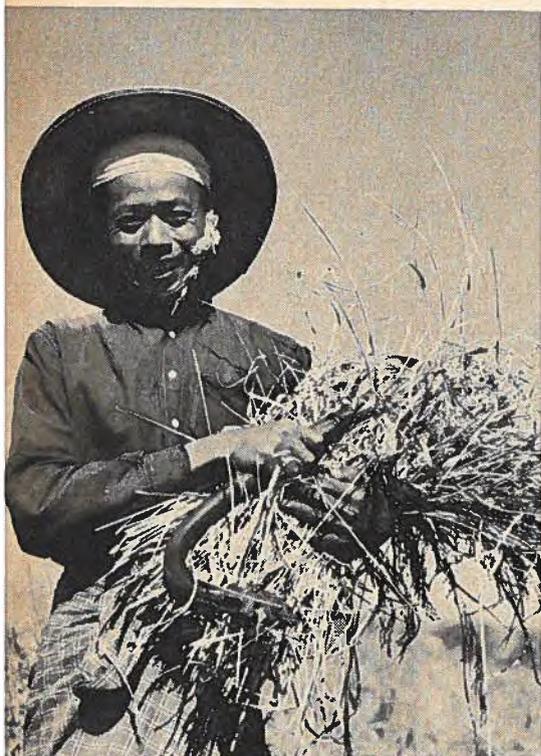
The dangers inherent in Burma's over-dependence on the rice crop have long been recognized and production of other crops has met with some success. Output of peanuts has gone up sharply; sugar cane, tobacco and wheat have shown smaller increases. Teak production has nearly reached prewar levels;

TABLE I
LEADING CANADIAN EXPORTS
TO BURMA

	1960	1961 Jan.-Oct.
	(Can.\$)	
Aircraft	320,601	.....
Wheat, except seed, n.o.p.	173,095	506,421
Aluminum in pigs, ingots, slabs	63,232	125,295
Milk powder, whole milk	36,007	85,709
Engines, marine, and parts	2,560	60,775
Asbestos milled fibres	39,003	26,160
Book and litho paper	15,860	13,975
Writing and reproduction paper	.....	12,019
Automobile parts	13,833	11,476
Reapers, threshers or combines	.....	10,669
Bookkeeping, calculating machines and parts	28,356	8,845
Aircraft parts	23,311	8,194
Communications, related equipment and components	23,377	7,021
Fountain pens, including sets	11,506	6,382
Others	53,829	88,779
Total	805,570	971,720

—UN Photo.

A Burmese farmer gathers in his crop of paddy rice. For two seasons, bad weather and flooding have reduced the rice harvest and cut down earnings from exports. The Government is encouraging growing of other crops to assist in reducing this over-dependence on rice.



after rice, it is an important export. Methods of extracting and transporting the logs are being modernized and new sawmills erected. Production of minerals and petroleum is still far below prewar figures and efforts to stimulate the output of these industries have not succeeded very well.

Foreign Trade Slumps

The general pattern of Burma's foreign trade showed little change in 1961 from the previous year, but both imports and exports fell rather sharply. Exports dropped from approximately Can.\$183 million in 1960 to Can.\$148 million in 1961, and imports from Can.\$267 million

in 1960 to Can.\$226 million in 1961. Japan was again the leading supplier, with about 21 per cent of total imports. (Japanese shipments included goods under World War II reparation payments.) Britain supplied about 16 per cent of total imports, Communist China 8 per cent, and India 4 per cent. In 1960 Communist China's share was 10 per cent. The reported reason for the decrease is that the Burmese are finding it difficult to locate the right type and quality of Chinese goods to import under the bilateral trade and payments agreement in force with that country.

Canada's exports to Burma in 1961 remained small but improved

over 1960; for January-October 1961 they totalled Can.\$972,000 compared with Can.\$805,000 for the whole of 1960. However, about half the 1961 figure was made up of wheat supplied under the Colombo Plan. Table I, setting out the main exports in 1960 and 1961, shows the worthwhile increases in shipments of aluminum, milk powder, and marine engines and parts.

Several Canadian firms are currently bidding on the sawmill machinery requirements of the teak industry. It is unlikely that the change of government will affect these purchases because teak earns important amounts of foreign exchange for Burma. ●

Ceylon Experiences Difficult Year

Fall in foreign exchange reserves brought quota restrictions on imports, plus increased tariffs. Market should improve as economic problems are solved; capital goods and raw materials have best sales prospects. Government tenders may also offer opportunities.

G. F. BRUCE,

First Secretary, Office of the High Commissioner for Canada, Colombo.

CEYLON, a tropical island slightly smaller in area than New Brunswick, lies about 500 miles north of the equator. Largely because of its well-developed plantation economy, it is one of the most advanced countries in South and South East Asia. The output of its tea, rubber and coconut plantations has enabled Ceylon to develop a healthy export trade and its gross national product has continued to rise over the years.

As various threats—particularly foreign competition—to this export economy took shape towards the end of the 1950's and early 1960's, and as successive governments sought to expand and develop the economy in order to raise the

standard of living of an increasing population, new business and industry have been added to the solid foundations of the plantation economy.

The year 1961 was one of the most difficult that the Government and the people of Ceylon have experienced since independence. The continuation of heavy deficit financing, the payment of costly consumer subsidies, the expansion of expensive social services, the rapid growth in population, and the establishment of new government corporations in fields formerly in the private sector were the more permanent and fundamental features of the economic life of the country.

A recurring, if not a permanent, aspect of Ceylon's economic picture is her vulnerability to fluctuations in world market prices for tea, rubber and coconut products, which account for more than 90 per cent of her exports and one third of her national income. In 1961 a decline in the prices of each of these commodities aggravated the already serious financial difficulties and a slight increase in the volume of sales did little to counterbalance these losses.

As a result of heavy domestic expenditures and the substantial flow of imports, Ceylon continued to face a considerable deficit in its balance of payments. It was only able to meet this, for the most part, by running down its external assets to critical levels and by obtaining a loan of nearly \$11 million from the International Monetary Fund in mid-1961.

In January 1960 Ceylon's external assets stood at Rs.687.6 million.* By the end of 1960 they had

*Can.\$1.00 = Ceylon Rs.4.60.

dropped to Rs.481.2 million, and at the end of 1961 they had declined further to Rs.474.3 million. The decline in 1961, however, was substantially less than in the previous year, in large measure because of stringent, and often prohibitive, quota restrictions and tariff increases which were applied to a broad range of imports. Although this checked the downward trend in external assets, Ceylon continued to face critical problems at the end of the year.

The following statistics covering the years 1960 and 1961 give interesting comparative figures on Ceylon's balance of trade, and suggest the effectiveness of the restrictions that the Government has applied on non-essential imports.

	1960	1961
	(millions of rupees)	
Exports	1,831.6	1,732.8
Imports	1,959.6	1,703.3

The value of Ceylon's exports to Commonwealth countries declined from Rs.948.5 million in 1960 to Rs.780.2 million in 1961 and to other countries fell from Rs.861.3 million in 1960 to Rs.770.7 million in 1961. These losses in exports, as noted earlier, were due almost entirely to a decline in world prices for the three leading export commodities.

Although the Government attempted to raise additional money through increased taxation, export duties and sales taxes in order to meet domestic expenditures, these measures did not produce sufficient additional revenue. Accordingly, it had to obtain Parliamentary approval to raise to Rs.1 billion the ceiling on the amount it could legally borrow to finance its anticipated commitments.

Policy on Industrialization

The Government of Ceylon has been carrying out for some years a program designed to diversify the economy and to reduce the impact of damaging fluctuations in the prices received for its vital export commodities, to provide the means of supporting a growing population

at a higher standard of living, and to decrease its reliance on imports that have continually used up so much of its export earnings.

In this program of industrialization, most of the new capital is going into government or government-sponsored enterprises in fields from which private investment is excluded. The following fields have been reserved for the public sector:

Iron and steel
Cement
Chemicals
Fertilizers
Textile industry
Tires and tubes for motor vehicles
Sugar and its byproducts
Mineral sands
Salt
Ceramics
Plywood
Leather footwear
Paper
Roofing tiles
Ayurvedic drugs

The Government has already invested substantial sums of money in many of these industries and it has extensive and expensive long-term plans for further development. It has already invested Rs.132 million in 12 industrial corporations and has decided to allocate a further Rs.750 million to them during the next seven years. Two of the large projects now in progress are the steel mill and the tire and tube factory, both of which the Soviet Union is financing. The preliminary work on the establishment of a Small Industries Institution with UN aid has been completed; it will conduct experiments on small industries and train personnel for such schemes.

These various elements of government policy, together with heavy taxation, the hostility toward private enterprise and the threat of nationalization, have dissuaded much new capital from investing in Ceylon. Some foreign companies, however, with Ceylonese participants, are opening up new business and industry in Ceylon.

The following industries have been approved by the Government and are in the process of establish-

ment: polythene paints, etc., toilet articles, condensed milk, a wide range of cosmetics, hair cream and toothpaste, and household remedies. Local firms are also interested in discussing with foreign manufacturers the possible establishment of joint ventures.

According to government policy, foreign capital that wishes to invest in those fields open to the private sector "will enjoy all the tax, tariff and other benefits accruing to local capital, and will in addition be given the following assurances:

1. "The repatriation of dividends and the eventual repatriation of assets will be freely permitted.
2. "The bringing-in of necessary technical and managerial personnel will be freely permitted.
3. "Such personnel will be permitted to transmit a part of their earnings abroad.
4. "The Government agrees in principle to make provision for the avoidance of double taxation by means of government-to-government agreements."

Nationalization Continues

As the comments concerning investment in new industry have implied, the Government of Mrs. Bandaranaike, which was elected in 1960 with a large majority, is committed to the development of a socialist economy. In pursuing this objective, it nationalized the life insurance business and the Bank of Ceylon during 1961. In addition, it has also entered the oil business and the first state-owned petroleum corporation, using some distribution facilities expropriated from three foreign companies, is already functioning. As a result of the Government's entry into the field of commerce, there has been some reluctance on the part of prospective investors, as noted earlier, to participate in new ventures despite the various assurances given.

With the idea of eventually giving the monopoly of export and import

trade to Ceylonese, the Government continues to encourage and assist registered Ceylonese traders in every possible way. The import of non-essential goods produced or manufactured in the dollar area continues to be under licence. Ceylonese traders are allowed to import these on individual licences but non-national firms are only granted licences in the light of their past trade in such goods.

New Import Controls

In order to reduce the deficit on the balance of payments and to arrest the steady decline in external assets, the Government introduced quota restrictions and new tariffs at the beginning of the year. For some consumer goods the tariff has become almost prohibitive—for example, newsprint in reels has been raised from 5 to 50 per cent and leather from 45 to 100 per cent, with an over-riding additional duty of 5 per cent on almost all goods, with the exception of essential food-stuffs. The import of large cars, diamonds, soap, and cycle tires and tubes has been banned. Imports of industrial raw materials, equipment for industry, agriculture and fisheries are allowed, with nominal rates

of duty. In addition to these controls, the Government has the monopoly on the import of rice, flour, sugar and dried fish.

Trade Surplus Achieved

For the first time in five years, Ceylon's exports exceeded imports and the surplus on merchandise trade in 1961 reached Rs.29.5 million. Ceylon's imports and exports during 1960 and 1961 were as follows:

	1960	1961
	(millions of rupees)	
Imports	1,959.6	1,703.3
Exports	1,831.6	1,732.8

The sharp fall in the value of exports during 1961 resulted from a downward trend in world market prices for Ceylon's main exports. The decline in the value of imports during 1961 reflected smaller imports of rice, transport equipment and other non-essential goods. Imports of tractors, other forms of agricultural machinery, and wheat flour increased.

