

The Market in Benelux (pages 2 to 30)

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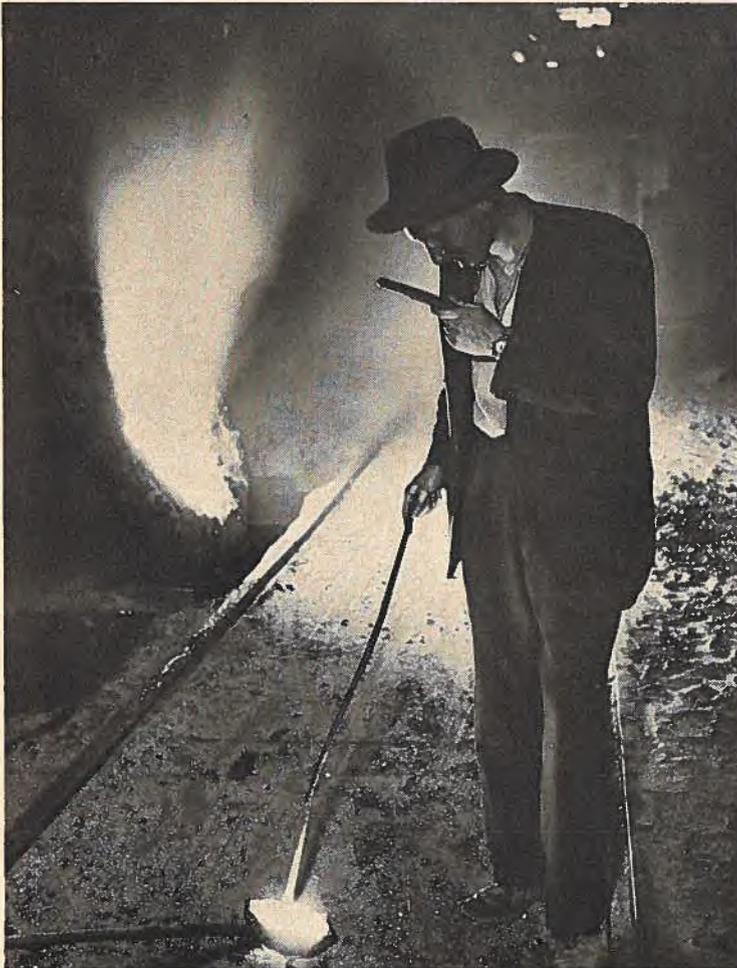
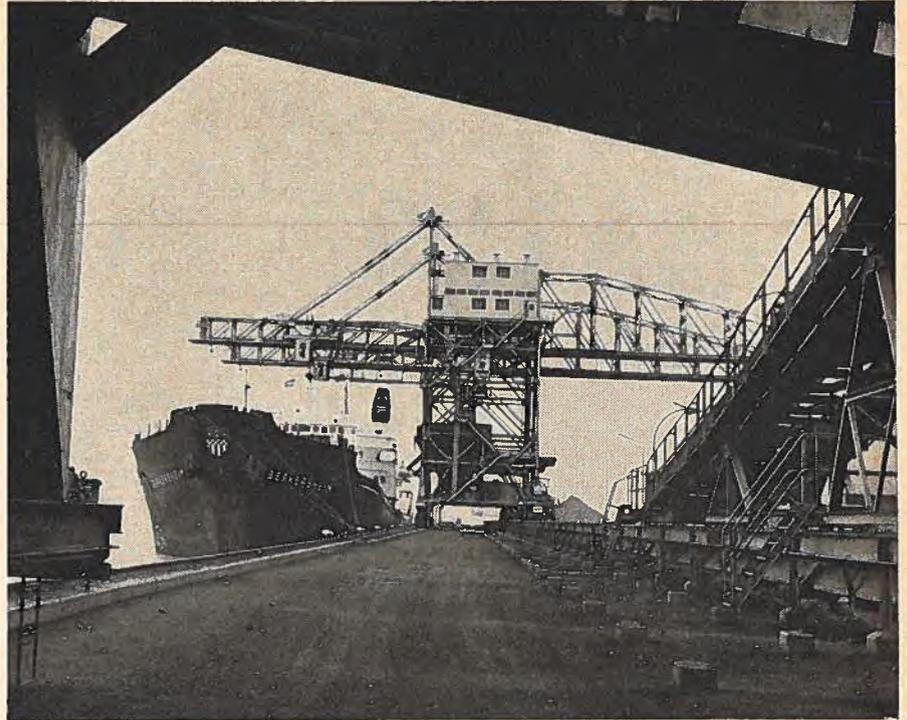
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—Billiton.

