Getting Business through Defence Production Sharing

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Getting Business through Defence Production Sharing

Has your company obtained business under the Canada-U.S. Defence Production Sharing program? If not, study the procedure set out here and the advice given on how to bid successfully for orders in the complex U.S. defence procurement program.

Department of Defence Production.

NO defence industry in the world enjoys the same advantages as Canada's—a substantial export market next door, made accessible to it through the Canada-United States Defence Production Sharing program. This program offers to aggressive and competitive Canadian firms unusual opportunities to sell in the United States free from such restrictions as the Buy American Act and tariffs. Companies that have made a real effort to break into the U.S. market for defence requirements have been rewarded by the chance to acquire new business, develop their technological capabilities in advanced fields, and increase the efficiency of their operations.

Although the Defence Production Sharing program sponsored by the Canadian and U.S. Governments provides a climate of opportunity in which Canadian firms can compete for U.S. defence business, individual companies must make active sales efforts to promote their specific capabilities to appropriate U.S. procurement officers. For those who have not yet tried to sell under this program, the following paragraphs explain what the program is, discuss the problems and the achievements of the Canadian defence industry in this field, and point out how more Canadian companies can participate.

How Program Started

Canada and the United States have for decades enjoyed close co-operation in defence and defence economic matters. The principles of co-operation have been expounded on many occasions, most notably in the Hyde Park Declaration of 1941 and the Statement of Principles for Economic Co-operation in 1950. However, in 1958 it was recognized that a declaration of principles without aggressive action to implement the industrial implications of those principles was not sufficient in view of changing North American defence conditions.

Two major factors made the need for economic co-operation urgent by 1958. First, the closer integration of our defence forces was becoming an accomplished fact—for example, in NORAD. Second, the complexity and high cost of modern defence weapons were making it impractical for countries the size of Canada to design, develop and produce certain weapon systems to satisfy a limited Canadian demand. Because Canada must rely on U.S. sources for some of its major weapons, closer co-operation with the United States was essential to provide an opportunity for Canadian industry to participate more effectively in United States defence programs. In short, what was needed was integration of Canadian and United States defence industrial capabilities in support of mutual defence needs.

Out of these circumstances came the arrangements between Canada and the United States to implement the Production Sharing Program.

Its Objectives

The immediate objective of Defence Production Sharing was to increase the participation of Canadian industry in the production and support of North American defence weapons and equipment.

The continuing long-range objective is "to co-ordinate the defence requirements, development, production and procurement of the two countries in order to achieve the best use of our respective production resources for our common defence, in line with the concept of Canada-United States interdependence and the integration of military arrangements".

In the sharing of defence programs of mutual interest, it was agreed that Canadian industry must participate in the research, development, and production of technical equipment and not be restricted to routine standard tasks.

Administering the Program

The Department of Defence Production, because of its relations with Canada's defence industry and its responsibility for the maintenance of a defence production base, is responsible for making the program work. Within DDP, the office of the Co-ordinator of Defence Production Sharing maintains close liaison with the Department of Trade and Commerce and other Canadian government departments, as well as with United States government agencies.

DDP's Washington office has been strengthened and six liaison officers have been stationed at key government contracting centers in the United States—Los Angeles, Dayton, Philadelphia, Rome (N.Y.), Boston and Detroit. They maintain continuing liaison with other Canadian government representatives in the U.S. and particularly with Trade Commissioners at their U.S. posts.

Its Achievements

A major achievement in production sharing has been the establishment of a climate of opportunity which permits and encourages the placing of United States defence business in Canada. It is a basic concept of the program that the Canadian defence industry shall be given equal opportunity to compete with United States industry for United States defence contracts. Many things have contributed to this new climate.

The U.S. Government has taken steps to remove administrative impediments and orient U.S. buyers towards Canadian suppliers. These steps include:

1. The Buy American Act—restrictions have in effect been eliminated on Canadian supplies for U.S. defence contracts.

2. Duty-free entry—U.S. regulations have been changed to permit duty-free entry for a greatly broadened range of Canadian manufactured products for defence purposes.

3. United States directives—directives from the Office of the Secretary of Defence and from the U.S. Departments of the Navy, Army and Air Force have directed the attention of the U.S. Services and industry to the principles of economic co-operation with Canada.

The Canadian Government has concentrated on:

1. Identifying obstacles and negotiating arrangements with U.S. authorities in order that Canadian companies may enjoy equal opportunities for U.S. defence business.

2. Source listing of Canadian companies—There has been an extensive campaign to assist Canadian companies to become sources for U.S. procurement. For general use by U.S. government and industry buyers, DDP has issued a *Canadian Commodities Index* (July 1961), which identifies Canadian companies' defence production capabilities in U.S. Federal Supply Classification terminology. In the defence research and development field, DDP has similarly made available to U.S. authorities a *Guide to Research and Development Capabilities in Canadian Defence Industry* (January 1962).

3. Education of Canadian industry and U.S. buyers—Information on the program has been made available to Canadian and U.S. prime and sub-contractors and to the U.S. Services. An example is the handbook *Canada-United States Defence Production Sharing* (September 1960), which is now widely used in both countries. The six field officers in the United States also assist the U.S. Services and contractors in making use of Canadian capabilities.

4. Financial support—Assistance to Canadian industry for certain development and production-sharing costs has been made available by the Canadian Government.

Development Sharing

The success of Canadian industries in selling in the U.S. defence market has been facilitated in those areas where Canada has accumulated knowledge and unique capabilities as a result of earlier Canadian government and industry research into and development of certain specialized fields.

The Government has recognized that our leadership in such areas would be lost without continuing development programs in Canada, with the result that the Canadian defence industry would be confined to the production of the more simple items of hardware. As a consequence, our ability to contribute to the advancement of the North American defence base would be seriously weakened.

In the long run, it is hoped that the increased participation of Canadian industry in U.S. development work will result in sufficient defence development in Canada to ensure our remaining in the forefront of those areas where our capabilities lie. To assist the successful entry of Canadian companies into a highly competitive field, the Department of Defence Production is supporting industrial development work in selected areas where our capabilities are outstanding and the probability of follow-on defence production is high.

Another step forward in the Government's long-range program in support of defence industry is the defence industrial research program under the management of the Defence Research Board in co-operation with DDP. One objective of this research program is to assist in the application by Canadian industry of the results of government laboratory research.

Progress to Date

United States defence production sharing business placed with Canadian companies in 1961 totalled \$142.6 million, a 25 per cent increase over 1960 and a 46 per cent increase over 1959. This gives a three-year total since January 1959 of $351.6 million in defence equipment exports to the United States. These figures cover only procurement of specific military requirements defined as defence production sharing items, and not such things as construction, fuel, lubricants, rental of communications circuits, and other general procurement and services.

Another way of viewing the opportunities created by production sharing is to note that the volume of United States invitations for Canadian quotations and Canadian industry's response have increased substantially last year. In the subcontracting area, where U.S. defence business was virtually non-existent before the Production Sharing Program, this increased activity resulted in U.S. defence industry subcontracts to Canadian companies worth about $45.3 million in 1959, $51.7 million in 1960, and $69 million in 1961.

In the prime contract field, activity has also increased, resulting in U.S. government defence prime contracts worth about $51 million in 1959, $61 million in 1960, and $73 million in 1961.

Entering the Program

The first step for a company not yet involved in the program but considering such a move is to write to the Co-ordinator of Defence Production Sharing, Department of Defence Production, Ottawa, expressing its interest and giving a general idea of its capabilities. The co-ordinator's office will provide the company with enough specific information on the program to enable it to decide whether or not it should attempt to participate. If the decision is "yes", the company will be asked to provide more detailed information so that it can be put in direct contact with a production sharing officer in one of the five production branches of DDP—aircraft, electronics, armament, shipbuilding or machine tools. These officers are familiar with U.S. defence requirements and procedures in their specialized areas. They will, for example, advise that the company be source-listed with those U.S. military agencies that procure its products and will advise it of potential sub-contracting opportunities.

This is the time to make sure that there is real determination, at top-management level, to participate in the program, including recognition of the need to support a sales effort.

Follow These Suggestions

Once the company has entered the program the following points will be helpful:

• *Make a careful selection of company areas of competence.* Many companies make the mistake of using a shotgun approach where careful selection is really required. This is particularly pertinent in research and development. Concentrate on those areas where your capabilities are outstanding and remember that the United States defence industry has learned this lesson over many highly competitive years.

• *Analyze the market potential in relation to your capabilities.* Become aware—through trade journals, trade associations, industrial symposia and close liaison with DDP officers—of potential forthcoming procurement either at the prime or subcontracting level. New procurement in your area of interest should not come as a surprise if you have made use of all of the sources of information available to you. As a result, bids can be more readily prepared in the time available.

• *Meet the buyers of your products.* Many companies are attempting to carry out a sales campaign by mail or telephone and, though this is worthwhile, it cannot replace face-to-face contact, particularly in the initial stages of your efforts. For your own purchasing, you expect and rely upon regular calls from potential suppliers, at least until mutual trust has developed. U.S. buyers are not different and the successful Canadian companies are continually selling their capabilities through all available media and by personal contact. Many have found it worthwhile to engage sales representatives in the principal U.S. procurement areas to assist in these efforts.

• *Do not ignore the bid solicitations you receive.* If you do not wish to bid because of plant or engineering loading, a lack of capability to supply the requirements, shortage of time, etc., then advise whoever sent you the bid, pointing out the reasons. This is essential if you wish to be given future opportunities for the same type of procurement. Moreover, the receipt of formal U.S. inquiries gives you access to the related specifications and other data in your commodity area.

• *If you decide to respond to the bid solicitation, then submit a clear and concise proposal covering all the requirements of the solicitation.* Remember that for research and development proposals, technical considerations are paramount. Once you have qualified technically, then price and delivery must also be competitive. Remember that many of your competitors will accept a lower profit on initial development or production. Canadian companies dealing for the first time with U.S. primes will quite often be asked to bid on small orders. Successful performance on these "nuisance" orders has in many instances paved the way to sizable orders and Canadian companies should consider this before rejecting small solicitations.

• *Review your efforts every month.* The Department of Defence Production asks interested companies to report business opportunities and contracts received monthly and the value of this monthly review both to your company and to DDP cannot be overemphasized.

Conclusion

It should be clearly understood that the Defence Production Sharing program is based on the belief that this country has industrial resources and competence which make it possible for it to compete successfully in United States defence production programs, given the opportunity. Experience to date confirms that Canada does have the resources and skills that will enable it to contribute effectively to the common defence needs of the two countries. Although Defence Production Sharing has not yet achieved all its objectives, companies that have actively sought and won U.S. contracts have found the effort worthwhile. If Canadian industry is prepared to make the competitive effort needed—an effort that boils down to the time-tested criteria of price, quality and delivery—firms that have the capabilities will find ample opportunities within the defence development and production programs of the United States. ●

Portugal's Overseas Provinces

THEO J. MONTY,
Commercial Counsellor, Lisbon.

THE territory of Goa in India, a Portuguese overseas possession, was a serious loss for Portugal when India annexed it last December. It was a source of iron ore for the new Portuguese steel industry (planned output 250,000 tons), which was being produced at the rate of over 5 million tons; much of this ore was shipped to Japan and Germany. Manganese and ferro-manganese ores were also produced and ore exports were valued at nearly $40 million a year.

Angola

Conditions in Angola improved in 1961, especially towards the end of the year, but it is still too early to predict complete recovery. A record budget has been presented, estimating revenue and expenditure balancing at about 3 billion escudos (approximately $100 million).

In 1961, the province had a favourable trade balance of escudos 606 million, compared with an adverse balance of 104 million in 1960. Most exports—coffee, diamonds, maize, fish, palm oil—increased, although sales abroad of timber, sugar and cotton decreased, because of unsettled conditions in the north of Angola. However, these sales are expected to recover with the improvement of conditions.

The road development program has been speeded up, with 300 million escudos earmarked out of the budget for 1962 and some 4,000 million in the three years. This means the purchase of a considerable amount of construction machinery to fulfill the program. Airport runways are also included.

Port development has taken on increasing momentum. This is true especially of Mocamedes, with facilities for ore handling and shipping, especially of iron ore to replace supplies from Goa. This has given impetus to rail and road construction and mining development and has stimulated mineral and oil prospecting. Oil output has increased, with an export surplus of crude shipped to Metropolitan Portugal.

The policy governing trade is linked with and co-ordinated with that of Metropolitan Portugal, with the idea of gradual integration of the economies, pooling exchange in a common escudo fund from which exchange is made available for dollar purchases, which currently are restricted to essential commodities.

Mozambique

Mozambique appears to have been affected by events in Angola, which created an element of uncertainty and influenced trade.

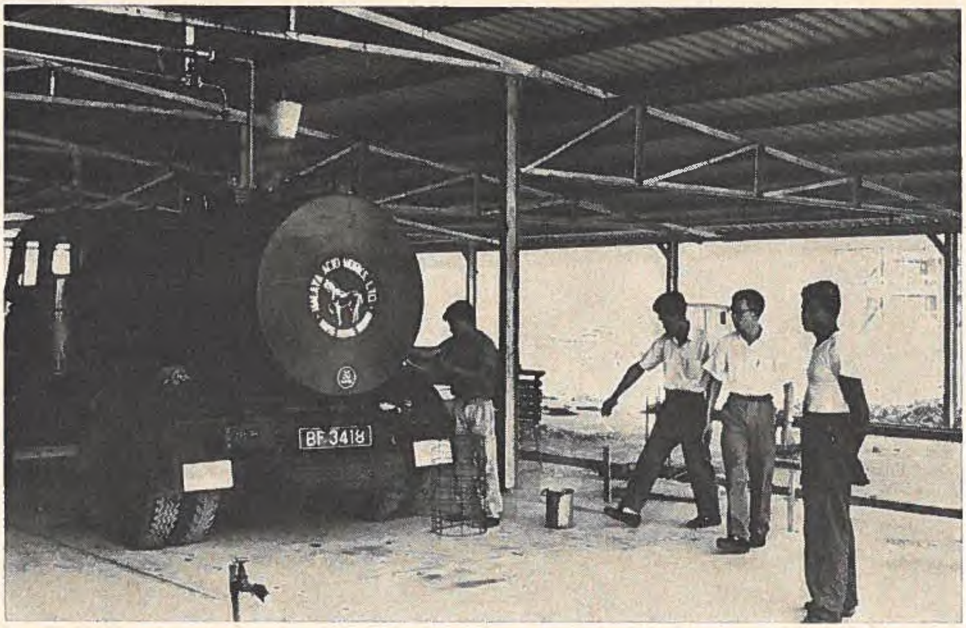
After the annexation of Goa by India, Indian nationals (merchants and traders)in Mozambique were interned. Mozambique, contrary to Angola, normally runs a deficit in its balance of trade of some $60 million. This deficit is generally made up by port and railway earnings, tourist receipts, earnings of native labour in foreign lands, transit of goods to the Rhodesias, and so on; these returns have fallen short.

In spite of this, industry is expanding slowly under the impetus of the Development Plans. Construction and improvement of roads, harbours and airports absorb the major portion, some 36 per cent, of development loans. The settlement of immigrants on land, the development of resources, education and health absorb close to 50 per cent.