Britain continues to be Ceylon's chief trading partner. Other major sales outlets in order of importance are the United States, Australia, Canada, South Africa, Communist China and West Germany. Principal

sources of supply other than Britain include India, Burma, Japan, Australia, West Germany, Iran, the United States, the Netherlands and Communist China. The Government is the largest single buyer of commodities and equipment and most of its requirements are purchased through worldwide tenders issued through various Ministries.

Canada-Ceylon Trade

Although Canada has long been one of Ceylon's best customers, our exports to this market are small; our imports from Ceylon during the year under review totalled Rs.88.9 million but Ceylon's purchases from Canada amounted to only Rs.8.1 million, according to Ceylon's customs returns. Table I compares our main commercial exports to Ceylon during the last three years. The balance of trade continues to be heavily in Ceylon's favour, and because of the stringent import controls that its Government imposed early in the year, it is likely that the imbalance will be even greater when the final returns for 1961 are in. A distinct problem in increased sales to Ceylon is the high freight charges for shipping merchandise to this market. This has made it difficult for Canada to compete with exporters who are nearer to Ceylon.

Outlook

Because Ceylon is a developing country and has a well-established export trade which earns a substantial and steady income, there is considerable scope for doing business here. For this same reason, however, it is a buyer's market and competition is extremely keen. When the present domestic difficulties are straightened out, and if the demand for and prices of the three principal Ceylonese exports (tea, rubber and coconut products) improve during the ensuing year, the rate of economic development and the pace of business should pick up. With increased incentives for local production and the financing of new development projects, Ceylon will require more capital goods and raw

TABLE I
CANADIAN EXPORTS TO CEYLON

Commodity	1959	1960	1961
			Jan.-Oct.
(in Can.\$)			
Malt	10,705	19,007	22,901
Canned fish	7,858	4,994	32,923
Dried fish	.....	.....	8,960
Wood pulp	15,449	.....	75,840
Newsprint	575,975	449,436	157,110
Files and rasps	97,654	99,965	95,846
Automobiles	84,666	44,665	24,902
Auto spares	86,373	45,346	42,879
Aluminum, semifabricated	23,574	14,873	120,254
Clocks and parts	36,386	27,008	24,340
Sparkplugs	100,467	138,112	100,099
Medicinal chemicals	9,955	4,646	8,508
Synthetic resin manufactures	9,267	33,878	25,588
Asbestos fibre	217,621	263,021	270,883
Fountain pens and mechanical pencils	51,951	14,246	10,273
Rolled oats	15,569	24,619	13,670
Outboard motors	4,857	30,177	39,573
Locomotive engine parts	278	6,604	343,358
Skim milk powder	.....	.....	10,251

DBS statistics.

materials. However, because of the high tariffs and import controls now in force, Ceylon's imports of non-essential consumer goods will continue to decrease considerably in volume and value.

Prospects for Canadian exports to Ceylon will depend to some extent

on the future import policies of the Government and the ability of Canadian exporters to compete with other and often better established suppliers. Canadian firms should try to bid competitively in the tender calls for some of the Government's requirements. There

are opportunities in the field of consulting engineering and construction works connected with Ceylon's hydroelectric and river development scheme and with improvements in the railway system (for example, diesel locomotives and rolling stock). ●

SHIPPING SERVICES TO BURMA, CEYLON, INDIA, AND PAKISTAN FROM

TO:	Pacific Coast	Great Lakes	St. Lawrence and Atlantic
Burma	*American Mail Line <i>(Canadian Blue Star Line, Vancouver)</i>	*Canada India Pakistan Line <i>(McLean Kennedy Ltd., Toronto)</i>	*Canada India Pakistan Line <i>(McLean Kennedy Ltd., Montreal)</i>
Ceylon	American Mail Line Java Pacific & Hoegh Lines <i>(Dingwall Cotts & Co. Ltd., Vancouver)</i> Kulukundis Lines <i>(Johnson, Walton S.S. Ltd., Vancouver)</i>	Hellenic Lines <i>(Furness Withy & Co. Ltd., Toronto)</i> Orient Mid-East Great Lakes Service <i>(Montoro Shipping Corp. Ltd., Toronto)</i>	Canada India Pakistan Line Hellenic Lines <i>(Furness Withy & Co. Ltd., Montreal)</i> Orient Mid-East Great Lakes Service <i>(Hurum Shipping & Trading Co. Ltd., Montreal)</i>
India	American Mail Line Java Pacific & Hoegh Lines Kulukundis Lines Splosna Plovba Line <i>(Sea Freight Ltd., Vancouver)</i>	Hellenic Lines Isthmian Lines <i>(Amalgamated Exporters Co. (Canada) Ltd., Toronto)</i> Nedlloyd Line <i>(Montreal Shipping Co. Ltd., Toronto)</i> Orient Mid-East Great Lakes Service	Canada India Pakistan Line Hellenic Lines Isthmian Lines <i>(Amalgamated Exporters Co. (Canada) Ltd., Montreal)</i> Nedlloyd Line <i>(Montreal Shipping Co. Ltd., Montreal)</i> Orient Mid-East Great Lakes Service
Pakistan	American Mail Line Java Pacific & Hoegh Lines Kulukundis Lines Splosna Plovba Line	Hellenic Lines Isthmian Lines Nedlloyd Line Orient Mid-East Great Lakes Service	Canada India Pakistan Line Hellenic Lines Isthmian Lines Nedlloyd Line Orient Mid-East Great Lakes Service

*On inducement only.

NOTE: The agent for each shipping line is shown in italics below the name of the line where it first appears.

Import and Exchange Regulations in Asia

The following is a summary of the import and foreign exchange controls in effect in four Asian countries—Burma, Ceylon, India and Pakistan.

International Trade Relations Branch

BURMA

EXCHANGE control is administered by the Exchange Control Board of the Union Bank of Burma. Most imports are subject to individual import licences; some are permitted under Open General Licence. Import licences are valid for periods of from five to six months, are subject to a licence fee of 5 per cent on the c.i.f. value, and may be extended on application before expiry. It is imperative that the goods be shipped before the licence expires. The import of certain non-essential and luxury goods is prohibited.

Imports by joint venture corporations and by private firms are allowed; the latter must be registered as importers. No importer who has not been granted registration by the Board duly appointed by the Government may import goods into Burma and importers must renew their registration every year. Several so-called joint venture corporations have been created by the Government; 52 per cent of the capital of these corporations was issued by the Government and the remainder derived from private Burmese national merchants. The joint ventures are intended to handle practically all imports in the future. The Government is endeavouring to return its share in these institutions to the private sector.

When an importer has an import licence, he is automatically authorized to buy foreign exchange; the "Exchange Control Copy" of the import licence is the necessary exchange permit. Sight bills are customarily paid upon arrival of the merchandise but term bills are usually accepted on arrival of the documents.

CEYLON

DURING the last half of 1961 and the early part of 1962, import control in Ceylon has remained relatively unchanged, with a wide range of products still requiring individual import licences. In December 1961 a notice was issued to the effect that for the purpose of import control, goods unassembled (that is, in kit form) are not classified separately and are therefore subject to the same controls as the finished product.

Import controls have been used to encourage Ceylonization of local trading firms by giving more favourable licensing treatment to firms with a majority of Ceylonese directors or owners. Import licences are not issued for certain commodities such as flour, import of which is reserved to the Government, nor for products of

certain industries established in Ceylon. Licences for a number of "regulated products" are conditional upon the importer's purchasing designated quantities of his requirements locally.

INDIA

INDIA'S foreign exchange reserves continue at a very low level and consequently a stringent import control is being maintained. Only those capital goods, components, raw materials and foodstuffs considered essential to India's planned development are licensed; most consumer goods and many things also produced in India are not. Licences to established importers depend on base-period performance; those to actual users are granted on an *ad hoc* basis according to proven requirements. Special types of licences are issued under the export incentive schemes and for government purchases.

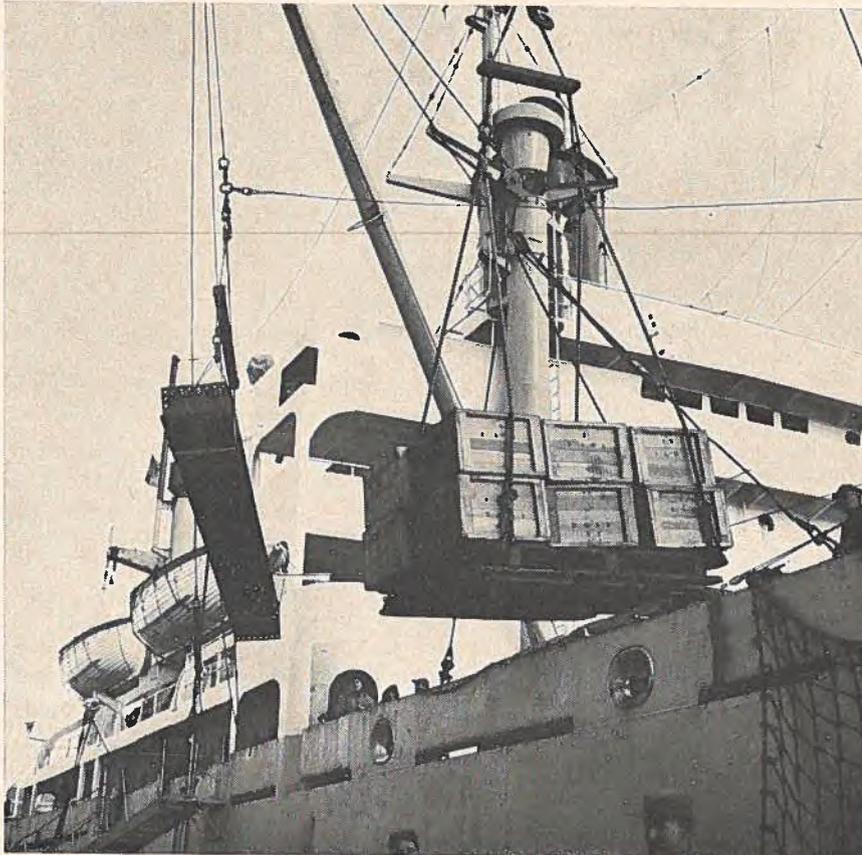
Licences are usually valid for six months to a year and shipments must be made within the period specified. The issue of a licence generally carries with it the right to foreign exchange which is now available without dollar discrimination.

PAKISTAN

ON December 27, 1961, the Government announced its import policy for the period January to June 1962. Because of the fall in exchange reserves, certain restrictive measures have been introduced. The general underlying policy is to provide maximum facilities for the import of essential goods and industrial raw materials. In implementing import policy, each importer in Pakistan is permitted to bring in a definite percentage of his category of goods in each shipping period (six months). The percentage depends on the essentiality of the commodity and may range from a low of 20 per cent up to 150 per cent or more.

In the present shipping period, the number of items on Open General Licence was reduced from 49 to 48. In this category no new licences will be granted importers in the five principal cities of the country, on the assumption that import privileges should be spread throughout the Republic. However, as most of the commercial importers are located in these major centres this directive appears to be restrictive in nature.

As before, 14 items are included under automatic licensing but the list of industries so favoured has been doubled to 36 (see *Foreign Trade* of February 10, 1962). A new policy development is the linking of import licensing for certain industries with their export performance. Another new scheme introduced is one whereby export industries may import raw materials up to a limit of 40 per cent of their export earnings, with the proviso that the raw materials imported will be exported as finished goods. ●



—Photos by Maurice Crosby.