(Right) Canada supplies some of the raw materials that Dutch industry needs. This ship is discharging titanium-bearing slag from Canada at Rotterdam; it will be used to produce titanium dioxide, mainly for the pigment industry, in a factory in the Botlek area not far from Rotterdam.

(Below) Mineral products head the list of Belgian imports; help to keep her many industries functioning. Efficient Belgian plants transform imported iron ore into steel and steel products to be sold abroad. Here a skilled worker examines a sample from one of the furnaces to see whether the melt is ready for pouring.



THE MARKET IN BENELUX

What the Businessmen Say

Marvin W. Farrell, Manager, Economic Research Department, The Steel Company of Canada, Limited

"This summer I visited Belgium and Luxemburg . . . I can say that there is no substitute for the personal visit to your potential customer. It is important to give the Trade Commissioner sufficient time and guidance to arrange in advance the appropriate appointments with the people that you wish to see.

"For our purposes the French language has been sufficient, largely as the steel industry is located in primarily French-speaking regions of the country."



Mervin Mirsky, Pure Spring (Canada) Limited

"Having been in Belgium during the war, the contrast in conditions then and conditions I encountered in August 1962 was most startling. From what I saw throughout the countryside and from what I heard from the several Belgian business people I spoke to, business conditions are the most prosperous they have ever been since the fabulous twenties.

"For a Canadian, Belgium is an easy country to do business with, as practically everyone speaks French and most people speak English. Those of us who produce advertising in the French language for our French Canadian market can use this material in the French section of Belgium. It is of course unsuitable for the Flemish section. From my experiences and observations in the export market I would say that Belgium is a particularly suitable target for Canadian exports, that the market is receptive, and that business conditions appear to be excellent."

Ron A. Peel, Peel's Poultry Farm Ltd.

"Our experience as a Canadian firm selling in Europe has been most encouraging. . . . The first requirement should be to seek advice from the Canadian Embassy's trade offices. It has been very beneficial for us.

"However, we Canadians cannot expect our government representatives to sell for us. Therefore the second requirement is to go to Europe and meet your customers with plenty of honest sales promotion material and, if possible, samples. A firm cannot expect many repeat orders until the product is tested and proven.

"We have used Belgium as a gateway to Europe, due partly to the geographical location for re-shipping. Belgium is a small country but with excellent air transportation from Canada and equally good transportation to other parts of Europe.

"The Belgian people are keen representatives for Canadian firms. We find them to be very aggressive. They seem to readily synchronize their thinking on business practices with Canadian thinking. Further, we find Europeans (and particularly Belgians) have excellent command of several languages. Even if you do not speak the language of the country in which you are, as a salesman with a Canadian product, the reception you will receive will be very encouraging. One last tip—be sure and wear a maple leaf pin."



Donald McQ. Shaver, President, Shaver Poultry Breeding Farms Ltd.

"We have found the Dutch to have a high code of business ethics. They are shrewd businessmen, who strive

for the best possible terms and will usually exert considerable pressure in negotiations. Legal expenses can run high, in the absence of clear terms of reference. The Dutch are outstanding merchandisers and advertisers, often ahead of North Americans in both techniques. In some sectors, a very strong undercurrent of nationalist feeling remains from the war years, and for this reason it might be difficult to service Germany from a base in Holland."



L. S. Horncastle, Export Manager, Greening Industries Limited

"As I was chiefly concerned with selling a particular product to a particular industry, my 1962 trip to Belgium was confined to calling upon one firm. . . . I had visited them first in 1961, but without any tangible results. This year's call produced a satisfactory trial order and I am hopeful that we shall continue to receive a share of their business. We intend to see them again in the spring when we also plan to contact several other Belgian firms, of whom we have since learned. . . .

"In our case, prices have to be extremely low to meet competition, as Europe is virtually the home of our particular type of industry. However we are anxious for all the export business we can secure, so as to build up our over-all production volume. It takes time, patience, and consistent effort to break into such a market, but quality and service pay dividends and will even get business at a small premium once one has become established. We have proved that in Holland and expect to expand into other European markets. I would strongly

recommend a thorough knowledge of French to help in one's sales efforts. My own knowledge is limited, and I was obliged to seek help from the Trade Commissioners, who gladly loaned me an interpreter. Price lists and printed material should preferably be prepared in the local language and in the metric system."

W. H. Martin, Assistant Manager in charge of sales, The W. C. Wood Company Limited

"In any densely populated country such as Belgium, the feeding and housing of its people becomes a problem. As our main products, home freezers and farm milk coolers, are used for the preservation of food, we considered Belgium to be a likely market. We obtained a reliable, experienced distributor in Belgium, well equipped to sell and service this equipment. Once we had convinced him that our products were better than those obtainable elsewhere, he had no difficulty in moving our line. To assist him, we supplied good literature, operating instructions, food booklets in French and English.