The main ports—Beira and Lourenço Marques—are expanding their cargo-handling facilities. A new oil pipeline is to carry crude oil to Rhodesia from the seaport of Beira. The building of dams, the settlement of populations, and the development of mines are all part of development plans.

Compared with Angola's budget (some 3 billion escudos), Mozambique's budgetary surplus last year (1961) of 3 million escudos is expected to increase to 24.3 million escudos for 1962 with revenue estimated at 3,969 million escudos and expenditures at 3,944 million.

Trade has fallen off recently and import restrictions have been increased on dollar goods. The result was a sharp drop in Mozambique's purchases from Canada last year and these are more and more limited to essentials. Purchases by Angola doubled last year to some $160,000. Imports come mainly from Metropolitan Portugal (29 per cent), Britain (16), and South Africa (14). Portugal takes the lion's share of exports (48 per cent). With the gradual removal of duties on goods originating in Portugal during the next ten years, this trend is likely to increase. ●



Impressive development of industry in Malaya has stimulated demand for Canadian raw materials. This truck is loaded with fuming sulphuric acid, made from Canadian sulphur.

Malaya's Industry Expands

New industry is appearing fast in Malaya, encouraged by government legislation that provides tax benefits to investors and by the development of industrial estates. Canadian suppliers of raw materials, components and machinery will find improving markets there.

KEITH O. HILLYER, *Assistant Trade Commissioner, Singapore.*

ON May 12 the Minister of Commerce and Industry of the Federation of Malaya opened a Made-in-Malaya Trade Fair, which displayed products now being made in the Federation. The displays proved once again that the economic theory that industrial nations exchange capital goods for the raw materials of underdeveloped areas can no longer be strictly applied to Asian markets. Industrial development is as much a key word in government planning in the Far East as it is in Canada. Canadian exporters of raw materials, semi-manufactured goods and capital equipment should re-examine the markets for their products in the East, particularly in the Federation of Malaya, where industrial development is booming and opportunities appear almost daily.

Diversification the Aim

Malaya, like many underdeveloped areas, depends for its economic well-being on only two exports—rubber and tin. Economists estimate that a fall of one cent in the price of rubber on world markets can reduce Malaya's export earnings by $16 million and government revenue by $2 million. The prime objective of the Federation's economic planners has therefore been to reduce and in time overcome this dependence by diversifying production and broadening the country's economic base. Though much effort is going into the development for export of other agricultural commodities besides rubber and into finding untapped natural resources, the trend that offers most hope is the rapid growth of industry.

The effect that industrial development has had on the pattern of imports into the Federation is easily demonstrated. In 1958, imports of machinery and transportation equipment, both of which are important in the growth of an industrial economy, comprised 13.4 per cent by value of Malaya's total imports. By 1961, the figure had risen to 17.5 per cent. Or to view the matter from the other side, imports of fuels and lubricants, which totalled 8.1 per cent by value of all imports in 1958, dropped to 6.4 per cent by 1961 after Malaya's first oil refinery was opened.

The Government of the Federation has championed private enterprise and fostered the investment of foreign capital in new industry, but probably the greatest inducement to capital has been the country's stable yet expanding economy. This has provided each new industry with a rapidly growing home market, and the economic stability has insured local industrialists against restrictive legislation.

Another attraction has been the Pioneer Industry (Relief from Income Tax) Ordinance which provides tax benefits in the first five years of operation of a company manufacturing a product new to the Malayan economy. Any company, local or foreign, that invests up to M$100,000 is entitled to two years' relief from the 40 per cent company tax. Above M$100,000 but under M$250,000, the investor gets three years' relief and the full period is granted to a company with an investment of over M$250,000. The Government also provides new industries with a measure of protection against imports and allows duty reductions or remissions on raw materials and components if justified. Pioneer status is eagerly sought and jealously guarded by new companies. By the end of 1961, 56 firms had been declared pioneer industries. These firms are making 285 products that have never been manufactured in Malaya before. Their nominal capital totals over Can.$76 million, most of which has come from abroad.

Industrial Estates Set Up

The area in the Federation that best illustrates this industrial growth is the town of Petaling Jaya, about seven miles from Kuala Lumpur, Malaya's capital. Originally it was the small village of a rubber estate which the Government undertook to develop into a small town with low-cost housing for some of the capital's population. In 1954 the Government set aside 450 acres as an industrial area. Factory sites serviced with roads, water, sewerage and electricity were offered to industry on 99-year leases at nine cents a square foot. A self-contained community of 20,000 people was planned, including homes, shopping centres, schools, hospitals, and places of worship. Now, only eight years later, over 33,000 people are living in Petaling Jaya. All the industrial sites have been taken and over 72 different industries are in operation. The list of products currently being or soon to be manufactured there includes:

Paints
Acids
Toothpaste
Furniture
Canned milk
Asbestos-cement products
Cardboard containers
Aluminum circles
Surgical dressings
Dry-cell batteries
Electric cable
Plastic goods
Infant foods
Air-conditioning units
Cigarettes
Animal feeds
Galvanized iron sheets

The development of Petaling Jaya has been so successful that five new industrial areas are planned. The most promising of these is the Tasek estate outside Ipoh, Malaya's mining capital. Over 370 acres serviced by road and rail and only 60 miles from a new Malayan port have been set aside for new industry. Though the estate is barely two years old, a steel and concrete pipe factory, an alcohol plant, a furniture plant, an industrial gas unit and a cement plant are either in production or being built. The other four estates are located in other parts of the country. In addition, industries are under development near Malaya's two ports, Port Swettenham and Penang. Plans for a new iron and steel mill were announced recently. One oil refinery is currently in operation and another is being built. Planned are several flour mills. In the Industrial Development Division of the Ministry of Commerce and Industry, over 200 serious applications for the construction of manufacturing plants await investigation.

Such industrial expansion here means good opportunities for Canadian suppliers of industrial materials. Though all the industries listed above may not be a market for Canadian exporters because some of them are closely controlled by parent organizations in other parts of the world, some have already bought from Canada and others are currently examining Canadian samples and prices. Two notable examples are a small acid plant, whose last three shipments of sulphur have come from Canada, and several plastic manufacturers whose imports from Canada of plastic in pellets and granules rose from 70 cwt. in 1959 to 1,300 cwt. in 1961.

Sales Prospects Good

Though current shipments may be small, plans for industrial growth in Malaya are big and Canadian exporters will double and treble sales as production increases at the local factories. Petaling Jaya's acid producer will put a formic acid plant into production next year; its planned consumption of sulphuric acid will absorb completely the capacity of the present plant. Consumption of sulphur will almost double to over 3,000 tons a year.

Because many of the local industries will manufacture goods similar to some now imported, Canadian exporters of small consumer goods may face restrictions in the future. But the growing demand for materials, components and industrial machinery will more than offset any decline.

Competition will be keen, for Malaya is a market equally accessible to all industrial nations. Trade missions and fairs from major exporting nations appear in the area every week. Few products enjoy Commonwealth tariff preference. Canadian business must land the right goods at the right price at the right time.

A quick check with the Canadian Trade Commissioner in Singapore will tell you whether your raw material, component or machine is required in Malaya's industrial growth. If it is, it could mean increased exports for you immediately. ●

What's current in commodities?

Jewellery

Switzerland—The Swiss prefer jewellery of simple, fine design; catering to their tastes could mean winning a share of the market for imitation jewellery and jewellery of precious metals, etc., now dominated by European suppliers.

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

IN 1961 Switzerland imported precious and semi-precious stones and metals and jewellery worth approximately $77.8 million, an increase of 34.5 per cent over 1960, when imports totalled $58.3 million. What did these imports consist of? Where did they come from? What is their importance in the domestic industry? Answering these questions may help Canadian exporters interested in selling their products here.

Domestic Output

Statistics on Switzerland's output of semi-manufactured and manufactured precious and semi-precious stones and metals and jewellery are not available. It is known that all unwrought stones and metals are imported. One of the largest production sectors of the industry consists of about thirty firms that make watch bracelets. Nineteen companies, including some of the former, make other jewellery, as do well over a hundred retailers who manufacture it on their own premises. Three diamond cutters produce finished stones, and another ten firms, mostly jewellery manufacturers, cut precious and semi-precious stones. Imitation jewellery is also manufactured in Switzerland and most of the ten firms engaged in its production are in the western French-speaking region of the country.

The leading imports in this field are, as mentioned before and as Table I shows, unwrought stones and metals. West Germany and Austria dominate the market for imitation jewellery (Canada also has had some success). Germany supplies nearly half the imports of jewellery made of precious metals; Italy and France are important sources too. The third classification in which Canada has had some success includes cutlery and goldsmiths' and silversmiths' wares of precious metal. Germany supplies about one-third of this market.

TABLE I

SWITZERLAND'S JEWELLERY IMPORTS

	1960	1961
	(Swiss francs '000)*	
Precious and semi-precious stones	128,991.7	164,943.5
Jewellery of precious metal	52,928.8	60,687.7
Unwrought and semi-manufactured silver	17,690.7	54,068.7
Articles with precious or semi-precious stones	8,700.6	12,898.8
Unwrought and semi-manufactured gold	8,356.5	10,461.2
Imitation jewellery	5,778.8	6,892.8
Unwrought and semi-manufactured platinum	6,426.2	5,906.9
Cutlery and goldsmiths' and silversmiths' wares of precious metals	2,469.0	3,138.8
Precious metal waste and scrap	7,628.4	1,130.8
Total	**238,970.6**	**320,129.4**

*Can. $1.00=SFr.4.10.

Canada's sales to Switzerland are set out in Table II.

TABLE II

CANADIAN JEWELLERY EXPORTS TO SWITZERLAND

	1960	1961
	(Swiss francs '000)	
Imitation jewellery	11.3	....
Jewellery of precious metal	12.4	9.8
Cutlery, goldsmiths' and silversmiths' wares of precious metal	.2	7.9

Switzerland is a major exporter of precious and semi-precious stones and metals and jewellery. In 1961, exports totalled SFr.260.4 million (Can.$63.5 million), compared with SFr.213.6 million (Can.$52.1 million) in 1960. Major customers were West Germany, France, the United States, and Britain. Canadian purchases in 1961 totalled SFr.315,221 (Can.$76,883), a decline from SFr.930,629 (Can.$226,-983) in 1960.

Entering the Market

Canadian exporters who wish to try their fortunes in Switzerland should understand the Swiss tastes and preferences in the jewellery field. The Swiss usually prefer jewellery, cutlery, etc., with European styling and buy mainly from West German, French and Italian firms, though Japan is a major supplier of jewellery containing pearls and the United States of watchbands. At present, jewellery with a satin finish and in coloured gold is much in demand.

It is difficult to describe exactly the differences between European and North American styling. Generally speaking, the Swiss consider Canadian designs too heavy and ornate; they look for greater sim-

TABLE III

SWITZERLAND: IMPORT DUTIES

	Swiss francs per kg. gross		
Precious and semi-precious stones	12.00		
Unwrought and semi-manufactured silver	1.00	to	0.10
Unwrought and semi-manufactured gold	10.00	"	free
Unwrought and semi-manufactured platinum	20.00	"	1.00
Precious metal waste and scrap	0.10		
Jewellery of precious metal	50.00	to	8.00
Cutlery and goldsmiths' and silversmiths' wares of precious metal	50.00	"	2.00
Goods incorporating precious or semi-precious stones	50.00	"	10.00
Imitation jewellery	4.00		

plicity and emphasize fineness of design. The mere adaptation of Canadian or North American styles is not usually successful. The market demands quality and most manufacturers who have explored possibilities here have found that Canadian workmanship is most acceptable. Any inability to offer the preferred designs and styles and competitive prices will adversely affect export opportunities, however.

Canadian manufacturers interested in this big market for precious and semi-precious stones and metals and for jewellery should:

- Offer goods designed for Swiss tastes.
- Quote c.i.f. export prices.
- Show samples to Swiss importers periodically.
- Understand the duty rates and import restrictions.

Tariffs and Controls

Switzerland maintains a specific tariff, and import duties are charged according to weight. For the products shown in Table I duties are charged per kilogram (approximately 2.2 pounds) gross weight, which includes all packing. The range of the duties is shown in Table III. Except for a few exceptions where the normal tariff is charged, goods originating in the other EFTA countries are subject to duties that are at present 40 per cent below those given in the table.

The Swiss director general of customs administers the regulations that cover imports of goods containing precious metals. The regulations provide that only articles made of precious metals of the following finenesses may be imported:

Gold	750/1000	(or 18 carats)
	585/1000	(or 14 carats)
Silver	925/1000	
	800/1000	
Platinum	950/1000	

There is no allowance permitted below or above the prescribed finenesses. Some exporters to Switzerland do offer, however, gold jewellery with a fineness of 752/1000 to be absolutely certain that it will pass inspection and testing by the Swiss authorities. The regulations also stipulate how finenesses and hallmarks should be stamped on goods. Articles must bear the hallmark of either the Swiss importer or the foreign manufacturer, and these hallmarks must be registered in advance with the director general of customs. Failure to comply fully with regulations results in the impounding of goods and their return to the shipper at his expense on the first occasion; on subsequent offences the goods are destroyed without recourse.

The information this article contains will give Canadian exporters a clearer view of the Swiss market for their products and how to enter it. The Commercial Counsellor, Canadian Embassy, Kirchenfeldstrasse 88, Berne, Switzerland, has detailed statistics on jewellery imports into Switzerland, by classification and source. Canadian manufacturers who wish further information or who would like introductions to Swiss importers should write the Berne office and make their needs known. A copy of the regulations governing imports of goods containing precious metals can be furnished at nominal cost. ●

Processed Fruits and Vegetables

Britain—Canada's sales of canned fruits and vegetables to Britain have increased rapidly; this market should continue to grow as population expands and living standards improve.

W. M. MINER, *Assistant Agricultural Secretary, London.*

A glance at the size of the British food market is usually enough to excite the interest of most Canadian exporters of processed fruit and vegetables. Here are a few facts:

- Britain is the world's largest importer of fruits and vegetables.
- It has 52 million people concentrated in an area smaller in size than the Great Lakes.
- The British have similar tastes to our own; they enjoy a rising standard of living and demand for "convenience" foods is increasing.
- Networks of modern retail outlets and supermarkets are expanding rapidly; one leading food chain is Canadian-owned.
- The British have a sincere liking for Canada and its products.

Some recent statistics help give a clearer picture of food preferences and shopping habits in Britain:

TABLE I

BRITISH FRUIT AND VEGETABLE CONSUMPTION

	1959	1960	1961
	(long tons '000)		
Fruit			
Canned and bottled, domestic	107.5	83.9	86.6
Canned and bottled, imports	290.3	325.8	345.7
Frozen, domestic	1.0	.9	1.2
Frozen, imports	*	*	3.0
Vegetables			
Canned, domestic	562.4	555.3	561.6
Canned, imports	126.0	136.9	134.3
Frozen, domestic	42.0	57.6	68.0
Frozen, imports	13.5	20.6	18.9

Source: The Fruit and Vegetable Canning and Quick Freezing Research Association.

*Statistics not collected.