(Above) Doors, windows, ventilators and other components of the prefabricated steel buildings, packed in wooden cases with steel strapping, are transferred at Halifax to the ship that took them all the way to Khorammshahr, Iran. (Right) The big steel girders were made up into three-ton loads ready for the big cranes to handle.

Steel Prefabs for Iran

How a Canadian firm obtained a \$250,000 order from Iran—and some of the reasons responsible for its export success.

O. MARY HILL, Editor, "Foreign Trade".

Wanted: fifty prefabricated steel buildings to be used as army warehouses.

Specifications: each to be 50 by 100 feet, equipped with windows, doors, ventilators, and sanitary facilities.

Customer: an Iranian firm.

Price: lowest possible.

Delivery: ready to be shipped in eight or ten weeks.

To be shipped to: port of Khorammshahr, Iran.

Terms of payment: irrevocable letter of credit.

THIS inquiry for fifty buildings to be used as warehouses in three locations in Iran reached the Stran Steel Division of Central Bridge Company Limited in Toronto, Ontario, last August through an Iranian agent. Stran Steel (not yet a year old as a wholly Canadian enterprise) realized that it faced stiff competition in obtaining this order—competition from Britain, the United States and France, and also from Iranian firms. Yet it won the contract. How?

I put this question to C. W. Laycock of Toronto Iron Works, parent company of Central Bridge, the man chiefly responsible for making the sale. "One factor counted heavily," he said, "and that was speed of delivery. We promised eight to ten weeks. We did not actually receive the order until the end of the year. On February 22 we began loading the buildings onto CNR gondola cars at Trenton; on March 2, the train drew up at the Halifax docks and transfer to the ship began—five days before the deadline set."

Setting the Price

A second important factor, Mr. Laycock went on, was price; the Canadian bid c. and f. Khorammshahr was evidently lower than those of competing firms for a comparable product. Setting this price wasn't a simple matter of calculating manufacturing costs, adding transportation and other charges, and arriving at a figure. It meant obtaining prices from each of nine subcontractors supplying products ranging from steel sheeting to closures, caulking, windows, louvres, and doors. It meant making clear to these companies that this was a large export order and that only a shaving of prices to the minimum would bring the business to Canada. No complications about credit entered into the negotiations; the Iranians did not raise the question and in fact established a letter of credit for \$250,000 as soon as the deal was concluded.

Equally important in determining price were transportation costs—they come high on a shipment weighing 800 tons! Iranian delay in

placing the order complicated matters. Stran Steel quoted a price originally in the early autumn and based it on shipment by steamship through the St. Lawrence Seaway. But it did not get the business until late December, when navigation on the St. Lawrence was closed for the season. This necessitated shipping by rail from its plant at Trenton, Ontario, to Halifax, N.S., and the company received the utmost cooperation from the CNR in this.

The fourth factor in landing the contract was undoubtedly keeping after it—or sheer persistence. Fortunately the company realized, said Mr. Laycock, that “you have to spend money to make money.” He kept in constant touch with the Iranian agent by cable, telex, and even by telephone when necessary. Every question that the Iranians asked was answered promptly and fully. And Laycock, for his part, never stopped asking them: “When is the order coming through?”

Delivery Problems

Meeting the delivery date called for a neat job of co-ordination. A tight schedule had to be set up and the nine subcontractors persuaded to adhere to it so that all components arrived at the Trenton plant at the precise time they were needed.

When the manufacturing was nearly completed, methods of packing and shipping began to loom large. The prefabricated buildings had to be packed as compactly as possible to keep shipping charges, based on cubic capacity, to the minimum. Certain parts—such as the doors, windows and ventilators—needed extra protection; they were packed in wooden cases secured with steel strapping. The larger components, such as the steel girders, were made up into three-ton loads which the cranes at the ports of shipment and destination could handle; these too were strapped with steel. Then everything was fitted neatly into the gondola cars, thirty tons to a car, and 22 cars rolled on their way to Halifax.

The Stran Steel Division of Central Bridge Company Ltd. began manufacturing prefabricated, pre-engineered steel buildings to a patented design and with 100 per cent Canadian content about a year ago. These buildings are a far cry from the wartime Stran Steel Quonset huts. Insulated, pretested for stresses and strains, finished with a baked-on enamel in a variety of colours, the Stran Steel pre-engineered steel building is adaptable to many uses. The components of the building are interchangeable and each order is tailored to the customer's requirements. Business in Canada has proved to be brisk but the company looks to the export market to keep the plant working at capacity. Mr. Laycock has been in touch with many of the Trade Commissioners abroad, particularly in tropical countries, where the need for resistance to corrosion and to damage from insects makes these steel buildings especially useful. Moreover, they can be erected with

a minimum of skilled labour and this appeals to less developed countries.

Stran Steel's success in Iran has whetted its appetite for export business. It has already secured an order for a building from a mining company in Chile, and is actively engaged in expanding its export business in other countries.

This experience in Iran, says Mr. Laycock, has proved to the company that the manufacturer who wants export business must keep four things in mind:

- Offer a product suited to the locale and convince the customer that it will meet his needs.
- Be as flexible as possible about price.
- Be very definite about delivery dates—and live up to them.
- Keep pressing for the order.

A good formula? The best proof is—it works. ●



Britain's Trade in 1961

S. G. TREGASKES,
Commercial Counsellor, London.

Exports rose last year and imports fell slightly; sources of imports showed some change. Purchases from Canada decreased, with raw materials most affected; imports of a wide range of Canadian manufactured goods actually increased by £6.5 million.

BRITAIN'S balance of trade in 1961 improved by £288 million compared with 1960. Merchandise exports totalled substantially more in 1961 than in the previous year and imports were down by 3 per cent. Nevertheless, the adverse balance of trade in 1961 was slightly larger than in 1959, as Table I shows.

The Export Picture

Exports, including re-exports, increased last year by £145 million over 1960. More goods were shipped to most countries of Western and Eastern Europe, to Canada, to the Soviet Union and to Japan. Shipments to the sterling area and to other primary producing countries (including Latin America) decreased and exports to the United States fell sharply.

Britain exported more machinery and instruments (up £137 million), ships (£36 million), and

other manufactures (including chemical and rubber manufactures). On the other hand, exports of automobiles fell by £63 million, of railway vehicles £6 million, aircraft other than engines £3 million, and textiles by 4 per cent. Exports of metals and metal manufactures showed little change.

Imports fell by £143 million in 1961 compared with the 1960 figure. Imports of industrial raw materials were down by £138 million, or 7 per cent, despite the fact that industrial production rose about 2 per cent last year. Two factors were responsible: the much lower level of stock building in 1961 compared with 1960, and the lower prices for some basic raw materials—particularly steel, non-ferrous metals, textile fibres, timber and plywood, chemicals, oilseeds and oils. Imports of food, beverages and tobacco also decreased by £53 million, or 3½ per cent, but this reflected lower prices for these products rather than decreases in volume. Imports of fuel (mainly oil) remained fairly constant because of an increase in quantity that was offset by lower prices, and also because of a rise in the proportion of oil imported in crude form.

An interesting development was the expansion in imports of finished

TABLE I
BRITAIN'S FOREIGN TRADE

	1959	1960	1961
	(£'000,000)		
Imports, c.i.f.	3,983	4,541	4,398
Exports (including re-exports) f.o.b.	3,461	3,696	3,841
Adverse balance	522	845	557

TABLE II
BRITAIN'S LEADING MARKETS*

	1959	1960	1961
	(£'000)		
United States	359,915	324,796	280,502
Canada	207,604	214,551	221,720
Australia	223,365	259,920	201,683
West Germany	141,995	163,394	171,261
India	171,387	150,483	151,794
South Africa	148,900	154,034	147,101
Sweden	111,980	130,947	141,198
Netherlands	112,979	115,888	137,613
Republic of Ireland	107,173	110,866	133,181
New Zealand	97,830	120,767	123,962

TABLE III
BRITAIN'S LEADING SUPPLIERS*

	1959	1960	1961
	(£'000)		
United States	370,287	565,724	482,898 (-14½%)
Canada	312,018	374,909	349,624 (-6½%)
West Germany	144,250	181,544	194,292 (+7%)
Australia	222,892	197,237	174,466 (-12%)
Netherlands	159,984	180,313	172,476 (-4%)
Kuwait	125,365	158,756	164,343 (+3½%)
Sweden	128,254	163,678	160,802 (-2%)
New Zealand	182,919	183,030	159,755 (-13%)
France	103,690	131,856	142,957 (+8½%)
India	142,640	148,464	144,929 (-2½%)

*Source: Trade and Navigation Accounts, Britain.

manufactures of £44 million, or 8 per cent. Clothing, textiles and other non-durable goods, and machinery and instruments were the main groups figuring in this increase.

The sources of British imports also showed some changes in 1961. Imports from the Soviet Union and other countries of Eastern Europe went up 12 per cent, and from Western Europe 1 per cent. Purchases from North America were down 11 per cent, from Latin America 10 per cent, other non-sterling countries 3 per cent, and from the overseas sterling area 2 per cent.

Table II shows the ten leading markets for British exports in 1961, 1960 and 1959. These ten countries accounted for nearly 50 per cent of Britain's exports to all countries.

Britain's ten leading suppliers in the past three years are shown in Table III, which also indicates the percentage change between 1960 and 1961 in imports from individual countries.

Canada's Position

Slightly more than 6 per cent of Britain's world trade, both import and export, is carried on with Canada. On the basis of 1961 figures, of every £12 worth of goods imported into Britain from all countries, £1 worth originated in Canada. For every £16 worth of goods exported by Britain to world markets, £1 worth went to Canada. Last year Canada was Britain's second largest market and also its second largest source of supply.

British Trade and Navigation Accounts for 1961 show that Britain's imports from Canada fell from £375 million to £350 million (Can.\$1,032 million at present rates of exchange) or 6½ per cent, between 1960 and 1961. A good part of this decline in value, however, resulted from the lower rate of the Canadian dollar.

The major imports from Canada that decreased in value last year are listed in Table IV.

It is worth noting that imports of iron and steel products from all

countries were down £53 million, the result of over-ordering of sheet steel in particular during 1960. Copper, lead and zinc imports decreased in volume but prices too were lower in 1961 than in 1960. The very substantial drop in imports of barley resulted from heavy crops in Europe and a sharp drop in price, which made it more profitable for Canadian suppliers to ship to other markets.

TABLE IV
DECREASES IN BRITISH IMPORTS
FROM CANADA

	1960	1961	Decrease
	(£'000,000)		
Iron, steel	13.2	5.3	7.9
Copper, copper alloys	26.6	24.4	2.2
Aluminum, aluminum alloys	30.3	26.2	4.1
Lead, lead alloys	3.3	2.8	.5
Zinc, zinc alloys	8.1	6.3	1.8
Metal ores, scrap	23.2	19.4	3.8
Barley	12.9	2.7	10.2
Newsprint	23.3	22.3	1.0
Total decrease			31.5

Manufactures Sell Well

As Table IV shows, the decrease in imports of the listed items between 1960 and 1961 totalled £31.5 million, but the total decrease in Canadian exports to Britain was only £25 million. The difference of £6.5 million is significant. It means that though, for a variety of reasons, Canada's sales of some of the large traditional items of trade fell off in 1961, sales of a wide range of manufactured goods increased by £6.5 million. A great part of this figure represented new business or the resumption of older trading relations suspended during the war and postwar years and reinstated after the removal of British import controls during 1959. No one manufactured product contributed any significant portion of this £6.5 million. Rather, it represents the sum of relatively small amounts of individual imports, covering a wide range of manufactured products. ●

U.S. Buyers Come to Canada

WANT to sell more consumer goods in the United States? You'll be interested in a new project of the Department of Trade and Commerce designed to help you. At the end of May and in mid-June, the Department, in co-operation with the provincial Departments of Trade and Industry and with trade associations, is planning to bring more than 150 department-store and resident buyers from New York, Philadelphia and Chicago to Montreal and Toronto. These buyers will attend specially organized Samples Shows in which Canadian manufacturers of consumer goods suitable for sale in department or similar stores will display their products. One show will take place in Toronto, May 22 and 23, at the Queen Elizabeth Exhibit Hall on the Canadian National Exhibition grounds. Another will be staged at the Show Mart, Montreal, on June 19 and 20. In the fall the spotlight will shift to Winnipeg and Vancouver, where Samples Shows will welcome buyers from western United States cities.