"Before any trip is planned to a prospective market such as Belgium, an analysis should be made to ascertain whether the products are properly designed and priced right

to compete with anything available from other sources. A lengthy stay, in my opinion, is not required. All that is necessary is to build confidence in your distributor and convince him the product you have is competitive and you will back him up 100 per cent."

S. J. Randall, President and Managing Director, General Steel Wares Limited

"One of my earliest recollections of the Dutch market was to the effect that the Dutch were very slow to change and would not adapt themselves to the use of self-serve coin laundry stores as quickly as other countries. The rapid success our company has had in installing coin laundry stores in Holland certainly shows that this statement, like many others, was far from correct. We find the Dutch people eager and anxious to adopt any service that fulfills a need.

"There is every opportunity for greater trade between the Netherlands and Canada and there is a similarity in our trading positions. We in Canada are faced with heavy imports and lower costs of goods manufactured in the United States. The Dutch are faced with a similar situation from West Germany. They perhaps more than any other nation in Europe have felt the full

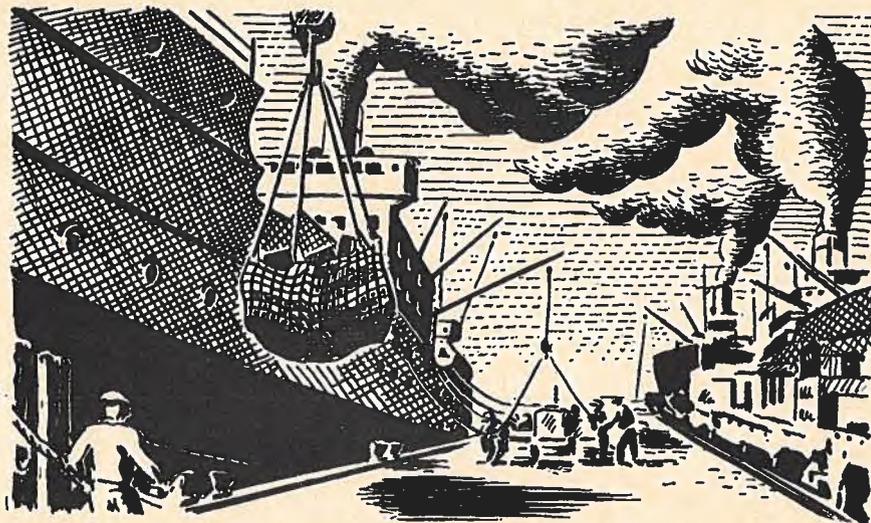
brunt of the exports from their big next-door neighbour and like Canada, the Dutch will have to sell harder now that competition, both at home and abroad, is becoming more stiff."

Gordon H. MacDougall, Manager, Foreign Sales, Shawinigan Chemicals Limited

"As far as doing business in Holland is concerned, it is not an easy market for the Canadian chemical industry. First of all, they are surrounded by large chemical producers such as Germany, France and Italy and, being part of ECM, there are already small duties against chemical materials from outside the Group. The only way Canadian chemical manufacturers are going to move products into this market is through bulk storage and/or consignment stocks carried in Amsterdam and/or Rotterdam.

"The agent should naturally be a Dutchman, but finding one today who is not already representing some European manufacturer of industrial chemicals similar to those the Canadian manufacturer has to offer is very difficult.

"The method of doing business in Holland is no different from any other market and the principal should certainly visit his agent a minimum of twice a year."



L. H. AUSMAN, *Commercial Counsellor, Brussels.*

THE Belgian economy, like the Canadian, depends to a large extent on foreign trade. Lacking many raw materials, this highly industrialized country has been able to supply not only its restricted domestic market of nine million with manufactured goods, but also to earn essential foreign exchange by substantial exports to other countries.

The attention now being given to the spectacular development since 1958 of the European Economic Community (EEC) tends to obscure the creation since the war

estimated \$4,200 million and imports \$4,300 million, or a lack of cover on merchandise trade balance of only 2.3 per cent of imports. If exports achieve this figure, the target for annual growth set for the first year of the four year plan (7 per cent) will almost be attained. The previous year's increase was only 4 per cent.

Because the equivalent statistics for the first half of each year for B.L.E.U. are proportionately very similar to the annual figures, the following summary of the extent and direction of the trade of Belgium and Luxemburg with other countries is based on recently published figures for the first six months of 1962 in order to reflect the most recent changes.

During this period, exports totalled \$2,183 million and imports \$2,255 million. Following a relative stagnation in exports in 1961 (see Table I), the increase this year amounted to about 13 per cent compared with an increase in imports of only 7 per cent. The deficit has therefore been cut from \$189 million to \$72 million, or 3.2 per cent of imports.