TABLE II—CANADIAN PROCESSED FRUIT AND VEGETABLE EXPORTS TO BRITAIN

	1960	1961
	(pounds '000)	
Fruit		
Apples, canned	736.1	3,494.6
Pears, canned	448.0	1,848.8
Peaches, canned	319.1	393.4
Fruits and products, canned, n.e.s.	99.3	516.1
Jams, jellies, preserves, canned	1.4	53.2
Vegetables		
Vegetables, frozen	3,008.3	2,462.1
Tomato juice	4,527.9	8,722.0
Corn, canned	486.4	3,067.2
Pickles and relishes	124.0	1,213.7
Sauces and dressings	1,457.2	966.3
Peas, canned	366.6	590.7
Tomatoes, canned	15.3	51.9

Source: DBS.

1. Consumption of canned vegetables in 1961 totalled 29.9 pounds per capita, of canned fruit 18.4.

2. The average housewife spends about $18 per person a month on food; an estimated one-sixth of this goes into buying fresh and processed fruit and vegetables.

3. Convenience-type foods represent 20 per cent of total food outlay.

4. One in six homes has a refrigerator, but many refrigerators lack deep-freeze compartments.

5. Shopping is done mainly day to day or every two or three days.

Britain's imports of canned fruit and vegetables reach an average of 475,000 tons a year. During 1961 the British purchased 345,000 tons of canned and bottled fruit from overseas, and 135,000 tons of canned vegetables. An outstanding recent development has been the increase in frozen fruit and vegetable sales, which domestic processors and importers are sharing. Table I shows the size of the market for processed fruit and vegetables and gives statistics on domestic versus foreign suppliers. Canadian sales to the market in 1960 and 1961 are given in Table II; these figures do not include our exports of canned apple juice, which totalled 32,248 gallons in 1961, or of soups, tomato pulp and paste, which reach a sizable volume each year.

Canned Vegetables and Fruit

Britain's imports of canned vegetables have remained relatively constant in recent years, indicating the competitive strength of the domestic industry. Canned tomatoes in various forms are the major import, with Italy the principal source. Other important imports include beans in pod, corn, peas and soups. Last year Canada supplied over one-half the canned corn imports and an increased volume of tomato juice, peas, pickles and relishes.

The principal canned fruit imports of interest to Canada are peaches, pears, fruit salad and solid-pack apples, followed by apricots, plums and cherries. Main suppliers of all types of processed fruits are Australia, South Africa, and the United States. Trade has risen in the past few years and reached a peak in 1961. Canada's exports of canned and preserved fruits all increased, with the exception of canned peaches.

Frozen Fruit and Vegetables

Consumption of frozen foods is rising fast but the level remains below Canada and the United States. In 1961 imports of frozen vegetables totalled some 19,000 tons but frozen fruit imports were much smaller. Main suppliers of frozen vegetables were Sweden, the Netherlands, the United States, Belgium and Canada. Frozen peas are the main import but last year this trade, which accounts for most of our sales, declined by approximately 20 per cent.

Market Prospects

The market in Britain for these processed foods should continue to grow because of the expanding population and the progressively higher standard of living. The expansion of food chains, supermarkets and modern grocery stores and the cumulative effect of intensified food-selling campaigns have promoted the sale of a broader range of processed foods. The English housewife now looks for a wider selection of convenience foods, particularly in frozen packs.

Market prospects for Canadian producers appear favourable under the existing tariff structure. The outcome of Britain's approach to the Common Market holds the key to long-term trade prospects for some commodities. In addition, other countries which now sell established lines in volume present severe competition. They offer products of comparable quality and have adopted modern merchandising methods, supported by keen pricing and terms. Retailers are receptive to new lines but limited shelf space hinders their ability to experiment with other products. A serious selling campaign is needed to penetrate this highly competitive market. ●

In the first five minutes of the Toronto Samples Show, Sol Polk, president of Polk Brothers in Chicago (right), placed a big order for this line of stoves. Here he discusses the general design and special features with a representative of the Canadian manufacturer.

How Samples Shows Sell Consumer* Goods

What is a Canadian Samples Show?

Why should my company participate?

How can we get the most out of it?

For the answers—read on.

*Anything that can be sold in a department store.

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

THEY came as guests of the Canadian Government to get acquainted, to appraise our products, to talk business, probably to buy. No distractions, no pressure of other appointments. For two days last May, 123 merchandising executives and buyers from big department stores and retail buying organizations in New York, Chicago, St. Louis, Philadelphia, and neighbouring U.S. cities were in Toronto for one purpose—to see what 122 Canadian companies had to offer them. A month later, in Montreal, 128 U.S. buyers arrived at the Showmart to discover what another 135 Canadian firms stood ready to sell them.

The Department of Trade and Commerce, which brought the buyers to Toronto and Montreal by special charter flights and entertained them during their two-day stay, called these two exercises in marketing *Canadian Samples Shows*. Firms in Ontario and Quebec making products that could be sold in department or specialty stores were invited to reserve space (at $250.00 per booth) and try their hand at selling to the richest retail market in the world. Buyers from the biggest names in U.S. retailing were there—Abercrombie & Fitch, Polk Brothers, Macy's, Gimbel Bros., Montgomery Ward, Allied Purchasing, Yards, Strawbridge & Clothier, and many more—a captive audience, with 48 hours to spend assessing what the Canadians had to offer.

Following this first venture, two more Canadian Samples Shows are planned for October—October 2 in Winnipeg and October 16 in Vancouver; manufacturers from Port Arthur west will have their opportunity to participate. The Provincial Governments will be responsible for obtaining the exhibitors and the Department of Trade and Commerce will, as before, bring the U.S. buyers to Canada; both will entertain them. Companies interested in participating should get their applications in at least a month before the shows take place so that they will be properly listed in the catalogue and buyers of their lines in the U.S. can be invited to attend.

Why a Samples Show?

Why are these exhibits known as Samples Shows? Has the name a special significance? Just as a travelling salesman takes a room in a hotel and invites buyers in to look at his goods, so a company can take space in a Samples Show and display a representative sampling of its line. The best possible atmosphere for transacting business is assured in two ways. First, the buyers come to Canada as guests and second, the general public is not admitted to these shows because their presence would distract both buyer and seller. To make things simpler for the visitors and to save their time, products similar in nature are grouped together—clothing, housewares, furniture, giftware, and so on.

Some Booked Orders

The companies that took part in the first two Samples Shows obtained results in varying kind and degree. The products they had on display were diverse and so were their experiences: some benefited in one way and some in another. Those who made immediate sales naturally received the most publicity. Within five minutes after the Toronto show opened, a stove manufacturer landed a $35,000 order from Polk Brothers of Chicago. A maker of low-priced teapots sold half a million of them to the tune of $75,000; a company that specializes in pewter beer mugs sold the remainder of its year's production; a manufacturer of canvas furniture said he made "a terrific clean-up"; a firm turning out men's shoes booked orders worth several thousands. The list of products sold on the spot ran the gamut from original Eskimo carvings to pants hangers, and from tartan slacks to children's desks. One buyer was spotted on his way to the airport bus dragging a child's cart with him!

A large number of companies did not sell their goods in volume but succeeded in getting sample or trial orders, with the promise of business to come if their products proved to have consumer appeal and could be priced attractively at retail. One of the merchandisers from John Wanamaker singled out six products in the Montreal show as particularly interesting, either because of unusual design or because they were not available in the U.S. One of these was a fire-warning device for homes, motels and hotels, completely self-contained and maintenance free. The developer of this device received a sample order for 2,000. The Canadian inventor of a small flameless heater for automobiles and boats that operates on the principle of catalytic cracking reported interest on the part of both Montgomery Ward and Sears Roebuck; several buyers, in fact, departed with a sample heater. An Ontario firm was asked to quote on 5,000 of its children's sleds; an electrical manufacturer obtained trial orders for an electric kettle of improved design; the makers of a baby exerciser did a very satisfying amount of business. And these are only a few examples.

Some Made Contacts

A third group of companies scored in another way: most of them did not receive either volume or sample orders but they did make contacts and got good leads worth following up. Contacts, in fact, are probably the biggest dividend from shows like these. One Canadian participant said to a Trade and Commerce official, "I have two good leads and I feel that I got my money's worth." And when he does follow up, he is assured of an entrée to the right buyer. (There is no need to be concerned if the man you talk to at the show is an executive, not a buyer. The buyer will be certain to welcome you on the boss's recommendation.) One executive said to a Canadian at the show, "When you come to New York, come directly to my office. I am not the buyer for this type of merchandise, but I will introduce you to the right man." In the fiercely competitive U.S. retail trade, such an introduction is invaluable. A sportswear firm capitalized on its contacts almost immediately by taking a two-day trip to New York to show its line of girls' car coats. The result: firm sample orders worth $5,000 and a good promise of repeat business.

These contacts made at the shows worked to the advantage of some Canadian firms in another way—they profited from each buyer's knowledge of his particular field and from his suggestions about adapting or modifying their products to appeal to the U.S. consumer. Sometimes the advice covered design, sometimes pricing, and sometimes quality. Often the visitor would single out from the exhibit the two or three products that he considered different and likely to sell. Generally speaking, Canadian exhibitors learned that the U.S. is not interested in buying mass-market products from Canada but something unique and associated with our image in the U.S. mind. One Chicagoan remarked: "An 18-year-old in Chicago would just love to buy a ski outfit with a label marked 'Canada' —the home of skiing champions."

How to Get Business

Orders, trial orders, contacts, good leads, advice on adapting the product—these are the rewards that Canadians reaped from exhibiting at the shows. Most of the successes were not accidental; inquiry disclosed solid reasons for them. Companies thinking about getting into the Winnipeg or Vancouver shows might profitably study these reasons, culled from talks both with exhibitors and buyers.

If you want to get business at a Samples Show, you must:

- **Do your homework beforehand on export pricing and be able to quote duty-paid prices, delivered to a U.S. city.** Break down this price into its components—cost ex factory, duty, customs broker's fees,

What the Buyers Said . . .

- "Half the world can make merchandise cheaper than you people can. Give us what others can't give us—Canadian creativity and quality."
- "I still feel that a large number of manufacturers have not brought their minds seriously to bear on the possibilities for volume business by participating in this type of event."
- "If the manufacturers will give this program some aggressive selling and show a willingness to go after U.S. business, your objectives will be met, with satisfying results."
- "Put a fair price on a real Canadian-styled item and you will find a ready American market."
- "We are inviting several of the manufacturers to visit us at their convenience . . . Our buyers will be asked to extend every courtesy to your Canadian manufacturers."
- "Start to live up to quality, not down to price."
- "Canadian manufacturers do not realize the 170,000,000 population or buying power of the average U.S. citizen. This is a point to bring to their attention."
- "Be offensive. Need explosive-type representatives. Do not be afraid to show what you have. Have brochures and additional information on hand and be ready to take orders."
- "Manufacturers were vague as to duties, brokerage and freight. Their approach to the matter left a question-mark in the buyer's mind."
- "Over-all impressions of Show were excellent. We are going home with a much better understanding of Canadian people and products, and when you understand something, you naturally like it more. I think this trip will prove mutually profitable."
- "This show cannot be judged on the amount of orders placed. Exposure to new ideas and companies will result in many new long-term business relationships."
- "Be sure you have the sources follow through by visit or keep in contact with the U.S. buyers."
- "A base has been established for future growth."

insurance, transportation, etc., then you don't pay duty on the incidental charges. If you need help with problems of duty, consult the U.S. desk of the Department of Trade and Commerce, consult customs brokers familiar with the U.S. trade, or consult U.S. Customs appraisers at points like Minneapolis and Seattle. A U.S. Customs appraiser came to both the Montreal and Toronto shows. You make a better impression, however, if you get the matter settled before a buyer talks to you and not after. A number of buyers commented that firms were "vague about prices."

It is also useful if you can figure out in advance how much you can shade your prices for volume orders. Several buyers brought up this point. One said: "One area that universally did not seem to be understood was, for a volume order, what kind of concession they could legitimately and safely give us without jeopardizing their own profit margins." Others felt that information on prices sometimes had to be "prised" out of exhibitors.

• **In choosing and arranging your display, put in enough products to illustrate the scope and variety of your operation.** Don't leave out a potential creator of business. One company at the Toronto show did not include its enamelware, was asked about it, and repaired the omission at the Montreal show. Here again the buyers had a comment: "Exhibitors should in some way project the full scope of their operations and products . . . Use photos of plants, etc., as background." In some fields, don't just show fall or spring lines; show complete lines. Invite the buyer to come and visit your plant when he can.

• **Be aggressive about getting the buyers to come and examine your exhibit.** This is no time to be a shrinking violet. Sol Polk, president of Polk Brothers, Chicago, put this pithily at the dinner given to the visitors in Toronto by the Minister of Trade and Commerce. "For God's sake, SELL us—give us the hard sell. Get out in the aisles and buttonhole us." The next morning, an exhibitor came up to him and said, "Mr. Polk, you told us to sell you. All right, come over and see what I have to offer." The result? He sold Polk some $50,000 worth of Gard-N-Stiks, a form of fertilizer. A firm that was promoting a new kind of chemical deodorizer had pretty girls standing in front of the booth, and no one got by without being offered a sample of the product. (Thirty-two buyers came to talk to the company representative about his deodorizer and he has many contacts to follow up.) "A bit timid in sales approach" was a general comment. If you need an extra person on staff so that someone will be in the booth and someone out looking for the buyers, bring him (or her) along. And don't leave your booth unmanned. The twenty minutes you are away getting a cup of coffee may cost you an order.

• **Stress what is truly Canadian about your products—concept, design, materials used, and so on.** Over and over the buyers emphasized that they were looking for the fresh and different—"products that most people would think to be a natural part of Canadian life and tradition." They did not want pale copies of American products. This doesn't mean that only skiwear, Eskimo carvings and sealskin moccasins will sell. Good design will not go unnoticed; it sold stoves and electric kettles, children's furniture, fur hats, an air-cooled outboard motor, and many other things. Emphasize quality rather than price; millions of U.S. customers have the money to buy something that takes their fancy because it is different even if it does cost a bit more.

• **Don't refuse to sell sample orders on the spot, and don't refer the buyer to your agent.** If you do, the inquiry won't lead to anything, as one manufacturer at the Toronto show found out. As emphasized already, sample orders may be the key to really worthwhile business.

• **Be prepared to give a precise answer to any question about delivery. Equally important, live up to any delivery promises you make.** One sportswear firm made an excellent impression because it was able to promise delivery of orders for women's worsted tartan slacks within a week and delivery of orders for other lines within two weeks. Meeting delivery dates may be a problem at first but it will pay. One textile firm remarked, "If we can co-ordinate their buying periods with our production and sales periods, I believe there will be a good market in the U.S. for us."

• **Follow up the contacts that you make and the leads that you obtain at the show right away.** Don't look on this as a one-shot venture. One of the Americans suggested that exhibitors were too anxious to write business on the spot, instead of using the show as a means towards the ultimate consummation of business. A Samples Show affords an unusual opportunity to learn (and from the men who know him best—hard-headed department store buyers) what the American consumer wants and what products may fill these wants. "A lot of you people," remarked one typical buyer, "don't realize that the consumer is king in America and we are his slaves." Americans won't buy from a Canadian unless he goes down and sells them. Exhibitors at the shows this spring who visited the market almost immediately after have already obtained good orders. If you can't do this personal canvass right away, write, and write at once—and make sure that all correspondence with buyers is answered immediately. When you do visit, it will help if you call first at the nearest Trade Commissioner's office; he can advise you.