Each exhibitor will be provided with an area 12 by 12 feet, plus two tables and three chairs. For Montreal and Toronto, the exhibition fee will be \$250 per unit display; this will cover the costs of renting the exhibition area, the accommodation of the United States visitors, and other incidental expenses. The Department is paying the transportation costs.

Here is a unique opportunity for Canadian producers of consumer goods to show their wares in an unusual way to a gathering of United States buyers who represent one of the world's largest consumer markets. Firms who wish to participate should apply for space as soon as possible; the deadline for the Toronto show is Friday, May 11, and for Montreal, Friday, June 8.

Because of the influence and importance of these American guests, firms who are reserving space are urged to have senior sales executives attend the shows and be present on their stands. The Minister of Trade and Commerce, in his personal invitation to the selected senior U.S. buyers, emphasizes the opportunity for executives of supplier and merchandising firms to meet each other and make lasting contacts.

Applications for space should be submitted to the Canadian Government Exhibition Commission at 2487 Kaladar Ave., Ottawa 1. For other information, write to the Department of Trade and Commerce, Ottawa. ●

The Ocean Freight Market

To introduce a new feature in "Foreign Trade"—quarterly averages of time charter and trip charter ocean freight rates—G. M. SCHUTHE, Assistant Director of the Trade Services Branch, discusses influences on these rates and typical forms of charter party.

IN forthcoming issues of *Foreign Trade* a new feature will appear under the title, "Freight Market Observations". This will deal with rates at which ocean-going ships are chartered for the carriage of cargo, presenting average time charter rates recorded in the preceding three months. The emphasis will be on those continuing trades that are of particular interest to Canadian exporters and on those trades that serve as indicators of the state of the freight market generally.

In a simple charter, an owner of goods—the charterer—contracts with a shipowner for the use of a vessel's carrying space; the management and operation of the vessel remain the shipowner's responsibility. The contract may be for a certain period of time, for a certain voyage, or for consecutive voyages. In all probability, negotiations on behalf of the charterer and the shipowner are conducted by chartering brokers. When the contract has been made, the vessel is said to be "fixed".

How Rates Are Influenced

The charter market is extremely sensitive to changes in the supply of and demand for shipping space. Increased demand or the anticipation of demand strengthens rates and a glut of shipping weakens them. It appears from observation that the supply of ships is for much of the time in excess of over-all carrying requirements, with the result that rates are generally depressed and a proportion of the world's merchant fleets lies idle.

Seasonal influences on the freight market may readily be illustrated.

When the Great Lakes/St. Lawrence route for the flow of grain to Europe is icebound, a large tonnage of grain is routed through Vancouver. This creates a demand for shipping space that acts as a magnetic attraction for vessels discharging cargoes in the Far East and seeking further employment. In January of this year, for instance, 88 of 146 deepsea ships arriving at Vancouver came from the Orient, most of them "in ballast". With the coming of spring, shipowners who contemplate sending vessels on voyages to the Far East, aware that the reopening of the Great Lakes/St. Lawrence route makes prospects of finding subsequent cargoes for loading at Vancouver less attractive, take this knowledge into account in settling upon acceptable rates. When there is an accumulation of ships in the Far East seeking employment, Vancouver charterers find themselves in an excellent position to negotiate very favourable rates.

War and the threat of war usually impose exceptional demands on the available supply of shipping and may send rates upward to extraordinary heights. The major ocean-freight booms of the past fifteen years have been related to (though not solely brought on by) the United Nations action in Korea (1950) and the Suez Canal crisis (1956).

The pattern of the freight market between 1950 and 1961 as reflected in time-charter rates for oil-burning tramp steamers of approximately 10,000 tons deadweight capacity and nine to ten knots speed, and in voyage charters to Britain for grain from the St. Lawrence River and for lumber and general cargo

from British Columbia, is shown graphically in the accompanying chart.

The Charter Party

In many trades there are recognized forms of charter party (the contract between shipowner and charterer) the use of which has minimized the likelihood of disputes arising over the interpretation of ambiguous clauses. Obviously, the wording of the charter party must be clearly understood if lawsuits are to be avoided.

The form of time charter approved by the New York Produce Exchange is one of those in common use. This form names the shipowner and the charterer; names and describes the vessel, listing her cubic and deadweight capacity, her bunker capacity, and her speed and rate of fuel consumption; indicates the period of hire, the rate of hire, the time and place of delivery, the trading limits, and the place of redelivery. The charter party specifies that the shipowner bears the expenses pertaining to the crew, including wages and provisions, and the cost of insuring the vessel, maintaining her in class, providing necessary stores and keeping her in an efficient state. The charterer bears the expenses associated with the cargo, provides and pays for the fuel, and pays port charges, pilotage, and agency expenses. Clauses relating to other relevant matters are also incorporated in the charter party.

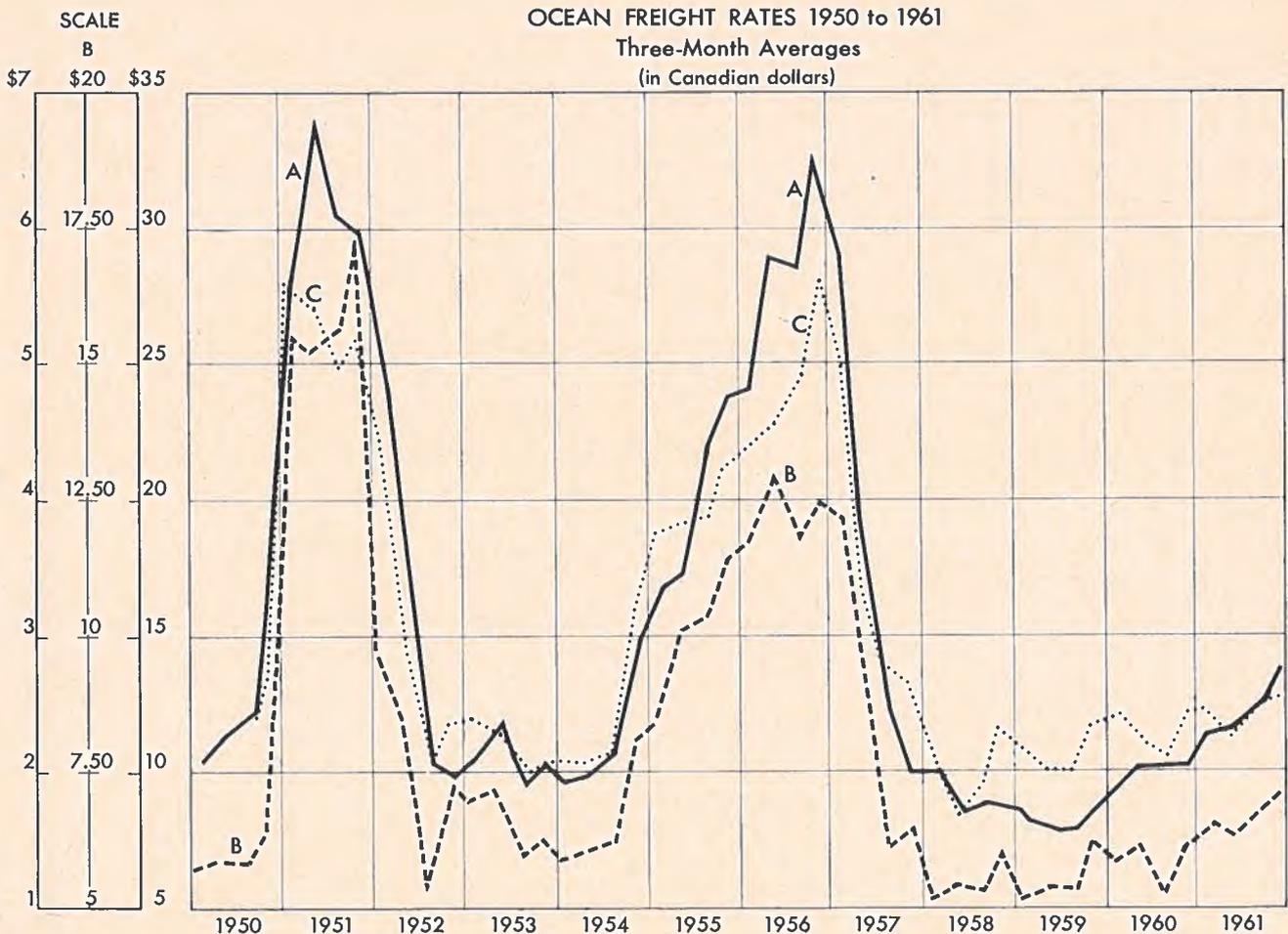
The Approved Baltimore Berth Grain Charter Party—Form C is commonly used in the grain trade between St. Lawrence River ports and Britain or the Continent. This

form names the shipowner and charterer, names and describes the vessel, guarantees a stated capacity for heavy grain (10 per cent more or less), and indicates the loading port(s) where the ship will load a full cargo of wheat or other specified grain, the discharging port(s) and the rate of freight. The charter party provides that the vessel will be loaded according to berth terms (i.e., terms and conditions the same as in the regular liner trade) and specifies the lay days (the period of time at the disposal of the shipper

for loading). A guaranteed average rate of discharge at destination is usually specified, with the cost of unloading to be borne by the charterer. Provision is made for the payment of demurrage if working time is exceeded through the fault of the charter, and may be made for the payment of dispatch money as compensation to the charterer for working time saved.

A private form of charter party used in the export trade from British Columbia provides that the chartered ship shall load a full cargo

of lumber and/or grain in bulk and/or lawful merchandise, including a deckload at the shipper's risk, and proceed via the Panama Canal to a specified destination. The freight is expressed as a lump sum. The shipowner furnishes shifting boards and deck lashings and pays port and pilotage charges; the charterer pays for any bags or dunnage required and for stevedoring at ports of loading and discharging. The charter party specifies the lay days and provides for the payment of demurrage if additional loading



- A Time charters, 3- to 8-month periods, 10,000-ton, 10-knot oil-burners, (per deadweight ton)
- B Heavy grain, St. Lawrence River to Britain (per ton of 2,240 pounds)
- C Lumber and general cargo, British Columbia to Britain (per ton of 2,240 pounds)

time is required or dispatch money if time is saved.