Textiles, base metals, machinery and transportation equipment were the main statistical groups making the greatest advance. On the import side, the increase in machinery and equipment, agricultural products and base metals was substantial.

What B.L.E.U. Sells

By far the most important Belgian export group comprises base metals, accounting for almost one-third of total shipments abroad. Textiles and textile products come next (16 per cent), followed by electrical and other machinery and equipment (10), chemicals (7), and transportation equipment (6).

In the base metals group, the greatest increase in exports occurred in iron and steel. Copper, aluminum and tin also made advances but lead and zinc declined.

What

B.L.E.U. Buys and Sells

Belgium's best sellers abroad are base metals, textiles and products, and machinery and equipment; her leading purchases, mineral products, machinery and equipment, and textiles and textile products. Other European countries take about 75 per cent of her exports and furnish 68 per cent of her imports. Imports for the first six months of 1962 have increased 7 per cent.

of the Benelux Customs Union and the earlier Economic Union between the Kingdom of Belgium and the Grand Duchy of Luxemburg. For all practical purposes, the latter, known as the Belgo-Luxemburg Economic Union (B.L.E.U.), consolidates the economies of the two neighbouring countries. Their economic and trade policies are co-ordinated, they share with the Netherlands the same tariff schedules, and their trade statistics are combined. In this and other articles relating to the foreign trade of Belgium and Luxemburg, the figures quoted cover the two countries, even though on occasion we refer, for brevity, only to Belgium.

Table I indicates in general terms the value of B.L.E.U. foreign trade in relation to that of Canada.

The Belgian Minister of Foreign Trade has predicted a record trade for 1962, with exports reaching an

TABLE I
FOREIGN TRADE OF B.L.E.U. AND OF CANADA

	Exports		Imports		Trade balance in percentage of imports	
	Canada	B.L.E.U.	Canada	B.L.E.U.	Canada	B.L.E.U.
	(millions of \$ Can.)					
1959	5,150	3,295	5,572	3,442	-7.6	-4.3
1960	5,392	3,791	5,540	3,970	-2.7	-4.5
1961	5,889	3,924	5,716	4,219	+3.0	-7.0
1961 (6 mos.)	2,713	1,927	2,738	2,117	-0.9	-9.0
1962 (6 mos.)	3,016	2,183	3,065	2,255	-1.6	-3.2

Sources: Canadian figures—Dominion Bureau of Statistics.
B.L.E.U. figures—Institut National de Statistique.

TABLE II
B.L.E.U. EXPORTS—
JANUARY/JUNE 1961/62

	(\$ million)	
	1961	1962
Base metals	651.3	696.8
Textiles and products	301.2	346.9
Machinery and equipment	176.7	220.7
Chemicals	143.9	153.7
Transport equipment	115.3	135.6
Mineral products	99.4	113.6
Precious metals and stones	89.5	105.4
Glass and ceramics	71.1	84.9
Food products	37.3	45.2
Vegetable products	31.8	44.3
Pulp and paper	36.9	43.4
Animal products	31.1	32.9
Plastics and rubber	24.9	29.1
Arms and ammunition	25.1	27.5
Wood and wood products	14.5	17.6
Hides, skins and furs	16.3	17.4
Photo and optical equipment	13.2	14.1
Other products	47.9	54.0
Total	1,927.4	2,183.1

TABLE III
B.L.E.U. IMPORTS—
JANUARY/JUNE 1961/62

	(\$ million)	
	1961	1962
Mineral products (incl. oil)	332.6	337.6
Machinery and equipment	263.5	304.7
Textiles and products	270.6	280.7
Base metals	249.9	270.1
Transport equipment	215.3	226.0
Vegetable products	151.0	173.8
Chemicals	112.5	119.6
Precious metals and stones	102.1	97.4
Foods, beverages and tobacco	88.2	95.6
Pulp and paper	65.7	69.7
Plastics and rubber	56.3	58.7
Animals and animal products	39.3	41.7
Photo and optical equipment	31.2	42.3
Wood and wood products	33.8	30.0
Hides, skins and furs	27.5	27.1
Glass and ceramics	24.3	25.5
Other products	53.0	54.2
Total	2,116.8	2,254.7

Textile exports continued in 1962 the gains made the previous year and the net increase of \$46 million was approximately the same as in the base metals group. Exports of carpets, velours, lace, synthetic textiles and wool increased sharply.

Machinery and equipment exports have risen rapidly from \$148 million in the first six months of 1960 to \$176 million in 1961 and \$220 million this year. Two-thirds of the increase in 1962 was accounted for by non-electrical machinery, by far the largest export group in this sector (66 per cent).