• **Keep on learning about the U.S. market when the show is over.** Better still, start this learning process before the show begins. Read U.S. mail-order catalogues and trade journals published in the U.S. that cover your field. When you go to New York, Chicago, or other U.S. cities, visit the stores and find out what foreign competition you have to beat.

Climate of Goodwill

One other aspect of the Samples Shows needs emphasizing—the impression of Canada that the buyers received and the goodwill towards Canadian manufacturers that the shows fostered. A merchandising executive to whom I talked pointed out that American buyers are accustomed to making trips to New York and to California, to Britain and to Western Europe, looking for new things to sell in their stores. Most of them had not thought of looking to Canada and the shows had opened up a new source of supply. On his return to St. Louis, an executive of Nat Gavender Inc. sent out to over 100 associate stores a bulletin that was in effect a report on the Samples Shows. "This general release," it began, "is intended primarily to get our store principals thinking in terms of the Canadian market." The circular stressed the effect on prices of the devalued Canadian dollar and listed certain items seen at the shows as having "good volume possibilities at better-than-average markup." One man with a special interest in furniture reported to a Trade Commissioner at the Montreal show: "I will personally see to it that the members of the various furniture organizations to which I belong are told about the very good selling possibilities that merchandise made by the Canadian furniture manufacturers has." Another executive in a letter to buyers said: "We are having some samples sent in and will report further details by general bulletins and showing of samples, as we receive them, to store buyers. We believe that this important effort of our Canadian neighbours deserves our interest and support."

The climate for selling consumer goods in the United States has probably never been better. If your company has already participated in a Samples Show or intends to enter one this fall, you will want to take to heart this advice from the vice-president and general manager of a big buying organization that sells to retailers across the United States. He made three points:

Contact—follow up leads obtained at these shows.

Concentrate—build on the foundation of original sales and increase sales.

Construct—quality products offering quality and price too.

And, as a last word, one man's comment: "Don't be afraid of the American market. Create something new, exciting, with romance about it and a style that is superior and we'll buy it—for sure!" ●

A sportswear buyer (second from left) and a gift buyer (second from right) from Bramson, Chicago, examine what a Canadian firm has to offer in fur hats, favourites of fashion this year. The firm, participating in the Toronto show, also offered fur gloves. Two of its representatives stand ready to answer the buyers' questions.

New York Buys Christmas Trees

Last year over forty million Christmas trees valued at $83 million were sold in the United States; nearly 25 per cent came from Canada. New York State has for years been a major outlet for Canadian producers. Here is information on what the New Yorker wants.

F. IAN WOOD, *Assistant Trade Commissioner, New York.*

CHRISTMAS trees are big business during one month of each year. Over 40 million trees of three dozen species were distributed in the United States in each of the last two seasons. Of these, some 10 million came from Canada. Recently released figures on Christmas-tree production in the U.S. show a remarkable increase in value of output. Stumpage value in 1960 was close to $20 million ($13 million in 1955); wholesale value totalled $36 million ($25 million in 1955) and retail value was a staggering $83 million ($47 million in 1955). Much of this rise is attributed to the growing popularity of quality, plantation-grown Scotch and Norway pine, which command high prices. In the last decade or so, production of Scotch pine has multiplied nearly seven times and it is now second on the list in numbers harvested. Douglas fir still holds first place by a good margin, with balsam fir and Norway pine in third and fourth places. These four species account for two-thirds of total U.S. production of Christmas trees.

The New York Market

New York state is a major regional outlet for the most popular of all symbols of the spirit of Christmas. Annual sales far outstrip the number of trees actually harvested in the state and Canadian producers have capitalized on this situation to become the chief out-of-state suppliers. A large proportion of the 2,150 carloads of trees we exported to the United States last year went to New York. As usual, shopping centres, flower shops, fruit stands, gas stations and even mail-order houses entered the retail picture. Proportionately few were fortunate enough to have a good season. The others were left to feed the sacrificial fires with their unsold trees.

Quality: Key to Success

The 1961 season in the Empire State got off to a slow start. Initially the unseasonably warm weather, which extended far into the cutting season, was blamed. Many wholesalers feared this would encourage an over-supply of trees and purchases remained light. Few volume sales had been recorded by mid-November, although quality trees provided the exception and demand for premium grades remained firm. Wholesale marketing conditions improved in the latter half of November and early December but poor trees continued to suffer.

Pre-season indications of a good season for retailers failed to be borne out. Early optimism, fostered by the appearance of fewer trees on a decreasing number of retail lots, gave way to disappointment when the usually big sales of mid-December did not develop. Dealers in "junk" trees blamed poor sales on high prices and hoped for a last-minute buying spree when prices were lowered. A few days before Christmas it was obvious that many retailers would wind up the season with most of their poorer trees still on hand.

Though some dealers felt the pinch, experienced wholesalers, retailers and retail producers who concentrated on quality enjoyed a generally brisk trade. Volume was down markedly but supplies were in much better balance with demand than in previous years. Higher prices prevailed, with the result that selective dealers had a profitable season.

New York City—Supplies were generally moderate, with receipts totalling 205 cars, down 126 from the 1960 season. Truck receipts, though not recorded, were up from previous years. Balsam fir was the big seller, followed by Scotch pine from Ontario, New York and Pennsylvania. There was very little spruce sold. The major proportion of the balsam fir came from Nova Scotia and quality was generally good.

WHOLESALE PRICES

Nova Scotia	
1-10's, mostly 2-6's	$5.50-$6.50
Best selected	7.50- 8.50
Fair quality	4.00- 4.50
Quebec	
1-6's	$4.00-$4.75
Some best	5.00- 5.50
Ordinary quality	2.00

Syracuse—There were 259 loads of trees on the central New York regional market. Scotch pine, balsam and spruce sold well. Sheared Scotch pine started at $2.00 and Douglas fir at $3.00. Other varieties sold from $1.25 up, depending on size and quantities. Retail prices were practically double wholesale.

Utica—Varieties consisted largely of Scotch pine, balsam and low-cost native spruce. Scotch pine sales are now estimated at 40 per cent of the total. Retail prices were double wholesale.

WHOLESALE PRICES

Scotch pine	$2.00-$3.00
Balsam	1.50- 2.50
Spruce	1.25- 2.00

Rochester—Scotch pine continued to be the most popular tree, principally because it was the most plentiful. Demand for white spruce was excellent. Douglas fir remained the prestige tree. Prices were about the same as in Syracuse. Sales of artificial trees, coupled with receipts of a large proportion of "junk" trees, had a depressing effect on the fresh-tree market.

Buffalo—Receipts were relatively light. Quality was for the most part high for all varieties. Scotch pine monopolized sales, accounting for 85 per cent of the market. Canadian balsam was limited to a partial unload in Buffalo, but sold well.

WHOLESALE PRICES

Scotch pine	6′ - 7′	$1.50
Spruce	6′ - 8′	1.75-2.00
Douglas fir	6′ - 8′	5.00-8.00

(Retail prices for a 6-foot Scotch pine averaged $4.50-$5.00.)

Artificial Trees a Problem

The appearance of the artificial or processed Christmas tree has caused growing concern in recent years. A tremendous surge in sales of these trees during 1961 led worried producers, wholesalers and retailers to brand the artificial tree a serious threat to the fresh-tree industry. Until recently, artificial trees were looked upon as expensive promotion pieces to be used in public buildings and display windows where stringent fire laws applied. Considerable pre-season advertising by department, chain and discount stores, however, turned consumer attention to many types and sizes of low-cost artificial trees. In urban areas the apartment dweller especially was quick to cash in on the convenience and durability of the manufactured tree. The share of the artificial type in total Christmas tree sales is unknown, but inroads on the fresh-tree market ran as high as 20 to 30 per cent in some areas of New York.

A Hint to Producers

The results of the 1961 season have made the local wholesaler more quality-conscious than ever before. To service a competitive market that is selling fewer trees (e.g., New York City, consumption down 56 per cent from 1957), local wholesalers will be more careful in their buying when negotiating with Canadian producers later this summer. A concerted effort should be made to silence the complaint that a number of Canadian trees sold in New York are cut without much attention to quality. A significant factor in the light sale of balsam last year was the high percentage of waste trees per shipment. Not only do these trees have a depressing effect upon the buyer but they take up valuable space and often have to be disposed of at the end of the season.

In addition, Canadian shippers should select species carefully. Most evergreens are used for Christmas trees but some command better prices than others. There is no one best type of tree, but preference in New York State seems to run to Scotch pine, balsam fir, Douglas fir and white spruce.

The popular-sized trees last year were from six to eight feet tall. In New York City, however, quality trees in the four to five-foot size sold fairly well, especially for use in small apartments. More attention to the relationship between sizes and demand might mean more sales.

Another phase of the industry that warrants attention is the use of evergreen boughs for wreaths, door sprays and roping. These products, with sales recently estimated at $400,000 a season, are rapidly becoming an added source of revenue. Balsam double-faced 20-to-24-inch wreaths from Maine sold wholesale in New York City at $10-$10.50 a dozen last year. Roping made from Princess pine, 50 yards in length, sold from $11 to $13.

Additional information on the market for Canadian Christmas trees in New York State and the Middle Atlantic area, and the names and addresses of importers, may be obtained from the Deputy Consul General (Commercial), Canadian Consulate General, New York. •

Be Sure It Goes Airmail

TRADE Commissioners in a number of posts are again reporting that letters from Canadian businessmen are reaching them by seamail. This usually means weeks of delay. Some of these letters were probably intended to go airmail but because the postage was insufficient, they were automatically transferred to seamail. Canadian businessmen writing to overseas markets are urged to make sure that the office staff is weighing their letters and putting on the right amount of airmail postage.

COMMODITY NOTES

Aluminum

FRANCE—In preparation for growing demand in the Common Market, three large French companies which supply practically the whole French market for semi-manufactured aluminum products have announced a new co-operative venture to build a plant near Colmar (Haut Rhin) for laminated aluminum sheet. The new company, RHENALU, will have a yearly output of 50,000 metric tons, all of which will be sold in France and Common Market countries. At the present time, aluminum in ingot form is produced by Pechiney and Ugine and the fabrication is effected by Cegedur, Tréfileries & Laminoirs of Le Havre, and Compagnie Française des Métaux—Paris.

Arctic Char

BRITAIN—Ten thousand pounds of Arctic char were recently shipped direct to London and will be distributed by Sedwell and Company, well-known English fish brokers. The order is the result of a small test sample that was sent to Britain last summer. Some 600 pounds were received in London on a trial basis and the char was served in a number of internationally famous restaurants. Enthusiastic comments were received from the diners and these were relayed back to the brokers and eventually to Canada.

Caustic Soda

INDIA—A recent Tariff Commission report on the caustic soda industry reveals that production capacity has risen from 68,270 metric tons in 1958 to 143,900 metric tons in October 1961. By 1964, installed capacity is expected to be 298,900 tons against an estimated demand of 319,000 tons. Even if the planned production increase is achieved on schedule, annual imports of more than 50,000 tons will still be needed. Imports in 1961 totalled 20,105 tons and came principally from Britain, Japan and Hungary.

Production in 1960 reached 97,400 tons divided as follows: solid form 36,353 tons, liquid 55,541 and flakes 5,506. About 46 per cent of output was destined for the rayon industry. Only two firms are manufacturing caustic soda by the chemical process, expensive in India, and it is likely that the electrolytic process will continue to be favoured in new plant construction. Output of liquid chlorine is rising with expanded production of caustic soda; a surplus production of 57,000 tons a year is expected by 1964—New Delhi.

Codfish

SPAIN—The codfish processing industries in Spain are attempting to develop a better organized market by unifying prices and by improving quality. This improvement is necessary to extend export markets. Recently, sales were made to two new markets, Santo Domingo and the Congo, and it is hoped that Greece and Italy will also become customers. Exports are already going to Portugal and France and prospects appear good for a share of the Moroccan and Algerian markets.

The catch this year promises to be good. The arrival of the first fishing boats shows an increase over 1961, with more and larger fish caught. Some 14,000 tons of codfish were exported during 1961 with a total value of 300 million pesetas ($5 million). The group exported nearly 60 per cent of this, and in order to meet the increased demand, has recently decided to build four new drying tunnels in its factory at Pasajes (Guipuzcoa). This will increase output by 50 per cent —Madrid.

Frozen Foods

SWEDEN—The large Swedish chocolate manufacturer AB Marabou, Stockholm, and its Norwegian partner A/S Freia, Oslo, which are running a large and rapidly expanding chain of subsidiary factories for frozen foods of all kinds under the name of Findus, have concluded an agreement with the Swiss Nestlé group. Under this agreement, all Findus enterprises in Scandinavia and elsewhere will be taken over by a newly established company, Findus International S.A., with head office in Switzerland. The purchase price is reported as about $15 million.

The new company will have a share capital of Sfr.175 million, of which Nestlé will own 80 per cent and have three directors and Marabou 20 per cent with two directors.

This pooling of the resources of the Swiss and Scandinavian groups indicates that the rapid expansion in the field of frozen foods in Europe prompts large investments. The turnover of Findus frozen foods, now sold in most West European countries, totalled about 30,000 tons valued at about $22 million last year—Stockholm.

Malt Barley

URUGUAY—Messrs. Fábricas Nacionales de Cerveza S.A., one of the largest producers of beer in Uruguay, has recently sent a consignment of malt barley to Brazil by road. The barley is grown and processed in Uruguay and it is hoped that it will become one of the country's more important exports—Montevideo.

Motorcycles

SPAIN—Industrias Motorizadas Onieva, (ROA), the most important Spanish company manufacturing motorcycles and motorcycle-trucks (a small Spanish-style vehicle for transporting small packages), set up an export division in 1961. During the last year, it took part in international trade fairs in Cairo, Dublin, Bogotá, Lisbon and Santiago de Chile, with very good results.

ROA-Hispano Colombiana, S.A., was established in December 1961 in Pereira (Colombia) and within the next three years, ROA will export to Colombia motorcycles valued at $6.9 million. Some 300 motorcycle-trucks will be sold to Turkey this year. Exports during the first five months of this year have totalled $664,000.

In 1963, ROA will export vehicles to Greece with an annual value of $600,000. Negotiations are going on with Iraq to install in that country a plant to produce 200 motorcycle-trucks daily and exports to Iraq will amount to over $700,000 per year. Samuel McCormick of Ireland has requested the patent for ROA vehicles to manufacture them in England. They will also be sold in Portugal.

Most important is an agreement with Egypt, now in its final stage and expected to be signed by July 15, covering exports with a total value of $4.5 million. This will represent an important increase in Spain's foreign exchange reserves—Madrid.

Oil

DENMARK—Agreement has been reached on a 50-year concession for the exploitation of oil and gas deposits in Denmark. Extensive geological investigations are to be carried out before drilling. Oil and gas have been discovered a little south of the Dano-German frontier, arousing the hope that deposits also extend north—Copenhagen.

Paint

JAPAN—Japanese exports of paints, varnishes and lacquers have been increasing substantially in recent months. Final figures for 1961 show total exports of just over 4,000 tons, valued at close to U.S.$2 million. There are strong indications that in 1962 this figure may rise by as much as 50 per cent but further expansion may be restricted by greater domestic demand. Only about 1 per cent of Japan's paint production is exported but sales to most Southeast Asian countries are rising because of export promotion. Japan also sells small amounts of paint to the United States and Canada. At present, paint consumption in Japan is growing and the country is still importing various types of synthetic resins. In 1961, imports of paints were valued at U.S.$400,000; Canadian sales were negligible —Tokyo.