Calculating Average Rates

The examples cited illustrate the variety of provisions incorporated in different forms of charter party. In the preparation of "Freight Market Observations", actual charter parties are not usually available for examination. Individual rate fixtures which are widely and inexplicably divergent from the observable rate level very likely reflect unusual terms and conditions in the charter party. Such rates are set aside in calculating the three-month averages. The average rate shown in the "Observations" for each trade represents the arithmetic mean obtained by taking the sum of the rates in

reported fixtures during the three-month period and dividing by the number of fixtures. For example, if there were

three vessels fixed at \$9.50
two vessels fixed at \$9.75 and
five vessels fixed at \$10.00

the average rate would be calculated as follows:

3 × \$ 9.50	=	\$28.50
2 × 9.75	=	19.50
5 × 10.00	=	50.00
10		\$98.00
	\$98.00	
	10	= \$ 9.80

Though it is making its appearance for the first time in *Foreign Trade* early in May, "Freight Market Observations" has been circulated since 1949, principally to interested government departments and agencies. Its preparation is now being carried on in the new Trade Services Branch of the Department of Trade and Commerce and through the medium of *Foreign Trade* the "Observations" will circulate much more widely. Suggestions from readers for improving the usefulness of this feature will be welcomed. For interested exporters, a list of Canadian chartering brokers and chartering agents is available from the Trade Services Branch of the Department on request. ●

What's current in commodities?

Livestock

Japan—Government planners are giving increased attention to developing the livestock industry. Indications are that Japan will become an increasingly important market for breeding stock.

C. M. KERR, *Assistant Commercial Secretary, Tokyo.*

JAPAN'S long-range economic plan covering the period 1961-70, hailed as a plan to double the national income in ten years, contained little about the agricultural sector of the economy. Events last year, however, indicate that Japan is placing increasing importance on the development of the livestock industry. This new emphasis results from a decrease in the rural population, a large increase in mechanization, and significant changes in diet.

The Japanese now eat less rice and barley and more wheat, dairy products, eggs, meat, poultry and

fruit. It is predicted that the consumption of starchy foods will continue to decline as living standards improve. One of Japan's largest cheese producers recently stated that the demand for milk has risen so much that it is becoming increasingly difficult to obtain milk for cheese production, which increased by 20 per cent in 1960 and by the same percentage in 1961. It is estimated that by 1970 consumption of dairy products will be five times that of 1956-58.

Although consumption of meat products is increasing, high prices

are a limiting factor. It is hoped, however, that imports of high meat-producing cattle and hogs will help to raise domestic production and to reduce prices, making meat more competitive with other foodstuffs.

Livestock Raising

The changes in dietary habits have led in the past few years to increasing interest in livestock and poultry raising. Officials estimate that to keep pace with the demand for animal products, the livestock population will have to increase sharply during the present decade. Table I gives estimated livestock requirements in 1970 and compares these with the 1960 livestock census.

It is with this in mind that the Ministry of Agriculture is now encouraging the import of livestock for breeding purposes. In the 1960

TABLE I

LIVESTOCK POPULATION IN JAPAN

	1960	1970
	(thousand head, estimated)	
Dairy cattle	884	3,000
Beef cattle	2,313	5,300
Hogs	2,604	7,800
Poultry	71,806	210,000
Sheep	677	1,300

fiscal year, approximately \$1.2 million was spent for livestock imports. The major part of this was provided by a World Bank loan, used to import 865 head of Jersey cattle from Australia and New Zealand. The remainder was used for government and private imports of seven head of beef cattle, 13 head of dairy cattle and 94 swine. Preliminary figures for the 1961 fiscal year (ended March 31, 1962) show a much higher allocation for livestock. Table II shows how the 1961-62 allocation of \$1,751,710 for imports of breeding stock was distributed.

Breeding Stock Needed

The stress in the current fiscal year is on hogs and beef cattle. Because of postwar economic and technical assistance from the United States, Japanese importers until recently have thought only in terms of U.S. suppliers for imports of breeding stock. In addition, many of these suppliers have made personal visits to Japan and encouraged or assisted Japanese buyers to visit the United States. Thus a fairly large proportion of current breeding stock in Japan has come from that country. However, European raisers of swine breeding stock have also been active here in the past year, particularly those from Sweden, Denmark and Britain.

It seems apparent that Japan will become an increasingly important market for breeding stock. Imports of cattle and hogs are subject to foreign exchange allocation but the amount allocated will probably increase significantly during the next few years, provided the Japanese economy continues buoyant. Applications for foreign exchange are made through the Ministry of Agri-

TABLE II

ALLOCATIONS FOR IMPORTS OF BREEDING STOCK
FISCAL YEAR 1961

	First Half (April 1-Sept. 30)	Second Half (Oct. 1-March 31)
Dairy cattle	2 Holstein bulls 1 Jersey bull	1 Holstein heifer
Beef cattle	6 Hereford bulls 22 Hereford heifers	8 Hereford bulls 135 Hereford heifers 7 Aberdeen Angus bulls 200 Aberdeen Angus heifers
Hogs	600 Landrace 3 Yorkshire 7 Berkshire 35 Large White 35 Minnesota 25 Chester White 6 Others	2 Poland China 372 Landrace 10 Large White
Allocation	\$791,710	\$960,000

culture, which is authorized to make allocations twice a year. Exchange restrictions on imports of cattle breeding stock are scheduled to end in October 1962 but those for hogs will reportedly remain in effect. Restrictions on imports of poultry breeding stock were removed October 1, 1961. Livestock and poultry breeding stock are granted duty-free entry under the existing customs tariff, which is expected to be revised about the time that restrictions on the movement of foreign exchange terminate.

Until 1961 the Ministry of Agriculture and prefectural governments accounted for most of the imports but (with one exception) total imports of breeding stock over the period 1953 to 1960 amounted to less than 1,000 head of cattle and hogs. The exception was Jersey cattle. Between 1954 and 1960, close to 5,000 head were imported for use on government breeding stations and approximately 7,500 head were made available to agricultural co-operatives. A World Bank loan to Japan's Agricultural Land Development Co-operatives, which come under the jurisdiction of the Ministry of Agriculture, provided the funds for the large-scale Jersey imports.

The Ministry of Agriculture maintains five national breeding stations for dairy cattle and 46 of the

prefectures also maintain livestock breeding stations, although only six of them handle beef cattle. Farmers' co-operatives for livestock and poultry appear to be still in the development stage, but with official encouragement they are growing in number and size.

Private farmers too are becoming more actively interested in breeding stock; some of them receive assistance from trading companies or industrial firms. According to the Ministry of Agriculture, the number of joint-stock dairy farms and farmers' co-operatives stood at 562 in the spring of 1961, about five times as many as four years ago.

Industry Faces Problems

The expansion of Japan's livestock industry poses several problems for planning authorities. The main ones appear to be shortage of pasture for cattle and the tradition of small-scale holdings, which are not suited to raising livestock.

The problem of the small holding cannot be easily solved. Encouragement of the formation of co-operatives is considered the best approach, but pride in ownership dies hard. Raising livestock is only a sideline, almost a hobby, in many instances. The large livestock raiser is the exception rather than the rule and small landholders seldom keep more than two animals. However,

competition from new large-scale enterprises should bring about some changes.

Selling to Japan

Canadian suppliers of breeding stock who are interested in this market will find sales prospects increasingly good if they are prepared to adapt their methods to meet local requirements. Language is one of the greatest problems but it can be overcome in part by having Japanese-language literature printed in

Japan. Visits to Japan are also important. The Japanese are relative newcomers to livestock raising and they welcome visitors from abroad, especially persons with technical or practical experience in animal husbandry.

More and more Japanese interested in livestock are also travelling abroad nowadays, often in small groups as members of buying missions or to study animal husbandry methods in other countries. Several groups and individuals visited Can-

ada in 1961 and most of them returned impressed with what they saw. Some countries, notably the United States and Sweden (for hogs), became well known as suppliers by bringing over selected young Japanese farmers or students from agricultural colleges to work on farms and thereby gain firsthand knowledge of animal husbandry abroad. Gestures of this type are well received and can mean important dividends in the form of future sales. ●

Refrigeration Equipment

Pakistan—The market is small but growing. There is no domestic production; competition is keen and price a vital factor.

JAMES A. ELLIOTT, *Assistant Commercial Secretary, Karachi.*

THE commercial market for refrigeration equipment in Pakistan is largely limited to domestic refrigerators. Although the Government may issue large-scale tenders for cold storage plants from time to time, competition for these tenders is frequently limited to manufacturers in the country which is assisting in financing the specific project. The introduction of commercial and showcase-type refrigerators has made little progress; in fact, import of these is prohibited at present. Deep-freezers are rare because frozen foods are virtually unknown.

Domestic refrigerators are within the means of a limited but growing segment of the population. Approximately 80 per cent of domestic refrigerator sales are made in West Pakistan, where the largest cities, Karachi and Lahore, are located. At present Pakistan does not make any refrigerators. Proposals by international firms to assemble them in Pakistan have fallen through because the potential market seems too small to support economic production.

Competition is keen, especially from British and European sources; the market is price-conscious and quality comes second. Small inex-

pensive European refrigerators are finding increasing acceptance. The North American types seem to be too large and expensive for most potential purchasers.

Refrigerators from Britain pay a preferential duty of 24 per cent of the landed value, compared with 30 per cent levied on those from other

IMPORTS OF DOMESTIC REFRIGERATORS

	1959	1960
	Jan.-June	
	(Can.\$'000)	
United States	133.0	95.2
Britain	101.6	81.7
Sweden	31.8	13.8
Italy	9.1	24.8
West Germany	2.8	5.9
Others	8.2	10.2
Total	286.5	231.6

IMPORTS OF REFRIGERATOR EQUIPMENT

	(not specified)	
	1959	1960
	(Can.\$'000)	
United States	384.1	509.5
Britain	243.2	90.4
Austria	82.5	.....
West Germany	5.5	69.6
France	.....	19.6
Sweden	15.3	13.5
Canada	11.3	7.9
Others	16.5	21.0
Total	758.4	731.5

sources, including Canada. In addition, there is a sales tax of 20 per cent on the duty-paid value.

Import Procedure

Refrigerators may now be imported into Pakistan only through the use of bonus vouchers generally valid for all countries. The export bonus voucher system is part of an official export promotion scheme whereby the Pakistani exporter of certain domestic products retains a percentage (20 to 40 per cent) of his foreign exchange earnings. The vouchers are transferable and usually sell at a premium on the market, in effect trebling the retail price of goods imported on this basis. For this reason, and because there is no price control on refrigerators and the models are larger, North American refrigerators tend to sell at inflated prices. Established importers with service facilities are often reluctant to import new brands.

Canadian firms with competitively priced lines would do well to investigate the Pakistan market. They should be prepared to offer lines which are "tropicalized" to withstand the ravages of the climate and equipped with motors to operate on 220-volt 50-cycle power. Automatic defrosting is a must. The market is growing: 1,200 refrigerators were sold during the first half of 1960, compared with 1,300 for the whole of 1959. ●

COMMODITY NOTES

Animal Feeds

SPAIN—Spain's new animal feeds industry is expanding rapidly; there are now 420 factories with a total capital investment of some 1,000 million pesetas. Consumption during 1961 totalled about 800,000 tons and the flourishing poultry industry absorbed about 75 per cent. Some of the plants can produce 3,000 kilos of feed an hour and are among the most modern in Europe. Three thousand different formulas are used, with the Ministry of Agriculture controlling quality strictly—Madrid.

Ceramics

CEYLON—On the recommendation of a United Nations agency, the Government is arranging for the establishment of a Rs.7.5 million ceramics factory at Boralesgamuwa, near Colombo. The new plant, Ceylon's second, will produce 1,600 tons of crockery, 500 tons of sanitaryware, and 300 tons of wall tile a year and will compete with the existing factory at Negombo. Ceylon has imported an average of 1,630 tons of crockery, 498 tons of sanitaryware and 150 tons of wall tile a year for the last three years—Colombo.

Chemicals

PAKISTAN—Three new chemical plants have recently been included under the Second Five Year Plan. They will produce antibiotics, alcohol from sugar-mill waste, and solvents and disinfectants from coal-distillation processes—Karachi.