The increase was less marked in chemical products and the different

TABLE IV
B.L.E.U. IMPORTS OF BASE METALS

	Jan.-June	Jan.-June
	1961	1962
	(\$ million)	
Copper	94.1	104.7
Iron and steel	96.9	96.0
Aluminum	23.6	25.0
Zinc	2.6	4.1
Nickel	1.7	2.6
Lead	1.3	2.5
Tin	1.0	1.3
Other base metals and their products	28.7	33.9
Total	249.9	270.1

groups varied considerably. Photographic and general chemicals and

pharmaceuticals were ahead of last year; the principal decline came in fertilizers.

Transportation equipment contributed to the increase in B.L.E.U. exports but individual products followed divergent patterns. The most important sector—motor vehicles and cycles—and railway equipment, showed gains but the shipbuilding industry exported less.

Table II lists the other products showing substantial increases over 1961.

Larger exports of dairy products, honey and fish were offset by smaller sales of other animal products, including meat. Three-quarters of the increase in the "plastics and rubber" group was accounted for by plastics, mainly plastic raw materials.

More wood and wood products were exported in 1962 than in the same period of 1961. Under "other products", an important increase in furniture should be noted.

What B.L.E.U. Buys

Mineral products continue to be Belgium's most important import, though the rise during the first half of 1962 was not substantial. Large increases in fuel (coal and oil) were offset by a decline in metallurgical ores and concentrates. Salt, sulphur, lime and cement made slight advances.

Machinery and equipment increased by over \$40 million, rising from third to second position. As in exports, non-electrical machinery accounted for the greatest proportion of the rise (72 per cent). Machinery imports have gone up by nearly 50 per cent between 1960 and 1962.

Although imports of textiles and textile products showed a modest rise spread over many of the principal sectors (especially synthetics) imports of cotton declined by over \$12 million.

Base metal imports into Belgium are important to Canada and an increase of \$20 million, half of which is accounted for by copper, is worth

noting. Aside from iron and steel, all others rose slightly, as shown in Table IV.

The substantial increase in imports of transportation equipment resulted largely from purchases of motor vehicles worth nearly \$200 million. This was partly offset by smaller purchases of aircraft and parts.

Vegetable products also increased substantially (nearly \$19 million for cereals, with smaller gains for vegetables, fruits, oilseeds, etc.). Coffee, tea and spices suffered a decline.

Other notable increases in B.L.E.U. imports were in tanning extracts, paints and varnishes, certain industrial chemicals, animal feeds, pulp (for paper), plastic raw materials, optical and photographic equipment. Imports of wood and wood products declined by \$3.8 million in the first half of 1962.

Table V illustrates the direction of B.L.E.U.'s trade during the first six months of 1962 compared with a year earlier.

Leading Customers

Exports to Europe represent almost three-quarters of the trade of B.L.E.U. and sales during the first half of 1962 were just under the average increase for all countries (12 per cent). The most important customers were their Common Market partners and Britain, followed by Switzerland, Sweden, Denmark, Norway and Spain. The Netherlands bought more Belgian goods than any other country (\$493.3 million), followed by Germany (\$357.4 million) and France (\$266.6 million) in Europe, and the United States (\$226.4 million). (See Table VI.)

Canada bought Belgian goods in the same period to the value of \$21.1 million, an increase of 23 per cent over the previous year. She was 12th among the 13 countries purchasing more than \$20 million.

Shipments to Italy increased 42 per cent, to Switzerland 29 per cent, and to the Congo (Leopoldville)

TABLE V
B.L.E.U. TRADE BY GEOGRAPHICAL AREAS—JANUARY/JUNE 1962

	Exports \$ million	Increase or decrease* per cent	Imports \$ million	Increase or decrease* per cent
Europe	1,632.3	+12	1,536.0	+ 7
America	322.8	+27	352.0	+ 16
Africa	91.7	+22	190.9	— 4
Asia	110.3	— 8	126.4	— 5
Oceania	12.3	—10	47.6	+ 12
Others	13.7	+35	1.8	+293
Total	2,183.1	+13	2,254.7	+ 7

*In relation to same period 1961.