Papermaking Machines

INDIA—Production of papermaking machinery has begun in India. Three companies may be able to supply annually a total of four-and-a-half plants of 50 tons-a-day capacity, and three other companies may be able to supply a total of four 3-ton plants, nine 5-ton plants and two 10-ton plants—New Delhi.

Petroleum

AUSTRALIA—Australia consumed 10.3 million tons of petroleum products in 1961, 4 per cent more than in the previous year. Exports of refined products increased by 26 per cent to 1.9 million tons; crude oil imports increased by 10 per cent to 12.3 million, and imports of refined products fell by 8 per cent to 1.1 million—Sydney.

Refrigerators

FRANCE—France imported 70,000 domestic refrigerators in the first quarter of 1962, compared with 80,000 in 1961 and 20,000 in 1960. Italy supplied 44,000 and Germany 15,000. Four countries (Germany, Italy, Britain and United States) have set up subsidiary distribution companies in France. Imports are expected to reach 180,000 for the full year—Paris.

Rubber

ITALY—The Pirelli Company will use the "Reclaimator" continuous process in a new factory being built at Pizzighettone, in Cremona province. Patent is held by the United States Rubber Reclaiming Co. of Buffalo, N.Y. The factory will start operation in the spring of 1963 and will be equipped with two "Reclaimator" machines with an annual capacity of 4,200 tons—Rome.

Ships

SPAIN—Empresas Lineas Maritimas Argentinas has awarded Spain a contract to build eleven cargo ships of 8,250 tons each in Spanish yards and to finance three more to be built in Argentine yards. Sixteen countries entered tenders for the project. The Spanish offer totalled less than $4 million a ship and payment terms were liberal; Argentina will make the first payment one year after delivery of a ship. The whole contract totals $52 million—Madrid.

Shoes

GHANA—A factory is being built at Tema to produce plastic shoes from local raw materials. Most of the equipment for the new plant has already arrived and production will start soon. Total cost is estimated at G.£47,500—Accra.

Steel

BRAZIL—Some 2,000 labourers are now working at the tidewater site near Santos of the new steel smelter and rolling mill being erected by COSIPA. It is hoped to begin production of rolling mill products late this year and ingot production, at an approximate rate of

800,000 tons a year, shortly after. Eventual capacity should approximate 3 million tons a year—São Paulo.

COLOMBIA—The Minister of Development has announced that the national steel mill at Paz del Rio produced 127,000 tons of iron and steel in 1961, and the smaller Muna and Medellin plants turned out a further 53,000 tons. The mills produced small structural shapes, rails, concrete reinforcing bars and wire. The Paz del Rio plant is at present assembling a portion of the sheet mill that Algoma Steel sold some years ago to Chile. In addition, a sintering plant is being designed. According to the ten-year development plan, Colombia will need some 700,000 tons of iron and steel a year by 1970—Bogotá.

ITALY—Italian steel production in 1961 amounted to over nine million tons, an increase of 11 per cent from 1960. Over two million tons consisted of special steels, an increase of 22 per cent over the previous year. Pig iron production amounted to more than three million tons, up 13.9 per cent over 1960.

Italian steel imports in 1961 reached a peak of over three million tons; exports totalled 1.2 million, a decrease of 1.5 million tons from the 1960 record—Rome.

Sulphonic Acid

AUSTRALIA—A new plant, the first of its kind in Australia, will be erected at Geelong, Victoria, by Shell Chemical (Aust.) Pty. Ltd. to manufacture sulphonic acid. This plant will form part of Shell's detergent manufacturing facilities and will draw its raw materials from the detergent alkylate and sulphuric acid plants nearby. The sulphonic acid produced will be used in the company's detergents and wetting agents which have a wide range of industrial and agricultural applications—Melbourne.

Superphosphates

BRAZIL—Three new factories for the production of superphosphates for fertilizers are being planned in São Paulo and should begin operations by the end of 1963. One, with a production capacity of 120,000 tons a year, will be built by the firms Manah S/A, Companhia Paulista de Adubos and Adubos Bueno S/A. The second, with a yearly production capacity of 60,000 tons, will be installed by the Matarazzo group and distribution made by Rhodia. The third factory, with a production capacity of 120,000 tons a year, will be set up by Blekeiroz—São Paulo.

Uranium

FRANCE—A new uranium-processing plant for isotopic separation will be built at Pierrelatte in the Rhône Valley, not far from the atomic centre at Marcoule. The new complex will cost at least $600 million and will take several years to complete—Paris.

The Ocean Freight Market

Transportation Division, Trade Services Branch.

FREIGHT rates during the second quarter of the year fell in many instances to the lowest level in three years. The first bookings of the season of heavy grain from Churchill to Britain were reported at 52s. 6d. Later in the quarter, two consecutive voyages to London were fixed for a 17,000-ton bulk carrier at a new low level of 27 shillings. Similarly, in the latter part of the quarter a series of bookings in the grain trade from the St. Lawrence to Britain were reported at rates such as 21s. 4d., 20s. 6d., and 20s., the lowest rates on record in this trade. Significant declines also occurred in the lumber and general cargo rates from British Columbia to Britain and to the U.S. Atlantic. Rates for scrap from the U.S. Atlantic to Japan settled at approximately $97,500 (lump sum, Liberty size) at the end of the quarter. At this time a year ago the rate reached a peak of $145,000.

Contrary to the expected trend of a decline in rates during the summer months, the tanker freight rates remained steady during the quarter. A new worldwide tanker rate basis called Intascale was introduced in May and a number of fixtures were concluded on the new terms. Intascale is the counterpart of the American Tanker Rate Schedule (ATRS). It is set up to follow generally the principles adopted in other scale computations, but it includes a number of changes. The most important is that rates are calculated on a port-to-port basis rather than loading range to discharging range of ports.

Reprints of an introductory article on this subject, published in the April 21, 1962, issue of *Foreign Trade*, are available from the Transportation Division, Trade Services Branch, Department of Trade and Commerce, Ottawa.

CHARTER RATES—SECOND QUARTER 1962

The rates shown in column A are in sterling or U.S. dollars with the Canadian dollar equivalent in column B calculated at £=$3.02 and U.S.$=$1.07. For comparison, the rates a year ago are shown in column C, with the Canadian dollar equivalent in column D calculated at £=$2.76 and U.S.$=$0.99.

TIME CHARTERS

Average rates per deadweight ton per month for the second quarter of the year were as follows:

	1962 Second Quarter		1961 Second Quarter	
	A £ or U.S.$	B Can.$	C £ or U.S.$	D Can.$
General trading (approximately 6 months)				
Motorships, 9,000-10,999 dwt., 9-10.9 knots	....	....	19s. 8d.	2.71
Motorships, 9,000-10,999 dwt., 11-12.9 knots	....	....	22s. 4d.	3.08
Motorships, 9,000-10,999 dwt., 13-15 knots	$2.89	3.09	23s. 5d.	3.23
Motorships, 11,000-12,999 dwt., 13-15 knots	$2.79	2.99	22s. 7d.	3.12
Motorships, 13,000-15,000 dwt., 13-15 knots	$2.66	2.85	22s. 11d.	3.16
Steamships, 9,000-10,999 dwt., 9-10.9 knots	....	....	16s. 9d.	2.31
Steamships, 11,000-12,999 dwt., 13-15 knots	$2.20	2.35	....	....
General trading (approximately 12 months)				
Motorships, 9,000-10,999 dwt., 9-10.9 knots	....	....	....	....
Motorships, 9,000-10,999 dwt., 13-15 knots	$2.60	2.78	20s. 6d.	2.83
Motorships, 11,000-12,999 dwt., 13-15 knots	$2.85	3.05	21s. 8d.	2.99
Motorships, 13,000-15,000 dwt., 13-15 knots	$2.65	2.84	21s. 4d.	2.94
Steamships, 9,000-10,999 dwt., 9-10.9 knots	....	....	19s. 2d.	2.65
Steamships, 13,000-15,000 dwt., 13-15 knots	$2.55	2.73	....	....
West African rounds				
Motorships, 9,000-10,999 dwt., 13-15 knots	17s. 6d	2.63	....	....
Motorships, 11,000-12,999 dwt., 11-12.9 knots	17s. 4½d.	2.61	....	....

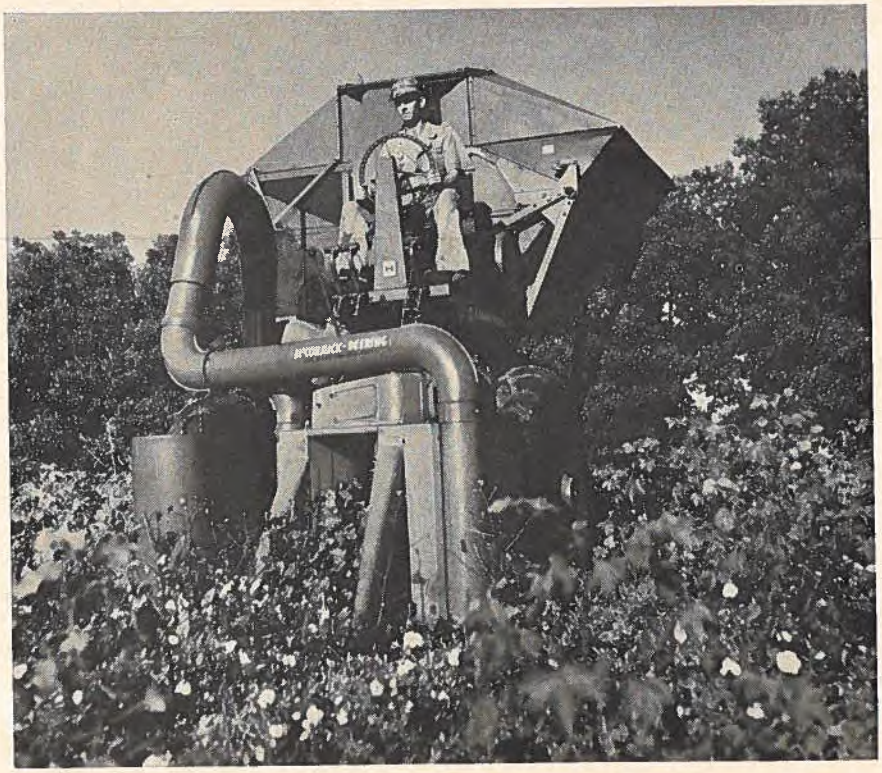
TRIP CHARTERS

Average rates for the second quarter of the year were as follows:

	1962 Second Quarter		1961 Second Quarter	
	A £ or U.S.$	B Can.$	C £ or U.S.$	D Can.$
Heavy Grain (per long ton)				
St. Lawrence to Britain	38s. 2d.	5.73	45s. 8d.	6.30
St. Lawrence to Belgium/Holland	$3.87	4.14	$3.60	3.56
Great Lakes to Britain	78s. 5d.	11.76	85s. 9d.	11.83
Completing St. Lawrence	40s. 0d.	6.00	....	....
Great Lakes to Belgium/Holland	$7.81	8.36	$8.25	8.17
Completing St. Lawrence	$3.27	3.50	$3.75	3.71
Great Lakes to Belgium/Holland (tanker)	$7.50	8.03	$7.65	7.57
Completing St. Lawrence (tanker)	$2.92	3.12	$2.87	2.84
Churchill to Britain	43s. 7d.	6.54	51s. 8d.	7.13
Churchill to Belgium/Holland	$4.53	4.85	....	....
British Columbia to Britain	....	....	....	....
British Columbia to Belgium/Holland	$6.12	6.55	....	....
British Columbia/North Pacific to Japan	$5.22	5.59	$6.70	6.63
British Columbia to west coast of India	....	....	70s. 3d.	9.69
British Columbia to Communist China	44s. 1d.	6.61	47s. 8d.	6.58
Lumber and general cargo				
British Columbia to Britain (per long ton)	$9.72	10.40	$11.57	11.45
British Columbia to Australia (lump sum, Liberty size)	$98,200.00	105,074.00	....	....
British Columbia to U.S. Atlantic (lump sum, Liberty Size)	$59,083.00	63,218.00	$78,250.00	77,468.00
Scrap, Iron and Steel (per long ton)				
U.S. Atlantic to Japan	$11.23	12.02	$14.34	14.20
California to Japan	$6.63	7.09	$8.18	8.10
North Pacific to Japan	$6.84	7.32	$8.26	8.18
Coal (per long ton)				
Hampton Roads to Belgium/Holland	19s. 8d.	2.95	27s. 0d.	3.73
Hampton Roads to Japan	$7.36	7.88	$9.54	9.44
Black Oil (per long ton, tankers)				
Venezuela to Portland, Maine	$1.56	1.67	$1.46	1.45
Persian Gulf to Portland, Maine	$3.81	4.08	$3.35	3.32

—Georgia Department of Commerce.

Cotton for commercial use was first grown in Georgia and the U.S. textile industry was based upon it. Today the mature crop is still picked by hand in some areas but in others the big mechanical picker has taken over. Cotton continues to be the leading cash crop in the state.



Georgia: a Developing Market

Cotton, tobacco and peaches raised on Georgia's red acres no longer dominate its economy. As manufacturing, both light and heavy, increases, a market for raw materials opens up. So do opportunities to sell food products, other manufactures to the city-dwellers.

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

NAMED for an English king and the southernmost of the thirteen original colonies, Georgia has traditionally been a leader among its neighbours. It is the largest state east of the Mississippi, reaching from the forested Appalachian Mountains in the north down through the high plateau of the Piedmont and the flat lands of the coastal plain to the near-tropical Atlantic coast.

Georgia's plantations were the first to raise cotton in the United States. Cotton remains its most important cash crop, even though the centre of cotton growing has gradually moved west to Texas. Now its red earth also grows other things—more peanuts, watermelons, poultry, pecans and peppers than are grown in any other state, and tobacco, hogs, beef and dairy products too.

Pine forests cover two-thirds of Georgia. They earn close to a billion dollars a year because of their production of pulpwood, sawlogs and naval stores. Rosin, turpentine and pine gum are known as naval stores because of their importance in the days of wooden sailing ships. Georgia produces more of these than all the rest of the world put together but now they are used chiefly in the manufacture of paint and varnish, synthetic rubber, soaps and disinfectants, ink, dyes, plastics and paper.

Georgia is first in the country in production of kaolin, a clay used for making white paper, pottery, rubber and fire brick, and is also first in granite production and third in bauxite. Other products of its quarries are marble, barytes, talc, limestone, sand, gravel and slate.

Industry's Postwar Growth

Since World War II, Georgia's industrial output has increased six times in volume, compared with a fivefold increase in the South as a whole and 4.5 times for the entire United States. The textile industry is the largest, followed by manufactured food products and the forest industries. Fresh and frozen poultry are the most important food products but the industry is often depressed. Although Georgia produces enough poultry every year to provide every man, woman and child in the United States with chicken every Sunday for a month and there is seldom a surplus, there is also little price stability. By canning more chicken products and encouraging exports, this problem is expected to be overcome. The forest industries are in good economic health and expanding rapidly. General industrial growth is continuing; 70 new firms, branches and major expansions were registered in the first quarter of 1962, creating 3,500 new jobs. Low-cost power and labour are attracting new heavy industry. Iron ore deposits have been discovered and are being developed. Georgia's first steel mill is going up near the coast at an outlay of $26 million. It will use Georgia ore and limestone and lignite coal from Alabama. A number of the new "sophisticated" light industries that every city is so anxious to attract are moving to Georgia. The largest single employer in the state is the Lockheed Company, whose plant in Marietta, just outside Atlanta, is the largest aircraft factory under one roof in the world (76 acres). The company employs 13,600 people in making military and civilian freighter aircraft and small passenger jets.