Coffee

CEYLON—The Government will try to expand coffee production in Ceylon to save foreign exchange and bring down the domestic price. The Ministry of Agriculture, Land, Irrigation and Power will ask owners of large estates to plant coffee on unused land and will encourage coffee-growing on new land-development (colonization) schemes. District agricultural stations have arranged to sell seedlings to the public cheaply. The Ceylon State Plantations Corporation is to open a thousand-acre plantation in the Kandy district, the best area for coffee cultivation. In 1961 Ceylon imported approximately 320,000 pounds of coffee, valued at Rs.312,107, mainly from Uganda, Thailand, Kenya and Israel—Colombo.

Cotton

INDIA—The Government will grant import permits covering 33,330 bales of cotton of 1 $\frac{3}{8}$ inch staple and above, from any source, for shipment up to October 1962. It will distribute this amount among mills on the basis of their consumption of this type of cotton in

1960. Mills applying for an import licence must reportedly pay a premium of Rs.200 per 400-pound bale to the Indian Cotton Mills Federation—Bombay.

Frozen Fish

NORWAY—The fish-processing co-operative, Norsk Frossenfisk A/L, estimates total sales of frozen fish products in 1961 at 31,000 tons, worth approximately \$160,000. Compared with 1960, this represents an increase of 20 to 25 per cent. The firm exports most of this fish, principally to the United States—Oslo.

Rayon

PAKISTAN—Rayon plants are planned for both wings of Pakistan. The East Pakistan factory, at Chandraghona, is to be in production in three years and will turn out 10 tons of fibre a day. A Japanese loan will finance it and Japanese technicians will assist in its operation for the first two years. After that, local companies with a financial interest in the project will take over. A German group is planning a similar plant on similar terms in West Pakistan—Karachi.

Rice

CEYLON—The Government has arranged to purchase 810,000 tons of rice to help support the 1962 ration scheme. The Administration will buy a part of this from local producers and the rich harvest this year will furnish 325,000 tons worth Rs.273 million to Ceylon's farmers. The Government has also contracted to buy 200,000 tons from Communist China under the Rubber-Rice Agreement, 250,000 tons from Burma, and 45,000 tons from Thailand—Colombo.

Tractors

PAKISTAN—A plant is to be erected at Wah, West Pakistan, by a German firm to produce 1,500 twenty-eight horsepower tractors per year. The plant, a joint venture with a Pakistani firm, is to be in production before the end of 1962—Karachi.

Washing Machines

WEST GERMANY—One million washing machines worth \$230 million were manufactured in Germany in 1961—increases of 12 per cent in volume and 30 per cent in value over 1960. Consumer preference for larger and more automatic equipment is growing. Exports climbed sharply; by October 1961 Germany's foreign sales of washing machines had reached \$26.7 million, greater than the 1960 total. Imports fell from \$5.9 million for the first 11 months of 1960 to \$4.9 million for the same period of 1961—Dusseldorf.

GATT Tariff Concessions

Benefit Canadian Exporters

DURING the GATT multilateral Tariff Conference at Geneva, Canada and the United States concluded the following interim trade agreement, embodying schedules of reciprocal tariff concessions. The results were announced in the House of Commons on March 7, 1962.

All of the items in the United States schedule of concessions provide for reductions in rate and they apply to Canadian exports which averaged \$65 million in the three-year period 1958-60. All sectors of Canadian export trade were affected and concessions included reductions on such important items as birch and maple veneers, blueberries, dry and wet salt cod, pig iron, railway wheels, pulpboard and synthetic rubber. The Canadian schedule of concessions provides for reductions in duties applying to imports from the United States averaging about \$63 million a year in the same three-year period. In addition, Canada bound existing free-entry provisions relating to a considerable number of farm implements and other items of production

equipment which had not previously been bound and for which import statistics are not separately available.

The Canadian and United States schedules of concessions will enter into force thirty days after exchange of notification between the two countries. At the end of the Tariff Conference, the schedules of concessions will be incorporated into the official Conference Protocol and the interim agreement will cease to have force or effect.

The results of Canada's bilateral negotiations with countries other than the United States will be announced in due course.

Following is the text of the Interim Agreement between Canada and the United States, together with a summary of the schedules of concessions exchanged between Canada and the United States. Readers who would like to have a copy of the official schedules of the tariff concessions summarized below should write to the International Trade Relations Branch.

Interim Agreement between Canada and the United States of America

"The Government of Canada and the Government of the United States of America, having carried on tariff negotiations pursuant to Article XXVIII of the General Agreement on Tariffs and Trade at the 1960-61 Tariff Conference of the Contracting Parties to the General Agreement, and desiring to enter immediately into a definitive agreement without awaiting the preparation of a protocol embodying the results of that Conference, agree as follows:

I

"The provisions of each Party's schedule annexed hereto shall be applied by it as if this Agreement were a protocol of supplementary concessions to the General Agreement.

II

"The Contracting Parties are requested to exercise the same functions with respect to the schedules annexed to this Agreement as they would exercise if these schedules were schedules to the General Agreement.

III

"This Agreement shall enter into force upon signature. However, the concessions set forth in the schedule

of a Party shall take effect, except as otherwise provided in such schedule, thirty days after the date on which that Party has notified the other Party of its intention to put such concessions into effect. A Party which has put the concessions set forth in its schedule into effect shall have the right to suspend or withdraw them in whole or in part until such time as the other Party gives such notification.

IV

"This Agreement shall terminate at such time as a protocol to the General Agreement on Tariffs and Trade embodying the results of the 1960-61 Tariff Conference and incorporating the schedules annexed hereto enters into force.

"Done at Geneva this seventh day of March, 1962, in the English and French languages, both texts authentic except as otherwise specified in the schedules annexed hereto."

For the Government of Canada
R. Y. Grey

For the Government of the United States of America
John W. Evans

Concessions Received by Canada

This list of concessions received by Canada as a result of the negotiations at the Tariff Conference 1960-61 at Geneva includes the more important concessions resulting from the bilateral negotiations between Canada and the United States.

Product	Present Tariff	Inter- mediate Tariff	Final Tariff	Product	Present Tariff	Inter- mediate Tariff	Final Tariff
Agricultural				Shaped blocks of sticks			
Fresh blueberries	1¢ lb.	0.8¢ lb.	0.7¢ lb.		2½%	1½%	½%
Frozen blueberries	7½%	6½%	6%	Mud dispersants derived from coniferous bark			
Prepared or preserved blueberries	8¾%	7¾%	7%		8½%	7½%	6½%
Linseed oilcake and meal	0.3¢ lb.	0.275¢ lb.	0.25¢ lb.	Base Metals			
Flaxseed screenings	2½%	1½%	½%	Pig iron under 4/100% phosphorous			
Sunflower seed	1¢ lb.	0.9¢ lb.	0.8¢ lb.		37½¢ short ton	20¢ short ton	20¢ short ton
Soybeans, certified seed	1.7¢ lb.	1.53¢ lb.	1.4¢ lb.	Pig iron over 4/100% phosphorous			
Grafted or budded fruit trees	12½%	11%	10%		60¢ short ton	20¢ short ton	20¢ short ton
Grass and other forage crop seeds, such as blue grass (other than Kentucky)	2¢ lb.	1.6¢ lb.	1.3¢ lb.	Alloys used in the manufacture of steel			
Fescue (other than creeping red and meadow)	1¢ lb.	0.7¢ lb.	0.4¢ lb.		12½%	11%	10%
Meadow fescue seed	0.8¢ lb.	0.65¢ lb.	0.5¢ lb.	Magnesium metal and scrap			
Millet	0.5¢ lb.	0.45¢ lb.	0.4¢ lb.		50%	45%	40%
Brome grass	0.8¢ lb.	0.6¢ lb.	0.4¢ lb.	Magnesium powder			
Wheat grass	1¢ lb.	0.7¢ lb.	0.4¢ lb.		17¢ lb. plus 8½%	15½¢ lb. plus 7½%	13½¢ lb. plus 7%
Grass and forage-crop seeds, n.e.s.	0.8¢ lb.	0.6¢ lb.	0.4¢ lb.	Calcium metal			
Tree and shrub seeds	2¢ lb.	1½¢ lb.	1¢ lb.		17½%	15½%	15%
Hay	\$1.06 short ton	\$0.83 short ton	\$0.60 short ton	Molybdenum ore			
					30¢ lb. MO content	27¢ lb. MO content	24¢ lb. MO content
Manufactured dog food	10%	9%	8%	Molybdenum metal and alloys			
Certain dyed and dressed furs	15%	13½%	12%		25¢ lb. MO content plus 7½%	22½¢ lb. MO content plus 6½%	20¢ lb. MO content plus 6%
Cedar leaf oil	6½%	5%	4%	Tellurium			
Edible sunflower oil	10% plus 2½¢ lb. import tax	9% plus 2¢ lb. import tax	8% plus 1.8¢ lb. import tax		10½%	9½%	8%
				Magnesium metal			
Rapeseed oil, not denatured	5¾¢ gal. plus 2½¢ lb. import tax	5.2¢ gal. plus 2¢ lb. import tax	4.5¢ gal. plus 1.8¢ lb. import tax		50%	45%	40%
Malt vinegar	2¢ pf. gal.	1.6¢ pf. gal.	1.2¢ pf. gal.	Metal Manufactures			
				Iron castings			
Fisheries Products					5%	4%	3%
Dry salt cod	0.5¢ lb.	0.35¢ lb.	0.2¢ lb.	Malleable iron castings			
Wet salt cod	0.25¢ lb.	0.225¢ lb.	0.2¢ lb.		10%	9%	8%
Pickled or salted groundfish, skinned or boned	1.25¢ lb.	1¢ lb.	0.75¢ lb.	Machined castings not made into articles			
Smoked or kippered herring	1.25¢ lb.	1¢ lb.	0.9¢ lb.		5%	4%	3%
Smoked or kippered groundfish, whole or beheaded	1¢ lb.	0.75¢ lb.	0.5¢ lb.	Railway wheels			
Smoked or kippered groundfish, filleted	1.5¢ lb.	1.25¢ lb.	1¢ lb.		0.5¢ lb.	0.45¢ lb.	0.4¢ lb.
				Hot or cold rolled strip steel over six inches wide			
Wood Products					10½%	9½%	8½%
Birch or maple veneers	10%	9%	8%	Electric stoves and parts			
					10%	9%	8%
				Electric washing machines and parts			
					17½%	15½%	14%
				Carburetor type internal combustion engines and parts			
					8½%	7½%	6½%
				Manufactures of magnesium			
					17¢ lb. plus 8½%	15½¢ lb. plus 7½%	13½¢ lb. plus 7%
				Manufactures of nickel			
					22½%	20%	18%
				Railway cars and parts of metal			
					22½%	20%	18%
				Ice skates and parts			
					12½%	11%	10%
				Manufactures of metal, n.s.p.f.			
					22½%	20%	18%
				Pulp and Paper Manufactures			
				Pulpboard in rolls for the manufacture of wallboard			
					7½%	6½%	5½%

Product	Present Tariff	Inter-mediate Tariff	Final Tariff	Product	Present Tariff	Inter-mediate Tariff	Final Tariff
Manufactures of pulp, n.s.p.f.	12½%	11%	10%	Miscellaneous Manufactures			
Unfinished pulpboards and paperboards n.s.p.f., including solid wood-pulp boards and kraft	7½%	6½%	5½%	Paints, colours, and stains	10½%	9½%	8½%
Finished pulpboards and paperboards n.s.p.f., except leatherboard, shoe-board, hardboard and gypsum board	\$6.16 short ton, with a minimum of 6% and a maximum of 12½%	\$5.55 short ton, with a minimum of 5½% and a maximum of 11%	\$5.00 short ton with a minimum of 5% and a maximum of 10%	Synthetic rubber	8½%	7½%	6½%
				Crushed limestone	1¼¢ per 100 lb.	1¼¢ per 100 lb.	1¢ per 100 lb.
				Crushed stone, n.s.p.f.	7½%	6½%	5½%
				Dead, burned basic refractory material	15%	13½%	12%
				Certain asbestos manufactures	0.3¢ lb.	0.25¢ lb.	0.2¢ lb.
				Laminated sheets with a synthetic resin binder	6¼¢ lb. plus 10½%	5.6¢ lb. plus 9½%	5¢ lb. plus 9%

Concessions Given by Canada

By way of compensation for concessions received, the (Canadian) schedule to the Interim Agreement provides for revisions of the Customs Tariff: in some instances, for reductions of existing duties; in others, for the binding against increase of existing statutory rates; in still others, for the binding of rates extended at present by virtue of Orders-in-Council.