TABLE VI
PRINCIPAL CUSTOMERS OF B.L.E.U.—JANUARY/JUNE 1962

	\$ million	Per cent	Per cent of Jan./June 1961 figures
Netherlands	493.3	22.6	106
West Germany	357.4	16.4	122
France	266.6	12.2	118
United States	226.4	10.4	135
Britain	104.2	4.8	100
Italy	82.4	3.8	142
Switzerland	67.6	3.1	129
Sweden	51.6	2.3	83
Denmark	37.9	1.7	108
Congo (Leopoldville)	25.5	1.2	126
Norway	24.1	1.1	111
CANADA	21.1	1.0	123
Total of 12 countries	1,758.1	80.6	115
All other countries	425.0	19.4	106
Total exports	2,183.1	100.0	113

TABLE VII
PRINCIPAL SUPPLIERS OF B.L.E.U.—JANUARY/JUNE 1962

	\$ million	Per cent	Per cent of Jan./June 1961 figures
West Germany	415.2	18.4	111
Netherlands	331.1	14.7	103
France	329.0	14.6	101
United States	230.7	10.2	121
Britain	181.5	8.1	118
Congo (Leopoldville)	91.8	4.1	80
Italy	65.9	2.9	115
Sweden	57.3	2.6	88
Switzerland	36.6	1.6	115
Argentina	34.3	1.5	131
South Africa	28.1	1.2	152
CANADA	22.8	1.0	103
Total of 12 countries	1,824.3	80.9	107
All other countries	430.4	19.1	107
Total Imports	2,254.7	100.0	107

26 per cent over the previous year. Exports to Venezuela, Peru, Brazil and Liberia also gained substantially. Shipments to some countries

in Asia, to some East Bloc countries (but not the U.S.S.R. or East Germany), to Portugal and Sweden were down considerably.

Its European neighbours supply 68 per cent of Belgium's imports. The most important source is West Germany (\$415.2 million), followed by the Netherlands \$331.1 million) and France (\$329.0 million) in Europe, and the United States (\$230.7 million).

According to Belgian statistics, imports from Canada reached \$22.8 million, an increase of only 3 per cent over the same period of the

previous year. As a supplier to Belgium, Canada ranked 12th. Imports from the United States were 21 per cent and from Britain 18 per cent higher than in 1961. Other substantial gains were made by Argentina (31 per cent), Mexico (35) and Venezuela (18).

Purchases were down from Congo (20 per cent), Morocco (15) and Liberia (72), but these decreases were offset by substantial gains for

Nigeria (27) and South Africa (52). The latter moved up to 11th position as supplier.

East Bloc countries accounted for increases well above the average of 7 per cent. Although the values were not substantial, there were increases for Poland (44 per cent), U.S.S.R. (31), East Germany (13) and Hungary (12); only Czechoslovakia showed a reduction (6 per cent). ●

Trading Prospects

- *Larger imports of raw materials, semi-manufactures, and components.*
- *Continued demand for hard wheat.*
- *Increasing competition, especially from EEC partners.*

BELGIUM'S four-year program for economic development calls for an annual increase in the gross national product of about 4 per cent, accompanied by a growth of 50 per cent in capital investments. Because Belgium normally exports 40 per cent of its production, the 1961 target can only be achieved if a large part of the output resulting from these new investments is sold abroad and if exports increase on the average 8.5 per cent a year.

This achievement, of course, depends on several factors which are somewhat similar to those that condition Canada's development of its export trade. These are the success of the Common Market during and after the transition period; the accession or association of new countries (e.g., Britain) with the European Economic Community (EEC); the progressive liberalization of trade with other countries, especially the United States, and the economic progress of the underdeveloped countries.

Canadian Prospects

Because Belgium is a highly industrialized country with few raw

materials, the expected increase in exports must, of necessity, be accompanied by a rise in imports of raw materials, semi-manufactures and components. It is in this sector that we find the bulk of postwar Canadian exports to Belgium and Luxemburg, and our future trade with this area will probably continue in the same direction. The greater the development of Belgian industry, the more Canadian exporters will benefit by supplying its basic requirements. This does not rule out manufactured products and consumer goods, but these will continue to represent but a small part (probably not more than 15 per cent) of our trade, mainly specialty items and those food products which we traditionally supply.

Agricultural products, mainly wheat, account for a large share of our exports to B.L.E.U. and although it is impossible now to foresee accurately the full effects of the common agricultural policy of the EEC, we may reasonably expect that, despite somewhat complicated and restrictive import regulations, Canadian hard wheat will continue

to be in demand for mixing with the Community soft wheat that will be available on preferential terms.

Effect of EEC

The customs union that is being achieved progressively by the members of the EEC involves reductions in internal tariffs as well as the establishment of a common external tariff around the Community. Internal duties on industrial goods have already been reduced by the Six by 50 per cent in favour of their partners, with a further reduction of 10 per cent scheduled for next July. Most agricultural tariffs have been reduced by 35 per cent. According to the present schedule, the internal duties will be eliminated by 1970, but this goal could be reached two or three years earlier.

The first step towards the common external tariff was taken on January 1, 1961, for industrial goods and on January 1, 1962, for agricultural products. On these dates, external tariffs of the member countries moved 30 per cent towards the c.e.t. This meant that duties on many items in the high-tariff countries such as France and Italy were reduced and tariffs in Germany and Benelux increased. A further 30 per cent adjustment is due to be made on July 1, 1963, with the full c.e.t. coming into force by the time internal duties are eliminated.