Atlanta Is Commercial Centre

More than half of the four million people of Georgia live in cities and towns. The most important of these is Atlanta, which began as a railroad surveyor's stake in the middle of a pine clearing chosen to be the southern terminal of the early state railroad. Officially 125 years old this year, the city is now that relatively rare combination of state capital and principal population and commercial centre, with just over a million people living in its metropolitan area. There is brisk rivalry between Atlanta and Miami. They are roughly the same size and at least until the Florida city goes clearly into the lead in the mid-60's—as is expected because of the faster growth rate—Atlanta claims to be the largest city between Washington and Dallas.

Atlanta was the arsenal and producer of goods for the Confederacy and was burned to the ground in 1864 by General Sherman on his famous march to the sea. Today it has become the most important transportation, distribution, financial and manufacturing centre in the southeast, and is also one of the prettiest and most attractive cities in the United States. Set in the green wooded foothills of the Blue Ridge Mountains at an altitude of 1,050 feet, it is the highest city of its size east of Denver and has a near-perfect dry climate. It serves a market which includes Florida, Alabama, Mississippi, Tennessee and the Carolinas as well as Georgia. Virtually all of the 500 largest U.S. industrial corporations have operations of one kind or another in Atlanta. Branch operations of national companies number 3,500 and manufacturing is the largest employer with some 1,800 plants in operation. Because of this diversity no single industry predominates and this tends to give Atlanta a broad and uniformly firm economic base.

Thirteen main rail lines now serve Atlanta and the city is considered to be one of the five most important interstate highway junctions in the country. Eighty scheduled motor

The growing Georgian pulp and paper industry is based upon southern pine; pine forests actually cover two-thirds of the state. The photograph shows a typical mill with its waiting piles of pulpwood.

Canadians Might Sell in Georgia . . .

- Alloying elements used in making sheet steel
- Asbestos
- Antimony
- Mica
- Mercury
- Nickel
- Sperm oil
- Wood
- Carpet yarn
- Rope
- Bismuth
- Selenium
- Cadmium
- Tellurium dioxide
- Lecithin
- Columbite
- Tungsten
- Copper
- Graphite
- Liquor
- Flat glass
- Floor covering
- Beer
- Electrical motors
- Trichloroethylene
- Pins
- Platinum
- Pyrethrum
- Canned fish and fish products
- Frozen fish
- Canned lobster
- Canned hams, bacon and luncheon meats
- Apple concentrate
- Lumber
- Electronic equipment
- Raw materials and components used by manufacturers of original equipment
- Industrial supplies
- Hand tools
- Automotive tools
- Materials handling equipment
- Hand trucks
- Shellac
- Fluospar
- Silicon carbide
- Tin
- Nuts
- Fresh and dried fruits
- Sugar
- Gum
- Casings
- Burlap
- Bagging
- Cobalt
- Wire fence
- Nails
- Wool hosiery
- Pipe
- Steel
- Ironware
- Chinaware
- Auto parts
- Machines
- Boots
- Shoes
- Paper
- Gasoline
- Engineered conveyors
- Electric lift trucks
- Shelving and racks
- Hardware
- Heating equipment
- Air-conditioning equipment
- Ventilating equipment
- Steel grating and channel framing
- Resilient tiles
- Specialty rubber and vinyl products
- Plumbing supplies
- Stage and commercial lighting equipment
- Marine equipment
- Newsprint and other paper products

freight carriers operate from Atlanta. Six major airlines fly 372 flights a day in and out of the city's brand-new airport. Wholesale houses in Atlanta employ 3,400 people and enjoy annual sales of over $3.4 billion; this makes it thirteenth among wholesale centres in the United States.

Foreign Trade Growing

Foreign trade was for many years relatively unimportant in Georgia but efforts are being made to develop it. Of $230.8 million worth of manufactured goods exported from Georgia in 1960, making it eighteenth in the nation, the most important in order were paper and allied products; transportation equipment, including $46 million worth of Lockheed aircraft; textile mill products; chemicals and allied products; food and kindred products, and non-electrical machinery. Under four of these headings, Canada was Georgia's best customer last year; for food products, Canada came second (after West Germany) and for paper products fourth, after Britain, Japan and West Germany.

Agricultural exports during the 1960-61 crop year totalled $120.8 million, of which three-quarters consisted of field crops (mainly cotton and tobacco), with lesser quantities of poultry and other livestock products, fruits, nuts and vegetables.

There is a surprisingly liberal attitude toward foreign trade in Georgia. Businessmen realize that trade must flow both ways and one finds little resistance to imported goods. Georgia's Congressional delegation is reported to support the President's new trade expansion legislation and to have spoken in favour of the development of the Common Market. Although the textile industry and possibly others in Georgia might suffer, a majority of both management and labour is in favour of the Common Market, according to a recent poll.

Imports have an increasingly important place in the Georgia economy. Many raw materials for the manufacture of transportation equipment, textiles, chemicals, food and machinery are imported and there are many opportunities for manufactured goods, including food products.

The development of foreign trade in Georgia has brought growth to the state's two ports, Savannah and Brunswick, although they are still less important than most other ports on the South Atlantic seaboard. The proportion of exports to imports favours exports more than do neighbouring ports, especially those in Florida—4.2 million tons of exports as against 1.9 million tons of imports moving through Savannah in 1959.

Interested in Canadian Goods

Georgia is not without its problems. The low average level of education, reflecting large and still backward rural areas of marginal agriculture, is one. Less cotton is raised nowadays and South Carolina has become the leading peach state. In 1961, per capita income in the state was only forty-second in the nation. Georgia nevertheless has a well-founded, broadly based economy with prospects for continued expansion and growth, especially of manufacturing and secondary industry. For Canadian exporters looking to the Southern States, Georgia, with Atlanta at its centre, offers an attractive good-volume market. On a recent visit to Atlanta I found active interest there in Canadian goods and in trade with Canada. Practically anything can be sold in Atlanta if it can be sold elsewhere in the United States. The opportunities are there. Georgians made Canada their best customer. If we want to ship more Canadian goods to them, we have to get out and start selling. ●

Warehousing in Venezuela

Bonded warehouses at Caracas and Puerto Cabello will provide insured storage for shipments at reasonable rates. An added advantage: the exporter can leave a consignment there for six months without payment of duty until sales are made.

G. J. FONS, *Office of the Commercial Counsellor, Caracas.*

EXCEPTIONAL and unforeseen circumstances are usually to blame when incoming shipments to Venezuela end up in customs storage. If the exporter is to avoid losses through excessive charges or seizure and sale of a shipment by Venezuelan authorities, it is essential to know what the customs regulations are and what storage facilities Venezuela offers.

When the economic boom in Venezuela caused an upsurge in imports, the existing official and private warehouses were unable to cope with the large volume of goods. To add to the difficulties, importers tended to leave their shipments in the customs deposits as long as possible to avoid paying warehousing charges or increasing their own storage facilities. Special provisions of the Venezuelan Customs Law attempted, therefore, to discourage lengthy storage of goods on customs premises. The law stipulates that for the first six days after the arrival of the steamer, Venezuelan Customs will provide free storage, but will charge 2 per cent ad valorem up to the tenth day thereafter, and then increase the rate to 10 per cent ad valorem a month or portion thereof. Goods not removed from a customs warehouse within two months after the six-day period of grace expires are liable to seizure and sale at public auction. Net proceeds after deduction of fines, storage, handling and selling costs are remitted to the shipper. In practice, such remittances are seldom made, however, because there is usually nothing left to remit.

The exporter will realize from this that customs storage is inconvenient. In addition to the expense, shipments may be forfeited and sold at auction if the two-month deadline is not carefully observed. Furthermore, goods are not insured while they are in customs storage. There are, of course, the Venezuelan customs brokers who, when properly authorized or instructed by the shippers or their local representative, do in an emergency clear shipments through Customs and store them. (This procedure is still followed in smaller ports of entry.) But brokers were not favourably inclined to take this action, even in an emergency, and often requested and still request prior guarantees or bonds for the amount of the import duties. It became imperative, therefore, to find some solution to the warehousing problem that was free from all these shortcomings. As a result, the bonded warehouse came into being.

Bonded Warehouses Fill Need

At present, bonded warehouses are operating only at Caracas and Puerto Cabello (Almacenadora Caracas C.A., Apartado 3745, Caracas, and Almacenadora Puerto Cabello C.A., Calle Anzoátegui, Puerto Cabello, Estado Carabobo). A branch was planned in Maracaibo but later postponed. One of the main advantages of bonded warehouses is that goods placed in them are fully insured against fire, theft, act of God, and civil disturbance. Storage fees are collected for 30-day periods at a given rate per ton, plus a percentage ad valorem. Rates differ according to the commodity. Paper, for example, pays about \$1.18 a metric ton for each 30-day period or fraction thereof, plus ¼ per cent ad valorem. This is substantially lower than the rates for customs storage.

Duties Not Collected

A further advantage is the option the importer has of leaving merchandise in these bonded warehouses for as long as six months without prior payment of import duties. This can be convenient in an emergency sale where a shipment has to be sold in small lots. Each purchaser then pays storage and import duties as he retires the lot he has acquired. Venezuelan importers and industrial companies make good use of these facilities to maintain local stocks in readiness without having to pay full duties on the total lot as soon as the shipment arrives. The foreign exporter also can hold consignments of merchandise in these warehouses and even if actual sales are in the hands of his Venezuelan agents, he can exert a certain control through the warehouse.

When shipments are made to new trade connections whose financial and business standing is unknown, undue credit risks can be avoided by consigning the merchandise directly to the bonded warehouse, with instructions to release it to the importer only against proof that he has complied with his financial commitments. The warehouse then holds the foreign exporter responsible for payment of storage charges.

Customs Brokers Useful

In Venezuelan ports without bonded warehouse facilities, foreign exporters must rely to a greater extent on the customs broker. The broker can offer some but not all of the services available through the bonded storage companies; the Canadian exporter should of course direct his business to brokers of good standing, competent and solvent. The Commercial Counsellor, Canadian Embassy, Caracas, can provide names and addresses of such brokers. The fact that Venezuelan importers usually have strong business connections with certain brokers and are reluctant to work with others who may not grant them credit and other facilities may create problems. A few brokers have good connections with local banks through joint managements. They are in a particularly good position to combine customs clearance with collections. Canadian exporters might be well advised to use such broker-banker combinations in shipments to parties whose financial standing and payment habits are not known to them from previous experience.

Oil in Central America

OIL PROSPECTING in Central America and Panama has not yet brought encouraging results, despite strong government support.

In Guatemala, several international oil companies have spent over \$33 million since 1956 for leases and exploration. No commercial deposits of oil have been discovered. Favourable petroleum laws passed by the Guatemalan Government in 1955, combined with a promising geological environment, stimulated a burst of intensive exploration in 1956. By 1959, the entire northeastern area of Guatemala had been taken up by concessions held by 22 companies. During the past four years, seven wells have been drilled but only small deposits of oil have been discovered. Because of the negative results, only two wells are scheduled for drilling during 1962—one by a consortium of seven companies and the other by an individual company.

In Costa Rica the picture is no more promising. Two companies have been active but have now restricted their activities to a region along the Panamanian/Costa Rica border near the Caribbean.

Exploration efforts in Panama have centered around the Darien area. Recently a well drilled to a depth of 10,491 feet was abandoned as a dry hole. This unsuccessful attempt has halted exploration momentarily.

Although exploration for new petroleum fields is currently showing little life, construction of refineries is continuing at a rapid pace. In Panama two refineries are under construction, with the one at Las Minas Bay scheduled to begin operations soon. The Las Minas Bay refinery is geared to a preliminary output of 30,000 barrels per day of heavy products. A smaller refinery with a capacity of 5,000 barrels a day is scheduled to be operating in Nicaragua later this year. Two oil companies in El Salvador are jointly building a refinery near the new port of Acajutla. This undertaking will cost about \$10 million and should be completed by 1963. Guatemala has been building a refinery that will soon be in production at the Atlantic port of Matiás de Galvez.

The new refineries will assist the program of industrialization in Central America considerably, and if world oil economics show a favourable trend, a vigorous exploration policy may be undertaken once more.

—K. D. TAYLOR,
Assistant Commercial Secretary,
Guatemala City.

Netherlands Agriculture:

Production and Imports

Sales of agricultural products abroad dropped slightly last year, though horticultural shipments made spectacular gains. Canadian agricultural exports to the Dutch also declined, with wheat and coarse grains most affected, and tobacco and flaxseed sales down as well.

F. W. ZECHNER, *Office of the Commercial Counsellor, The Hague.*

AGRICULTURE in the Netherlands is a highly progressive industry. In scarcely any other country is the soil more intensively used; for instance, the yield per acre of wheat averages 60 bushels compared with some 34 bushels in Canada. The small size and the dense population of the Netherlands makes agricultural efficiency essential. The total area is only 12,850 square miles and early this year the population stood at more than 11.7 million, of which approximately two-fifths (or 4.6 million) are registered workers. Of these, less than half a million are engaged in agriculture and the farm population is declining by approximately 5,000 a year. Increasing mechanization and rationalization, effective land-improvement schemes, and conversion of land to other uses are the main reasons for this decline. Some 5,718,000 acres are farmed; grassland accounts for 58 per cent, field crops 37 per cent, and horticulture 5 per cent. Within about twenty years, some 250,000 acres of fertile soil will be reclaimed from the IJessel Lake, a welcome prospect.

Production in 1961

Final figures have not yet been published but it is estimated that the gross value of farm production in 1961 equalled or slightly exceeded the seven billion guilders of 1960.

The grain crop did not reach the record figure of the previous year but the quality improved considerably. Unfavourable weather in the first part of the growing season was partly offset by dry and sunny weather during the latter half. Grain production, including wheat, totalled 1,762,000 metric tons, or 102,000 tons below 1960.

Milk production in 1961, at almost seven million tons, achieved a new record. As a result, over-all production of dairy products increased, in spite of decreases in butter and milk powder.

Output of meat, particularly calf and hog meat, declined for the first time in several years.

With production and demand constantly rising, horticulture in the Netherlands is becoming increasingly important. The auction value of fruits, vegetables, bulbs, flowers, plants and nursery stock climbed to an all-time high of 1.2 billion guilders, well up from 1.1 billion in 1960.

Exports Decline Slightly

Since the end of the Second World War, Netherlands exports of agricultural products have risen steadily and now constitute, on the average, one third of total exports. However, in spite of a spectacular rise in the export value of horticultural products of 74 million guilders, last year sales of farm products to foreign countries fell by 3.6 per cent, mainly because of smaller exports of dairy products, eggs, poultry and some field-crop products. Table I shows agricultural exports in relation to total exports over a number of years.