The more important of the scheduled provisions are as follows:

Agricultural

Reductions in duties as follows:

	From	To
Bread	15 to 20%	7½%
Hay	\$1.06 per ton	60¢ per ton
Grapefruit juice	10%	7½%
Pecan nuts	1¢ per lb.	Free

Among field seeds, the duties on nine varieties (blue grass, brome grass, Chewing's fescue, meadow fescue, orchard grass, red fescue, rye grass, tall oat grass, and wheat grass) have been placed on a specific rather than an ad valorem basis; in most instances such specifics are identical with the duties that will apply in the United States following the negotiations.

Fisheries Products

While Canada has secured substantial concessions in this field, the only reduction in the Canadian Tariff is on shrimp (from 10 per cent to 5 per cent).

Wood and Wood Products

Red oak lumber will in future be dutiable at 5 per cent rather than at 10 per cent, and white oak and Douglas fir lumber are reduced from 7½ per cent to 5 per cent. The new rate on single-ply veneers (tariff item 507a) will be 12½ per cent rather than 15 per cent. Mouldings of wood, at present rated at 22½ per cent, will enter at 20 per cent.

Within the wood and wood products sector of the tariff, the pulp and paper group constitutes an important part, just as Canada's exports in this field are of outstanding significance to the economy. Reductions in duty resulting from the negotiations include the following: tarred paper and prepared roofings, roofings and shingles of saturated felt, paper bags or sacks, and paper matting—all drop from 22½ per cent to 20 per cent; reductions from 25 per cent to 22½ per cent will apply on coated papers, boxed papers, etc., (item 198), papeteries, envelopes, and all manufactures of paper, n.o.p. (item 199).

Base Metals and Manufactures

Reductions of 50 per cent are made in the existing duties on base metals.

	From	To
Primary forms of lead	1¢ per lb.	½¢ per lb.
Copper	1¼¢ per lb.	¾¢ per lb.
Zinc	1¢ per lb.	½¢ per lb.
Lead in bars or sheets	22½%	10%
Lead scrap	1¢ per lb.	½¢ per lb.

Within this general category there are other reductions:

	From	To
Nickel hollow-ware	27½%	25%
Manufactures of various kinds of silver	25%	20%
Iron or steel castings in the rough	20%	17½%

Machinery and Parts

Many named parts of or for agricultural machinery have been from time to time placed on the free list, particularly under such tariff items as 409f, 409t and 409v. Such free-listing has been the result of unilateral action by Canada, generally under the Budget, with the result that the statutory rate is not bound. During the negotiations in 1960-61, many additions to these

and other items were bound against increase, most of them at Free.

Diesel and semi-diesel engines (and parts) of 500 h.p. or less are to be rated at 17½ per cent instead of 20 per cent; and all such engines, regardless of h.p. rating, if for the manufacture of earthmoving or material-moving machinery, are bound at 7½ per cent. Machines for the manufacture of veneers or plywood are reduced from 7½ per cent to Free, and plated articles for use in manufacture of bicycles or tricycles, from 22½ per cent to 12½ per cent.

Miscellaneous

Various items which are included in the schedule will bear rates as shown:

	From	To
Razors and parts	25%	17½%
Skates	25%	22½%
Cinematograph and motion-picture cameras for professional use in studios in Canada	22½% to Free	Free
Lenses, shutters and parts for use in the manufacture of still or motion-picture projectors	10%	7½%
Knitted fabrics of paper	35%	25%
Precious stones and imitations	10%	7½%

In our next issue, May 5, we shall publish a list of the concessions of interest to Canadian exporters resulting from the United States negotiations with third countries—Editor.

TRADE COMMISSIONERS ON TOUR

In Canada



R. F. RENWICK, Commercial Counsellor in Port-of-Spain, Trinidad:

Toronto—April 24-May 4	Halifax—May 15-17
Hamilton—May 7-8	Charlottetown—May 18
Brantford—May 9	Fredericton—May 22
Galt, Kitchener, Guelph— May 10-11	Quebec City—May 23
Saint John—May 14	Montreal—May 24-June 1
	Granby—June 4

When he completes his tour and leave, Mr. Renwick will return to Port-of-Spain.

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

In Territory

J. H. BAILEY, Commercial Secretary in Bogotá, Colombia, will be visiting Ecuador throughout the month of April.

G. E. BLACKSTOCK, Vice Consul and Assistant Trade Commissioner in New Orleans, will visit Atlanta, Georgia, April 23-27.

M. R. M. DALE, Trade Commissioner in Cape Town, South Africa, will visit Knysna, Port Elizabeth, Grahamstown, East London, Cathcart, Queenstown, and Aliwal North during April; Kimberley June 6 and 7, and South West Africa June 8-26.

R. M. DAWSON, Consul and Assistant Trade Commissioner in Manila, will visit Taipei, Taiwan, April 23-28.

C. M. KERR, Assistant Commercial Secretary in Tokyo, Japan, will visit Korea May 8-12, and Okinawa May 15-18.

P. V. McLANE, Trade Commissioner in Glasgow, Scotland, will visit Belfast, Northern Ireland, April 30-May 3.

N. L. WILLIAMS, Assistant Commercial Secretary in Lagos, Nigeria, will visit Ibadan, Bida, Kaduna, Kano, Zaria, Jos, Makurdi, Enugu, Port Harcourt, Onitsha, and Akure, April 25-May 19.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Bailey at Bogotá, Mr. Blackstock at New Orleans, Mr. Dale at Cape Town, Mr. Dawson at Manila, Mr. Kerr at Tokyo, Mr. McLane at Glasgow, and Mr. Williams at Lagos.

FOREIGN TARIFFS

AND TRADE REGULATIONS

Brazil

TARIFF CONVERSION RATE CHANGED—The Brazilian exchange rate for converting foreign currency values into cruzeiros for the calculation of ad valorem duties on imports into Brazil has been changed to 316.75 cruzeiros to the U.S. dollar or its equivalent.

The new rate applies for the month of April and is set monthly. The previous rate, effective for March, was 317.06 cruzeiros to the U.S. dollar.

Colombia

PREVIOUS DEPOSIT REQUIREMENTS INCREASED—Mr. J. H. Bailey, Commercial Secretary, Bogotá, has cabled that the Colombian Government announced on April 5 an immediate increase in previous deposit requirements in order to reduce the unduly high monthly rate of imports. The new percentage deposit rates are as follows (with former rates in parentheses): 200 (100), 180 (75), 150 (50), 50 (20), 20 (5). It is reported that these rates will remain in effect until July 1, 1962, and will then be reduced gradually to close to the former levels by September 1, 1962.

Lebanon

LABELLING REGULATIONS FOR CANNED FOODS REVISED—The labelling regulations for canned foods in the Republic of Lebanon were amended by a government decree dated January 10, 1962. The new regulations modify in part the labelling regulations for canned foods dated April 11, 1961. (See *Foreign Trade*, September 9, 1961).

According to the decree of January 10, all manufacturers, packers and importers of canned foods in general, and especially milk, should supply the following information on the label:

- (1) The date of manufacture of every tin or other packing, either in clear figures or by "code".
- (2) Description of contents in detail. (Tins or other packages need not carry mention of their content when it represents only one item, provided the importer presents a legalized document from the factory to the Ministry of Health to obtain its approval for the import of such articles.)
- (3) The net weight of contents.
- (4) The above requirements should appear on the label in Arabic or if this is impossible, in either English or French.

A special Order of the Minister of Health will name those canned foods which should bear the validity date of consumption.

The new decree also provides that, as an exception and for the period of one year from date of decree, the import of canned goods not showing the above details will be permitted, provided the approval of the Ministry of Health is obtained before the goods are cleared from Customs.

Nigeria

INCREASE IN DUTIES—The Nigerian Government has announced extensive increases on consumer and less essential goods entering the country, effective March 30, 1962.

The increases are far reaching and have resulted in the issuance of a new tariff. They range from 5 to 30 per cent, and duty has been imposed on seven new items. Changes that are of interest to Canadians now exporting to Nigeria are:

Commodity	Old Tariff	New Tariff
	(per cent)	
Passenger autos	20	50-75
Truck chassis	20	25
Office machines and parts	20	25
Road motor vehicle parts	20	25
Passenger car tires	20	33½
Sparkplugs and parts	20	25
Dresses, except knitted	25	33½

Full details are available from the Commonwealth Division, International Trade Relations Branch.

Philippines

IMPORTS NOT SUBJECT TO EXCHANGE REGULATIONS—In Circular No. 137, dated January 30, 1962, the Central Bank of the Philippines, Manila, issued regulations respecting no-dollar imports, that is, imports which are not subject to the payment of foreign exchange. According to Circular No. 137, the requirements of the Central Bank regarding letters of credit, special time deposits and release certificates as set out in Central Bank Circular No. 133 dated January 21, 1962, (see *Foreign Trade*, February 24, 1962), shall not apply to certain no-dollar imports.

The imports affected by the new Circular No. 137 are as follows:

Personal effects and other items
Professional instruments and implements, tools of trade
Wearing apparel, articles of personal adornment, toilet articles
Articles for display in public expositions
Cinematograph films
Articles exported for repairs abroad

Coffins or urns containing remains
Articles not exceeding \$100 in value brought in by officers and crew members of ships
Gifts sent from abroad not exceeding \$100 in value
Shipments by ICA
Baggage and personal effects of officials of foreign governments
Goods, commodities and articles consigned to, and for the exclusive use of, embassies, legations and consulates of foreign governments
Samples and advertising matter of a value not exceeding \$100
Letterheads, printed matter and forms to be used exclusively by offices in the Philippines of foreign firms
Articles donated from abroad and consigned to duly established or incorporated civic organizations, religious or charitable institutions

By putting this new circular into effect, the Central Bank is endeavouring to bring back to the Philippines dollars which were deposited abroad before decontrol.

The complete text of Circular No. 137 of January 30, 1962, issued by the Central Bank of the Philippines, Manila, may be obtained from the Asia and Middle East Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Syrian Arab Republic

SOME IMPORTS PERMITTED WITHOUT PAYMENT OF FOREIGN EXCHANGE—The Ministry of Economy and Industry of the Syrian Arab Republic authorized, in a decree dated November 21, 1961, the import of specified commodities without the payment of foreign exchange. Under the decree, the import of merchandise, products and necessary equipment without the payment of exchange is authorized if those applying for permits agree to settle the cost of the imports with their own funds.

The decree provides for the authorization of import applications respecting the products and merchandise mentioned below, provided that no foreign exchange is required to pay for them and on condition that the import licence indicates that the goods can be delivered to their destination without payment of foreign exchange.