The effect of these changes in the internal and external tariffs of the Common Market countries is that Community products entering the Benelux countries now benefit from a 50 per cent preference over those from third countries and this will be increased progressively until goods move freely among the Six. During the same transition period, as the duties of all the member countries move to what is, generally speaking, the arithmetical average of the former individual rates, the relatively low incidence of the Belgian (i.e. Benelux) tariff will increase for third countries such as Canada.

Belgian trade will, of course, benefit by easier access to the markets of its European partners who, even now, take 55 per cent of its total exports. Members of the European Free Trade Area (EFTA) absorb 15 per cent, 10 per cent goes to the United States, and about 1 per cent each to Congo and Canada. No other country bought greater quantities during the first half of 1962.

Competition Will Increase

It should be noted that although Belgian exporters will no doubt benefit by the removal of tariff barriers to their trade with EEC partners, their competitors in these countries will also seek to expand their sales in Belgium and Luxembourg. Third countries such as Canada, the United States, Japan and many others will, at the same time, be trying to develop or expand sales to all countries in the Common Market, with its 160 million population. Even if the standard of living of these people rises in the years to come, one must recognize the degree of competition from both domestic (EEC) sources and abroad. This underlines the suggestion in a previous paragraph that Canada's future trade with this area, Belgium in particular, will be based on the supply of materials and equipment for the growing industrial development in Europe. It

Luxemburg at a Glance

THE rate of expansion of the Luxemburg economy began to fall off during the latter months of 1961 and this trend continued into the first half of 1962. The slackening in activity resulted mainly from the trend in exports, which failed to play their part in sustaining total demand.

Iron and steel products, which make up over 80 per cent of total sales of Luxemburg products abroad, faced contracting markets and deliveries of rolled products, which in 1960 were 10.3 per cent above 1959, dropped in 1961 to only 1.5 per cent over the previous year. For the first six months of 1962 they were actually 3.8 per cent below the corresponding period of 1961.

Although the index of industrial production in August 1962 was 9 per cent lower than in the previous year, the September figure was only 1 per cent less than for the same month in 1961. By October the production of primary steel, following a series of declines, increased 2.3 per cent over the previous year. The expectation is for a "plus" figure for industrial production for that month.

Sales to Luxemburg are usually made through agents or distributors in Belgium. Canadian exporters are advised in most cases to assign the Luxemburg territory to their Belgian agents. In exceptional circumstances direct representation in the Grand Duchy may be desirable and the Commercial Counsellor in Brussels will be pleased to examine and advise on individual cases.

For further information on this territory see articles in *Foreign Trade* of July 2, 1960, and June 30, 1962.

—L. H. AUSMAN, *Commercial Counsellor, Brussels.*

is these products, incidentally, on which the c.e.t. is relatively low, or in some cases nil.

To meet this competition, manufacturers in the Six have made a considerable move towards 'interpenetration' of the Common Market. This means that firms long established in one country are opening branch sales offices or factories in other EEC countries or making manufacturing and distribution arrangements with firms in the Community to give them a better opportunity to sell throughout the Common Market on an equal basis with their competitors. This particular investment abroad is not for the purpose of securing more favourable tariff treatment, as would be true for third countries, but primarily to meet competition from established firms closer to the in-

dividual markets. What is in effect happening is that Belgian firms are seeking expanded markets abroad, coincident with a penetration of their home market by Community competitors.

This expansion of manufacturing facilities in Europe is not confined to member countries of the EEC. Reports here indicate that United States direct investments in Western Europe at the end of 1961 already amounted to \$8,000 million. However, the United States is not the only country looking to the new Europe for expansion. Factories are being built, or licensing arrangements made, by British and other European capital, by Canada and by other countries, including Japan.

—L. H. AUSMAN,
Commercial Counsellor, Brussels.

What Canada Trades with B.L.E.U.

Food products, especially wheat, industrial raw and semi-finished materials—these are our best sellers in B.L.E.U. Outlook: increasing competition, great emphasis on good sales promotion.

A. A. LOMAS, *Commercial Secretary, Brussels.*

CANADIAN trade with Belgium and Luxemburg continues to be substantial, reflecting the traditional close commercial ties between these countries. Canadian exports have increased steadily in recent years, as Table I shows.

According to DBS figures, Canadian exports for the first six months of 1962 reached \$34 million, about 5 per cent ahead of the figure for the same period in 1961. It is worth noting that Belgian import figures are generally lower than Canadian export figures because a certain percentage of sales to this country are actually for transshipment, probably through Antwerp, to other markets.