What are the reasons for the decline in the value of agricultural exports, the first in 16 years? Stimulated by their governments, agricultural output in many of Holland's traditional markets is steadily expanding. Competition from other suppliers to these markets is gradually increasing. In addition, the revaluation of the Dutch guilder by 5 per cent in March 1961 adversely affected Netherlands exports in general, although the impact of this revaluation was apparently less severe than many expected. These and possibly other factors reduced the demand for Dutch farm products, both absolutely and relatively.

It is not yet possible to predict the effect of the further progress of

TABLE I

NETHERLANDS EXPORT TRADE

	1949	1955	1959	1960	1961
	(million guilders)				
Total exports	3,794	10,211	13,705	15,305	15,712
Agricultural exports	1,804	3,902	4,525	4,798	4,625
Agricultural exports as per cent of total exports	46	38	33	31	29

the EEC, and particularly of the introduction of marketing regulations for grains, hog meat, poultry, eggs, fruits and vegetables on July 1, 1962. It is hoped, however, that Dutch farmers will benefit by freer market conditions resulting from the further abolition of trade restrictions within the Common Market.

Processing Industry

The foodstuffs industry, as a processor of home-grown and foreign farm products, is an important segment of the over-all Netherlands industry. It ranks second among domestic industries and employs roughly 155,000 workers. In 1961, its sales were valued at 10.4 billion guilders, or almost 27 per cent of the total turnover of the industry.

Table II lists the five most important producers in the foodstuffs industry, with the 1961 value of their sales, both domestic and foreign.

TABLE II

DUTCH FOOD PROCESSING INDUSTRY

	Domestic Sales	Export Sales
	(millions of guilders)	
Dairy milk	1,777	689
Meat preserving	653	492
Edible oils and fats (excluding margarine)	478	161
Cigarette manufacturing	494	11
Sugar refineries	424	21

Imports Also Decline

Netherlands imports of farm products last year were valued at 3,264 million guilders, or approximately 37 million below the 1960 figure. The value of over-all imports increased to 18,651 million guilders from 17,217 million in the preceding year, so imports of agricultural products now represent 17.5 per cent of total imports as against 19.2 per cent in 1960. Larger purchases of live animals, tropical and citrus fruits, feedstuffs, tobacco, beverages and miscellaneous foods could not offset smaller shipments of grains, meat, sugar and oilseeds. Many farm products imported into the Netherlands are processed or converted in some form for subsequent export. It is highly probable that the decline in imports is reflected in the smaller export sales of Dutch agricultural products last year.

Milling wheat imports during the 1960-61 crop year were 22,000 tons larger than in the previous season as a result of the 5 to 6 per cent drop in the compulsory percentage of domestic wheat to be used by millers. Annual requirements approximate 1.1 million tons, of which some 70 to 75 per cent is usually imported, including flour in terms of wheat. In the 1960-1961 period, 636,000 tons were purchased abroad; it is expected that the figure for the 1961-1962 crop year will be some 15,000 to 20,000 tons higher. Main suppliers were the United States with 36.5 per cent, the U.S.S.R. 30 per cent, France 4.5 per cent, and Argentina 4 per cent.

Over-all imports of coarse grains totalled 2,636,000 tons, of which corn represented 51 per cent, sorghums 24, barley 11, oats 9, rye 3 and millet 2. The United States ranked first among suppliers with 73 per cent of the market, followed by Argentina with 14 per cent and various other countries. The Netherlands used 3,654,000 tons of feed and industrial grains in the 1960-61 season. The production of mixed feeds is high—some 4.6 million tons valued at 1.5 billion guilders in the 1960-61 crop year.

As local oilseed production is minute compared with total requirements, annual imports of oilseeds and other oleaginous raw materials are substantial. The value of 1961 imports fell, however, by 42 million guilders from 399 million in 1960. The decline is attributed to higher world market prices for some oleaginous raw materials.

In the past few years, Netherlands soybean imports have risen sharply. Last year, however, soybean arrivals were down about 75,000 tons from 1960, mainly because of higher prices quoted by U.S. exporters early in 1961, as result of an anticipated general shortage. Flaxseed imports were slightly smaller but the oil-crushing industry consumed more than in previous years. Since 1959 Netherlands oil-crushers have processed no rapeseed and imports again declined to a low of 2,600 tons in 1961.

The substantial drop in the 1960 imports of feedstuffs was largely offset by higher purchases last year, when the value climbed to almost 283 million guilders, or slightly above the 1959 figure.

Agricultural Trade with Canada

Exports of Canadian farm products to the Netherlands in 1961 included much smaller shipments of wheat, coarse grains, oilseeds and tobacco, in that order. In 1960 sales of agricultural products represented 51.5 per cent of the total value of Canadian commodity exports to Holland; last year the figure was only 39 per cent. The much smaller supply of Manitoba 4's and 5's re-

TABLE III

NETHERLANDS IMPORTS OF CANADIAN FARM PRODUCTS

	1960	1961
	(millions of guilders)	
Total Imports	**139,337**	**102,339**
Of which:		
Meat and meat products	134	95
Dairy products, eggs and honey	680	1,116
Wheat	40,564	24,267
Grains and cereal products	9,217	1,008
Feedstuffs (no grains)	452	317
Tobacco	1,723	225
Oilseeds	15,337	8,920
Hides and skins, raw	2,987	3,263
Fruits, vegetables and products	397	82
Whisky	59	85
Miscellaneous agricultural products	257	309

sulted in a decline in the value of Netherlands imports of Canadian wheat and coarse grains by a total of 24.5 million guilders.

As for oilseeds, 1961 generally featured uncertain price developments on the world market. Larger Dutch purchases from Latin American countries and the fact that prices of U.S. and Canadian flaxseed rose continuously during the first eight months of last year—because a small crop was expected—were mainly responsible for the decrease in Canadian flaxseed shipments to the Netherlands. Canadian sales of tobacco were valued at 225 thousand guilders as against 1.7 million in 1960. Netherlands importers bought more raw hides and skins and dairy products, mainly skim milk powder.

Netherlands exports of agricultural products to Canada totalled 31.4 million guilders and exceeded the 1960 figure by 1.7 million. Holland sells mainly processed farm products to Canada, such as cheese, cigars, preserved fruits, cocoa products and confectionery; usually about 35 per cent consists of live plants and bulbs.

Prospects for 1962

It is difficult to forecast the 1962 prospects for Canadian agricultural exports to the Netherlands. Wheat exports are uncertain in view of developments in the EEC and sales of other grains will depend on price and availability. Larger imports of Canadian flaxseed may be expected, but rapeseed will again be a small item. Any increase in Canadian sales of tobacco to this market will depend on our ability to compete with large suppliers such as the United States and Rhodesia.

Greater activity on the part of Canadian foodstuffs exporters may result in larger sales, although there is keen competition from other suppliers. However, the recent devaluation of the Canadian dollar may stimulate Netherlands importers to buy more Canadian agricultural products. ●

GENERAL NOTES

Ecuador

INDUSTRIAL DEVELOPMENT—The Junta Nacional de Planificacion y Coordinacion Ecomonica (economic planning organization for Ecuador) has prepared a list of industries that it feels could operate successfully in Ecuador in the near future. Among the 44 types of industry listed are plants to make castor oil, plywood, detergents, disposable containers, structural iron and hand tools, and factories for the assembly of radios, sewing machines, typewriters, bicycles and refrigerators—Bogotá.

India

METRIC WEIGHTS COMPULSORY—Use of metric weights became compulsory throughout India effective April 1; all other weights have been declared illegal. By October 1, the use of metric lengths will be made compulsory and metric capacity measures by April 1, 1963—New Delhi.

Italy

ELECTRONICS COMPANY FORMED—Pirelli S.p.A., a leading Italian industrial firm, and General Instruments Corp. of Newark, New Jersey, have agreed to form a new company, Pirelli Applicazioni Elettroniche S.p.A. (head office, Milan) to manufacture in Italy electronic equipment of all types, including semiconductors, condensors, thermoelectric materials, radio and television components, and supersonic equipment. A new factory will soon be built, possibly in the South. Eventually, most of these items will be manufactured in Italy. In the meantime, the U.S. firm will supply the products direct for sale to other European countries —Rome.

Japan

LABOUR FORCE—A study of the working population in Japan in 1961 showed 45.1 million gainfully employed persons, of which 26,860,000 were male and 18,240,000 female. Those engaged in agriculture and forestry numbered 13,080,000, or 29 per cent of the total labour force.

Japan's population at January 1, 1961, totalled 94,470,000, of which 66,580,000 were over 15 years of age—Tokyo.

Norway

WHALING—The seven Norwegian whaling expeditions operating in the Antarctic this season had produced a total of 336,810 barrels of whale oil by March 3, after 82 hunting days. The catching season in the Antarctic ended on April 7, and the total Norwegian whale-oil production was expected to have reached about 450,000 barrels, against some 590,000 barrels in the previous season—Oslo.

Sweden

PLASTICS—Sweden ranks third after the United States and Western Germany in per capita consumption of plastics. Production of plastics in Sweden more than doubled from 1955 to 1960. Imports showed a threefold increase and exports rose fourfold. Total production value in 1960 was estimated at about Kr. 650 million ($130 million). The plastics industry embraces about 1,200 companies, ranging from big enterprises with well-equipped research and development departments to companies using only one or two machines for plastics manufacture. Companies producing raw materials and semi-manufactures number about 150 and approximately 700 are engaged in manufacturing. A further 300 are agents for raw materials and machinery and some 25 are producing machinery for the plastics industry. A considerable number of companies produce plastics as part of several diversified lines—Stockholm.

Switzerland

ASSISTANCE TO UNDER-DEVELOPED COUNTRIES—In 1960, Switzerland spent Sw.fr.5 million on assistance to under-developed countries. To increase the amount available for this project, the Swiss Parliament granted last year an over-all credit of Sw.fr.60 million. Of this, 5.5 million francs were used in 1961 as follows: United Nations technical assistance 4 million and direct collaboration with under-developed countries 1.5 million. This year the UN will receive 8 million francs and direct grants will also be substantially larger.

As well, Switzerland is offering scholarships to students from Asian and African countries; 413 students were admitted to Swiss universities and technical schools in 1961. Eighty Swiss experts were sent on various missions to 34 under-developed countries—Berne.

United States

TREE FARMS—The American Forest Products Industries, Inc., reports that the twelve southern states have given over 38,537,963 acres to certified tree farms, 67 per cent of the nation's certified tree-farm acreage. The South also leads in number of tree farms—13,328, 60 per cent of the national total.

The U.S. tree-farm system of growing trees as a crop on private land is sponsored by the American Forest Products Industries, Inc. The tree farms reach deep into the economy. J. C. McClellan, AFPI chief forester, says: "More than 90 per cent of the commercial timberlands owned by forest industries is open to hunting, fishing and other forms of recreation. Watershed protection, game habitat and recreation are other benefits"—New Orleans.

FOREIGN TARIFFS AND TRADE REGULATIONS

Argentina

IMPORT CONTROLS TIGHTENED—The Argentine Ministry of Economy has announced that effective July 2, 1962, Argentine importers are required to make a prior deposit with an authorized bank equivalent to 100 per cent of the customs value of most imported merchandise. This prior deposit will be retained for one to six months, depending on the essentiality of the goods.

Exempt from this advance deposit requirement are:

(1) Merchandise afloat or in Argentine ports on July 2, and cleared through customs before August 31, 1962.

(2) Merchandise covered by irrevocable letter of credit opened not later than June 29, 1962, and cleared through customs before the end of the year.

(3) Merchandise imported under government decrees authorizing foreign capital investments and new production lines which were issued prior to July 2, 1962.

(4) Machinery exempted from import surcharges by decree No. 2198/62.

(5) Merchandise imported by the state, provinces or municipalities under special regulations.

Britain

COMMONWEALTH PREFERENCE CERTIFICATES OF ORIGIN—H. M. Customs and Excise has authorized the use of new forms of Certificate of Origin D and E which have been designed for use when the Commonwealth grower, producer, supplier or manufacturer of the goods is also the exporter. The new forms are Certificate of Origin D/COM No. 112 (Sale) and E/COM No. 113 (Sale). They supplement but do not replace the forms already in use. In other words, the new forms are a simplification for the convenience of exporters to Britain, and Canadian producers and manufacturers who export their own products may continue to use forms 119 and 120 as appropriate if they so desire.

Samples of the new forms are being made available to Canadian stationers who are known to stock British customs forms.

Canadian Tariff Negotiations with the EEC

AS a result of the negotiations at the GATT Tariff Conference held in Geneva from September 1960 to July 16, 1962, Canada has obtained assurances with respect to its rights of access to the European Common Market covering nearly $250 million of Canadian trade. In addition, under two interim agreements on wheat, Canada has obtained assurances covering its access to the European Common Market, pending the working out of the common agricultural policy of the European Economic Community.

The negotiations on wheat, the largest single export from Canada to the EEC, resulted in two interim agreements covering so-called "quality" wheat and ordinary wheat. The text of these two agreements is given below, plus a letter that defines quality wheat.

Agreement with respect to Quality Wheat

"Agreement entered into with respect to quality wheat (Common External Tariff Item Number ex 10.01) between the European Economic Community (hereinafter called the Community), the Member States of the European Economic Community (hereinafter called the Member States) and the non-European Economic Community countries signatory to this agreement (hereinafter called the Third Countries).

"Considering that the national wheat tariffs of the Member States will be unbound and that the Common Tariff for wheat is not being bound, the Community and the Member States subscribe to the following obligations:

A. "Until the putting into operation of the common agricultural policy on wheat (application of a levy or levies to imports):

(i) "The national wheat tariffs of Member States as bound on September 1, 1960, shall not be increased.

(ii) "No new system or measures to restrict or regulate imports shall be introduced and in continuing existing measures within national systems the Member States shall endeavour to avoid any adverse change in the level of imports.

B. "From the date of the decision of the Community to introduce the common policy for wheat until completion of negotiations with the Third Countries:

(i) "Negotiations shall commence as soon as the EEC Council of Ministers has decided to introduce the common policy for wheat and at the latest by June 30, 1963.

(ii) "The Community undertakes to enter into negotiations on the subject of the consequences on imports from Third Countries of the common agricultural policy to be applied. It does not exclude negotiation on the maximum level of the levy or levies. This negotiation shall take into account the importance of international trade in wheat and shall be such as to provide for the evolution of this trade with the Community under fair and reasonable conditions.

(iii) "The negotiations shall deal with quality wheat.

(iv) "The negotiations shall be in accordance with the procedures of Article XXVIII of the GATT. In these negotiations the Third Countries shall have all the contractual rights held by them on quality wheat on September 1, 1960.

(v) "Consultations shall take place if imports from non-EEC Contracting Parties show any appreciable decline in any period below the average of the corresponding period of the last three years. If the decline is related to the implementation of the common policy for wheat, the Community and the Member States will take appropriate measures to remedy the decline.

General Understandings

(i) "While this agreement is in force, the Community and the Member States undertake to consult at any time with the Third Countries regarding its operation.

(ii) "The Third Countries do not in any way limit their rights under GATT, or otherwise, to press for the removal or adjustment of systems or practices of the Member States which have the effect of limiting the possible purchase or importation of wheat from such Third Countries."

"Quality" Wheat Defined

In a letter to the president of the Canadian Delegation to the GATT Tariff Conference 1960-61, the president of the Delegation of the EEC Commission defines quality wheat in the following way:

"I have the honour of hereby confirming that for the purpose of the agreement the following classes and grades of wheat are included by the European Economic Community under the heading "high quality wheat".