The materials and products whose import is authorized under the decree are:

Live animals
Alimentary materials
Fatty substances
Cocoa and its preparations
Vegetable preparations and comestibles
Construction materials
Rubber manufactures
Lumber
Paper and its products
Spun natural and artificial silk
Silk tissues
Quilts
Wool
Bristles and hair and their mixtures
Earthenware articles
Glass
Tiles
Iron and steel in bars and wire

Pipes and joints
Iron works
Copper manufactures
Typewriters
Batteries
Radio apparatus
Pieces and finished parts of apparatus for radios
Spare parts for motor vehicle carriages
Plastics
Buttons
Pens
Industrial spare parts.

The measure is intended to encourage the return of Syrian funds deposited abroad in the form of merchandise and equipment to meet the needs of different businesses whose supplies are nearly exhausted. This will lower the prices of these materials or products in the local market to a level in harmony with world prices. In addition, this measure is intended to guarantee raw materials for plants which are on the point of shutting down and thus prevent unemployment.

United States

REGULATIONS AFFECTING IMPORTS OF GOODS WITH CUBAN CONTENT—Effective March 24, 1962, the United States amended its regulations governing imports into the U.S. from Cuba which had been in effect before that date. The amended regulations now in force have the effect of prohibiting the unlicensed import into the U.S. or other transactions incidental to the import of merchandise made or derived in whole or in part of Cuban articles. The relevant quotation from these regulations is given below:

“(c) Except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licences, or otherwise, no person, partnership, organization, association, or corporation actually within the United States or organized or doing business under the laws of the United States or of any territory, possession, or district thereof, may import, or engage in any transaction in foreign exchange, transfer of credit or payment between, by, through or to any banking institution (as defined in Section 500.314 of this chapter), incidental to the importation of merchandise from outside of the United States made or derived in whole or in part of any article which is the growth, produce, or manufacture of Cuba.”

Turkey

CUSTOMS LAW BEING REVISED—The Minister of Customs and Monopolies announced recently that United States experts have been engaged to assist in the revision of the customs law of 1949. The customs tariff has been revised on several occasions since 1949; the latest revision came into force on January 11, 1961.

It is also reported that the 1928 Stamp Duties Law is being revised—Athens.

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 .9524.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent April 9	Units per Canadian dollar	Notes (See below)
Argentina	Peso		.01267	78.93	
Austria	Schilling		.04068	24.58	
Australia	Pound		2.3634	4231	
Bahamas	Pound		2.9542	3385	
Belgium and Luxembourg	Franc		.02109	47.41	
Bermuda	Pound		2.9542	3385	
Bolivia	Potosi	Free	.08750	11.43	
Brazil	Cruzeiro	Free	.003344	299.04	
		Special Category	†	†	
Britain	Pound		2.9542	3385	
British Guiana	Dollar		.6155	1.62	
British Honduras	Dollar		.7385	1.35	
Burma	Kyat		.2205	4.53	
Ceylon	Rupee		.2216	4.51	
Chile	Escudo	Bank rate	.9981	1.0019	
		Free	.7500	1.34	
Colombia	Peso	Certificate	.1567	6.38	
Congo, Republic of	Franc		.02109	47.41	
Costa Rica	Colon		.1585	6.31	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1458	6.86	
Denmark	Krone		.1524	6.56	
Dominican Republic	Peso		1.0500	9524	
Ecuador	Sucre	Official	.05833	17.14	
		Free	.04594	21.77	
El Salvador	Colon		.4200	2.38	
Fiji	Pound		2.6614	3757	
Finland	Markka		.003281	304.78	
France, Monaco, etc.	New Franc		.2143	4.67	(1)
Franco-African Republics, etc.	Franc		.004286	233.32	(2)
French Pacific	Franc		.01179	84.82	(3)
Germany	D Mark		.2627	3.81	
Ghana	Pound		2.9542	3385	
Greece	Drachma		.03500	28.57	
Guatemala	Quetzal		1.0500	9524	
Haiti	Gourde		.2100	4.76	
Honduras	Lempira		.5250	1.90	
Hong Kong	Dollar	Free*	.1842	5.43	*Mar. 23
		Official	.1846	5.42	
Iceland	Krona	Official	.02442	40.95	(4)
India	Rupee		.2216	4.51	
Indonesia	Rupiah	Official	.02333	42.86	(4)
Iran	Rial		.01386	72.14	
Iraq	Dinar		2.9400	3401	
Ireland	Pound		2.9542	3385	
Israel	Pound		.3500	2.86	

*Latest available quotation date.

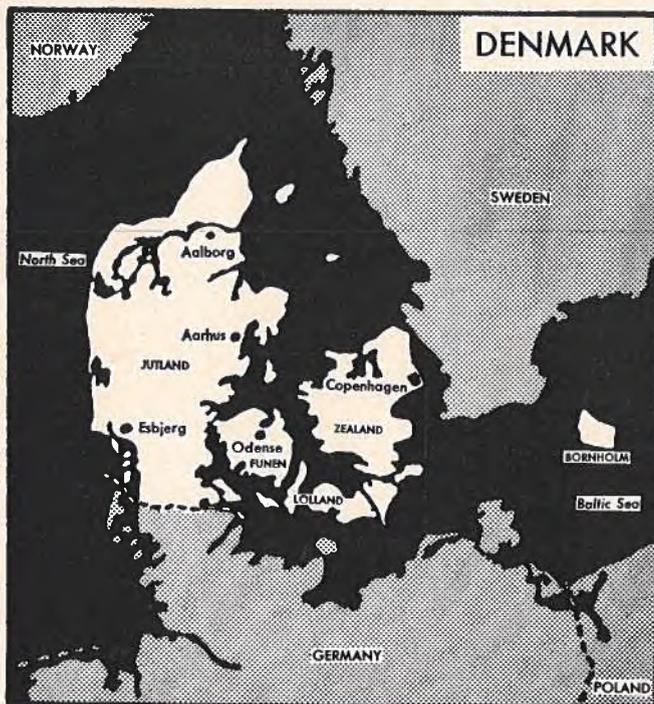
†Exchange auctions will be held each week for limited amounts of exchange.

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

Country	Unit	Type of Exchange	Can. dollar equivalent April 9	Units per Canadian dollar	Notes (See below)
Italy	Lira		.001691	591.37	
Japan	Yen		.002917	342.82	
Lebanon	Pound	Free	.3318	3.01	
Mexico	Peso		.08400	11.90	
Morocco	Dirham		.2100	4.76	
Netherlands	Florin		.2916	3.43	
Netherlands Antilles	Florin		.5568	1.79	
New Zealand	Pound		2.9340	.3408	
Nicaragua	Cordoba	Effective buying	.1500	6.67	
		Official selling	.1490	6.71	
Nigeria	Pound		2.9542	.3385	
Norway	Krone		.1474	6.78	
Pakistan	Rupee		.2216	4.51	
Panama	Balboa		1.0500	.9524	
Paraguay	Guarani	Official	.008511	117.49	
Peru	Sol		.03914	25.5	
Philippines	Peso	Free	.2809	3.56	
Portugal & Colonies	Escudo		.03665	27.28	(5)
Republic of South Africa	Rand		1.4771	.6770	
Singapore and Malaya	Straits Dollar		.3447	2.90	
Spain and Dependencies	Peseta		.01750	57.14	
Sweden	Krona		.2039	4.90	
Switzerland	Franc		.2415	4.14	
Syria	Pound	Free	.2932	3.41	
Thailand	Baht	Free	.04967	20.13	(4)
Tunisia	Dinar		2.5410	.3935	
Turkey	Lira		.1167	8.57	(4)
United Arab Republic	Pound	Official	3.0151	.3317	
United States	Dollar		1.0500	.9524	
Uruguay	Peso	Free	.09576	10.44	
Venezuela	Bolivar	Free	.2294	4.36	
		Official	.3135	3.19	
West Indies Fed.	Dollar		.6155	1.62	(6)
	Pound		2.9542	.3385	(7)
Yugoslavia	Dinar	Official	.001400	714.28	

Notes

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



Markets in Brief:

DENMARK

Area: 43,042 square kilometres, not including the Faroe Islands and Greenland.

Population: 4.4 million (October 1, 1955).

Climate: temperate coastal climate.

Language: Danish; sales literature in English generally acceptable.

Currency: kroner; Can.\$1.00=D.Kr.6.56.

Weights and measures: metric system.

Capital: Copenhagen.

Chief ports: Copenhagen, Aalborg, Aarhus, Esbjerg, Odense.

Marketing centres: Copenhagen (population) 1,227,126; Aarhus 118,943; Odense 105,915; Aalborg 83,210; Esbjerg 50,921.

Economy: largely agricultural, with emphasis on animal husbandry; comparatively small but well-developed domestic industries depend to a considerable extent on imported raw materials.

Total Danish imports: 1960—D.Kr.12,397.1 million; 1961 (9 months)—D.Kr.9,282.1 million.

Chief imports: (per cent) 1961 (9 months)—non-electrical machinery 10.2, means of transport (motor vehicles, vessels, etc.) 9.5, liquid fuel 8.6, iron and steel 7.6, yarns, piece-goods and finished textile products 6.9.

Chief suppliers: (per cent) 1961 (9 months)—West Germany 23.2, Britain 18.4, Sweden 10.9, United States 8.3, Netherlands 6.3, Canada 0.1.

Value of imports from Canada: 1960—D.Kr.44.9 million; 1961 (9 months)—D.Kr.19.9 million.

Chief imports from Canada: (per cent) 1961 (9 months)—raw minerals 22.6, metals 14.1, non-electrical machinery 12.6, untreated caoutchouc 11.6, textiles, not clothing, 9.0, means of transport 6.5.

Total Danish exports: 1960—D.Kr.10,104.5 million; 1961 (9 months)—D.Kr.7,521.6 million.

Chief exports: (per cent) 1961 (9 months)—agricultural products 43.4, machinery 14.8, tinned milk and meat products 7.2, chemical products 4.8, fish 3.7, textiles and clothing 3.2.

Chief markets: (per cent) 1961 (9 months)—Britain 26.3, West Germany 19.1, Sweden 9.3, United States 8.9, Norway 4.8, Canada 0.8.

Value of Canadian purchases: 1960—D.Kr.72.9 million; 1961 (9 months)—D.Kr.58.3 million.

Chief Canadian purchases: (per cent) 1961 (9 months)—textiles, not clothing, 17.0, dairy products 12.9, furniture 10.5, meat and meat products 5.8, stone, glass, porcelain, etc., 4.5.

Dollar exchange: freely available for all permitted imports. Certain commodities, particularly consumer products, are still subject to import licence, although Denmark has liberalized most of its foreign trade.

Prices: may be quoted in Canadian or U.S. dollars, preferably c.i.f. Copenhagen.

Samples: samples of no commercial value are duty free; those of commercial value exceeding D.Kr.50 pay duty, which is refunded if samples are re-exported within 12 months.

Trade agreements: most-favoured-nation agreement with Canada; bilateral trade agreements with many countries. Because Denmark is a member of EFTA, the duty it imposes on imports from other EFTA countries is 40 per cent lower (effective March 1, 1962) than the duty on imports from non-EFTA countries, such as Canada. Denmark's entry into EEC is being negotiated; it will be made concurrently with Britain's.

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

Canadian banks: none.

Correspondence: preferably airmail; letters 15 cents per half ounce.

For detailed information on this market write to:

European Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Counsellor
Canadian Embassy
Prinsesse Maries Allé 2
Copenhagen V, Denmark



Roger Duhamel
QUEEN'S PRINTER

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