(a) No. 1 Canada Western Amber durum
No. 2 Canada Western Amber durum
No. 3 Canada Western Amber durum
Extra No. 4 Canada Western Amber durum
No. 4 Canada Western Amber durum

(b) No. 1 Manitoba hard
No. 1 Manitoba Northern
No. 2 Manitoba Northern
No. 3 Manitoba Northern
No. 4 Manitoba Northern

(c) No. 5 Wheat, Red Spring Wheat only, for milling purposes.

"The above-mentioned grades are such as defined in the Canada Grain Act or in regulations established thereunder."

Agreement with respect to Ordinary Wheat

"Agreement entered into with respect to ordinary wheat (ex 10.01 of the Common External Tariff).

"Canada, the European Economic Community and its Member States agree as follows:

A. "Until the putting into operation of the common agricultural policy for ordinary wheat (application of the levy or levies), the Member States undertake not to modify their national import systems in such a way as to make them more restrictive.

B. "Upon adoption of the agricultural policy for ordinary wheat, the Community undertakes to enter into negotiations with Canada on the situation of exports of these products by Canada. The negotiations provided for under this paragraph will take place on the basis of the negotiating rights which Canada held under the General Agreement for these products as of September 1, 1960.

C. "The parties signatory to this agreement in no way limit their rights under GATT or on any other basis."

Concessions Obtained by Canada from the EEC

(additional to wheat agreement)

Agricultural Products

A. Bound against increase

(1) Free entry—Purebred live animals (bovine species); flaxseed and other seeds, including rapeseed and sunflower seed (soyabeans—indirect); oilcake and other residues resulting from the extraction of vegetable oils.

(2) Other—Fresh, chilled or frozen meat of animals of the horse, ass and mule species (16 per cent); offals of animals of the bovine species and of swine (20 per cent); salted horsemeat, in brine or dried (16 per cent); cheddar cheese in whole blocks of a minimum value of 62 U.A. per 100 kg. (23 per cent); natural honey (30 per cent), dried peas (10 per cent), apples (14 per cent, 10 per cent, 8 per cent, plus minimum of perception depending on seasons); dried apples and pears (10 per cent); tallow for industrial purposes (2 per cent), linseed oil (5 per cent); rape, soya or mustard seed oils (10 per cent); liver sausages (24 per cent), preserved meat or meat offals (26 per cent); some preserved vegetables (24 per cent), some prepared fruits in containers of a net capacity of more than 1 kg. (23 per cent), apple and pear juices (25 per cent); gin (1.20 U.A. per hl. and per degree of alcohol).

B. Reductions from the proposed common tariff

Seeds for sowing—lucern, hybrid clover and brome —(10 to 5 per cent), timothy seeds (10 to 8 per cent), maple sugar and syrup (42 to 20 per cent), some preserved fruits in containers of 1 kg. or less (27 to 25 per cent), some preserved fruits in containers of a net capacity of less than 5 kg. (25 to 23 per cent), whisky (1.20 U.A. per hl. and per degree of alcohol to 1.00 U.A. per hl. and per degree of alcohol), unmanufactured tobacco (from 30 to 15 per cent with a maximum incidence of 70 U.A. for 100 kg. net weight, (or 15 per cent on the high value product with a maximum of approximately 32 cents per pound).

C. Quotas

Seed potatoes within an annual quota of 1,000 metric tons (10 per cent).

Fisheries Products

A. Bound against increase

(1) Free entry—Fish fats and oils, other than fish liver oils.

(2) Other—Fresh and frozen livers and roes (14 per cent), smoked salmon (16 per cent), canned lobsters (20 per cent).

B. Reductions from the proposed common tariff

Frozen salmon (16 to 10 per cent), fresh and frozen eels (10 to 5 per cent from Oct. 1 to Jan. 31), mild cured salmon (15 to 13 per cent), smoked herrings 16 to 11 per cent), canned salmon (20 to 16 per cent), canned herring (23 to 22 per cent).

C. Quotas

Salted cod (free entry within an annual quota of 34,000 metric tons).

Wood and Wood Products

A. Bound against increase

(1) Free entry—Logs including pulpwood, pitprops, timber, planks and board, dissolving pulp.

(2) Others—Planed wood (10 per cent), plywood other than Douglas fir (15 per cent).

B. Reductions from the proposed common tariff

Douglas fir plywood (15 to 14 per cent).

C. Quotas (indirect benefits)

Pulp: annual duty-free quotas within 1,935,000 metric tons.

Base Metals, Minerals and Chemicals

A. Bound against increase

(1) Free entry—Asbestos, lead and zinc ores and other metallic ores including copper, copper matte and unwrought copper, copper waste and scrap, nickel, aluminum scrap, magnesium scrap, zinc waste and scrap, unwrought cobalt, synthetic rubber, selenium, nickel oxide, radioactive isotopes.

(2) Other—Copper products such as bars, rods and plates (10 per cent); nickel products such as bars (9 per cent) and plates (10 per cent); powders and flakes of nickel (2 per cent); nickel anodes (5 per cent); products of aluminum such as bars and rods (15 per cent); unwrought magnesium (10 per cent), magnesium waste (5 per cent); lead metal (1.32 U.A. per 100 kg.), lead products such as bars and plates (10 per cent); zinc spelter (1.32 U.A. per 100 kg.), zinc products such as bars, plates (10 per cent); carbon black (5 per cent); tellurium (4 per cent); iron oxide and cobalt oxides (10 per cent); salts of selenium and tellurium (10 per cent); methanol (18 per cent), pentaerythritol (19 per cent); some chemical fertilizers (10 per cent); lignosulfites (9 per cent); lignosulphonates (18 per cent); some petrochemicals such as polyamides (22 per cent); and polystyrene (20 per cent).

B. Reductions from the proposed common tariff

Unwrought aluminum (10 to 9 per cent); fire bricks (magnesian) (10 to 8 per cent with minimum of perception).

Miscellaneous Items

A. Bound against increase

(1) Free entry—Hides and skins, raw fur skins, used or new rags.

(2) Others—Cattle leather (10 per cent), woven textile felts (15 per cent), ferro-silicon (10 per cent), ferro-nickel (7 per cent), stoves (17 per cent), agricultural machinery (11 per cent), combine harvester-threshers (11 per cent), calculating machines (14 per cent), sport appliances (19 per cent).

B. Reductions from the proposed common tariff

Outboard motors (18 to 15 per cent), radio navigational equipment (16 to 15 per cent).

C. Quotas

Ferro-silicon (duty-free within the limits of an annual quota of 12,600 metric tons).

Trade Commissioners on Tour

In Canada

K. F. OSMOND, Commercial Counsellor in Accra, Ghana:

Ottawa—Aug. 20-31
Toronto—Sept. 4-11
Montreal—Sept. 17-28

When he completes his tour, Mr. Osmond will return to Accra.

Businessmen who would like to see Mr. Osmond should get in touch with him at the Department of Trade and Commerce in Ottawa, the Canadian Manufacturers Association in Toronto, or the Board of Trade in Montreal.

In Territory

R. A. BULL, Commercial Secretary in Bogotá, Colombia, will visit Quito and Guayaquil, Ecuador, August 13-24.

L. S. GLASS, Trade Commissioner in Salisbury, Southern Rhodesia, will visit Tanganyika and Kenya August 25-September 7.

K. O. HILLYER, Acting Trade Commissioner in Singapore, will visit Kuala Lumpur, Federation of Malaya, August 15-16.

J. R. MIDWINTER, Commercial Secretary in Santiago, Chile, will visit Coquimbo, Antofagasta, Chuquicamata, Arica and Iquique August 13-25.

K. D. TAYLOR, Assistant Commercial Secretary in Guatemala City, will visit Panama August 13-18, and Nicaragua August 19-24.

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. Bull at Bogotá, Mr. Glass at Salisbury, Mr. Hillyer at Singapore, Mr. Midwinter at Santiago, and Mr. Taylor at Guatemala City.

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

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

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

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

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

For conversion to United States dollar equivalent multiply by .9270.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent July 30	Units per Canadian dollar	Notes (See below)
Argentina	Peso		.009103	109.85	
Austria	Schilling		.04180	23.92	
Australia	Pound		2.4209	.4107	
Bahamas	Pound		3.0261	.3304	
Belgium and Luxembourg	Franc		.02169	46.10	
Bermuda	Pound		3.0261	.3304	
Bolivia	Potosi	Free	‡	‡	
Brazil	Cruzeiro	Free	.002997	333.67	
		Special Category	†	†	
Britain	Pound		3.0261	.3304	
British Guiana	Dollar		.6304	1.59	
British Honduras	Dollar		.7565	1.32	
Burma	Kyat		.2265	4.41	
Ceylon	Rupee		.2270	4.40	
Chile	Escudo	Bank rate	1.0254	.9752	
		Free	.6060	1.65	
Colombia	Peso	Certificate	.1610	6.21	
Congo, Republic of	Franc		.02169	46.10	
Costa Rica	Colon		.1628	6.14	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1498	6.67	
Denmark	Krone		.1561	6.41	
Dominican Republic	Peso		1.07875	.9270	
Ecuador	Sucre	Official	.05993	16.69	
		Free	.04887	20.46	
El Salvador	Colon		.4315	2.32	
Fiji	Pound		2.7262	.3668	
Finland	Markka		.003371	296.65	
France, Monaco, etc.	New Franc		.2201	4.54	(1)
Franco-African Republics, etc.	Franc		.004402	227.17	(2)
French Pacific	Franc		.01211	82.58	(3)
Germany	D Mark		.2701	3.70	
Ghana	Pound		3.0261	.3304	
Greece	Drachma		.03595	27.82	
Guatemala	Quetzal		1.07875	.9270	
Haiti	Gourde		.2158	4.63	
Honduras	Lempira		.5394	1.85	
Hong Kong	Dollar	Free*	.1883	5.31	*July 20
		Official	.1891	5.29	
Iceland	Krona	Official	.02509	39.86	(4)
India	Rupee		.2270	4.40	
Indonesia	Rupiah	Official	.02396	41.74	(4)
Iran	Rial		.01424	70.22	
Iraq	Dinar		3.0205	.3311	

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

Country	Unit	Type of Exchange	Can. dollar equivalent July 30	Units per Canadian dollar	Notes (See below)
Ireland	Pound		3.0261	.3304	
Israel	Pound		.3596	2.78	
Italy	Lira		.001738	575.37	
Japan	Yen		.002997	333.67	
Lebanon	Pound	Free	.3540	2.82	
Mexico	Peso		.08630	11.59	
Morocco	Dirham		.2158	4.63	
Netherlands	Florin		.2998	3.33	
Netherlands Antilles	Florin		.5720	1.75	
New Zealand	Pound		3.0054	.3327	
Nicaragua	Cordoba	Effective buying	.1541	6.49	
		Official selling	.1531	6.53	
Nigeria	Pound		3.0261	.3304	
Norway	Krone		.1511	6.62	
Pakistan	Rupee		.2270	4.40	
Panama	Balboa		1.07875	.9270	
Paraguay	Guarani	Official	.008528	117.26	
Peru	Sol		.04021	24.87	
Philippines	Peso	Free	.2778	3.60	
Portugal & Colonies	Escudo		.03752	26.65	(5)
Republic of South Africa	Rand		1.5031	.6609	
Singapore and Malaya	Straits Dollar		.3524	2.84	
Spain and Dependencies	Peseta		.01798	55.62	
Sweden	Krona		.2095	4.77	
Switzerland	Franc		.2495	4.01	
Syria	Pound	Free	.3012	3.32	
Thailand	Baht	Free	.05102	19.60	(4)
Tunisia	Dinar		2.5998	.3846	
Turkey	Lira		.1199	8.34	(4)
United Arab Republic	Pound	Official	‡	‡	
United States	Dollar		1.07875	.9270	
Uruguay	Peso	Free	.09838	10.16	
Venezuela	Bolivar	Free	.2378	4.20	
		Official	.3226	3.10	
West Indies	Dollar		.6304	1.59	(6)
	Pound		3.0261	.3304	(7)
Yugoslavia	Dinar	Official	.001438	695.41	

‡No quotation available.

Notes

1. New franc is also used in Algeria, French Guiana, Guadeloupe and Martinique.
2. Chad, Central African Republic, Congo, Dahomey, Gabon, Ivory Coast, Mali, Islamic Republic of Mauritania, Niger, Senegal, Upper Volta, 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

YUGOSLAVIA

Area: 98,000 square miles.

Population: 18.6 million (1960).

Climate: Mediterranean and moderate.

Topography: mountainous, with wide fertile plains.

Language: Serbo-Croat; sales literature may be in German.

Currency: dinars; commercial and tourist rate is 750 dinars to the dollar; the statistical rate is 300 dinars to the dollar.

Weights and measures: metric system.

Capital: Belgrade.

Chief ports: Rijeka, Split, Dubrovnik.

Marketing centres: Belgrade (population) 700,000; Zagreb 440,000; Sarajevo 166,000; Ljubljana 150,000; Rijeka 80,000.

Economy: all means of industrial production and trade are owned by the community. Individual enterprises are under the management of workers' councils. The state guides economic development through the control of investment and foreign exchange funds. Industry provides some 46 per cent and agriculture 25 per cent of the national income. Agricultural property is nationalized only to a small extent, although limitations are imposed on the site of private holdings.

Total Yugoslav imports: 1961—U.S.$910.0 million; 1960—U.S.$826.4 million.

Chief imports: (per cent) 1961—machinery and electrical products 35.8, manufactured goods 20.3, raw materials 14.8, food 13.0, chemicals 7.0, fuels 4.4, miscellaneous 4.7.

Chief suppliers: (per cent) 1961—European Economic Community 35.8, United States 21.8, Soviet Bloc 18.6, European Free Trade Association 12.1, others 11.7.

Value of imports from Canada: 1961—Can.$2.1 million; 1960—Can.$3.2 million. (DBS figures).

Chief imports from Canada: 1961—asbestos, aircraft parts, cattle hides, wood pulp, transformers, plastics, mining machinery.

Total Yugoslav exports: 1961—U.S.$569.0 million; 1960—U.S.$566.1 million.

Chief exports: (per cent) 1961—food 30.2, manufactured goods 22.9, machinery and electrical products 16.7, raw materials 14.9, others 15.3.

Chief markets: (per cent) 1961—Soviet Bloc 30.2, European Economic Community 25.7, European Free Trade Association 15.9, United States 6.5, others 21.7.

Value of Canadian purchases: 1961—Can.$1.7 million; 1960—Can.$804,000. (DBS figures).

Chief Canadian purchases: 1961—furniture, magnesia, mercury, cotton and thread, glass, skis, rackets and frames, bats, plumbers' brass goods, wood products.

Prices: for Western Yugoslavia quote c.i.f. Rijeka; for Eastern Yugoslavia, c.i.f. Salonika (Greece) in Canadian dollars.

Samples: commercial and non-commercial samples are dutiable unless damaged; deposit returned on re-export.

Correspondence: in German, French or English.

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

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
Commercial Division
Opernringhof, Opernring 1
Vienna 1, Austria

Roger Duhamel
QUEEN'S PRINTER

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

DO as you would be done by

or you will be undone

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

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

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

* By airmail naturally.