The composition of these exports is interesting as shown in Table II.

It is apparent that most Canadian exports to B.L.E.U. consist of basic agricultural and food products, industrial raw and semi-finished materials, and aircraft parts and components. All other Cana-

dian exports, including processed foods and more highly manufactured consumer and production goods, grouped together, were worth about \$9 million. To assess future prospects for Canadian trade with this country, it is necessary to consider each of these groups separately in the context of current and forecast Belgian development.

Trade Pattern Changing

Belgium is a small country of nine million people. Its agriculture is intensive and supplies a surprisingly large proportion of domestic food demand, but the principal economic activity is the processing of imported commodities for re-export. Thus, Belgium imports industrial raw materials and exports more highly manufactured goods. In this rather neat equation, Canada has long had an assured position as a supplier of many of the materials required by Belgian

factories. At the same time, we could develop sales for certain Canadian manufactures and food products in the prosperous Belgian consumer market.

Now, of course, the European Economic Community, with its common external tariff and agricultural regulations, is blurring and changing the equation. Participation in the EEC assures first chance at the Belgian market for its EEC partners or African associates and this situation becomes further clouded in the face of applications for EEC participation by Britain and Scandinavian countries—the latter often direct competitors of Canada. At the same time, prosperity in Europe has attracted renewed U.S. interest in the area and a major effort to develop sales for North American products, either from the United States or from new U.S. factories in Europe.

In view of the limited experience to date of the common agricultural policy grain regulations, which came into operation on July 30 last, it is difficult to foresee with assurance what effect these will have on Canadian wheat exports to Belgium. To the extent that the

In the great Belgian port of Antwerp, wheat is being discharged from what Europeans call a "silo" (grain elevator) into an "elevator" (to Europeans, a floating machine used to take the grain out of one vessel and put it into another). Wheat continues to be Canada's leading export to Belgium.



TABLE I
CANADIAN TRADE WITH B.L.E.U.

	1959	1960	1961
	(millions of Can.\$)		
Exports to B.L.E.U.	56.2	69.1	76.1
Imports from B.L.E.U.	44.8	41.4	44.8
Total trade	101.0	110.5	120.9

TABLE III
INDUSTRIAL EXPANSION IN BELGIAN INDUSTRY 1961-65*

Sector	Increase (per cent)
Metal fabrications: automobiles	+52
Paper products	+44
Chemicals	+41
Petroleum and byproducts	+40
Non-ferrous metals	+37
Metal fabrications: consumer goods	+33
Steel	+32
Gas	+32
Metal fabrications: investment goods	+31
Wood	+27
Building materials	+26
Metal fabrications: industrial products	+25
Electricity	+24
Building	+19
Footwear	+18
Paper (production)	+17
Food industries	+14
Textiles	+11.5
Coke	+ 9
Coal	- 9

*Source: "AGEFI", from the Belgian Planning Bureau.

application of these regulations does not raise production unduly within the Community and so displace imports, and provided that Belgian millers continue to retain freedom of choice as between imported and Community wheats, the prospects are that Canadian hard wheat will still be required for mixing with Belgian and other EEC wheats. Other agricultural products are covered in greater detail in following reports. It is true to say that Canada will face increasing difficulties in selling basic and processed food products here in the face of the common external tariff and other regulations and against strong competition both from domestic

TABLE II
CANADIAN EXPORTS TO B.L.E.U.

	1959	1960	1961	Change 1961 from 1960
	(millions of Can.\$)			
Total exports	56.2	69.1	76.1	+ 7.0
Of which:				
Wheat	18.7	19.3	30.7	+11.4
Asbestos	4.3	5.5	5.3	- 0.2
Lead and zinc	2.5	2.8	4.9	+ 2.1
Iron, steel and alloys	0.7	2.3	4.2	+ 1.9
Copper and brass	2.6	3.2	3.6	+ 0.4
Aluminum	4.1	5.6	3.5	- 2.1
Lumber, pulp and paper	1.2	2.7	3.3	+ 0.6
Iron ore	0.6	1.3	2.7	+ 1.4
Nickel	6.3	11.6	2.7	- 8.9
Seeds	2.8	2.0	2.1	+ 0.1
Aircraft and parts	2.9	1.4	1.6	+ 0.2
Chemicals, synthetic resins	1.2	2.0	1.3	- 0.7
Fish products	1.1	1.1	1.1	N/C
Other	7.2	8.3	9.1	+ 0.8

suppliers and such other countries as the United States, South Africa, Australia and Argentina.

For most industrial raw and semi-finished materials, the outlook is generally brighter although, more than ever, these materials will have to be sold against the competition of alternative products or suppliers. The Belgian manufacturing industry is in good shape and forecasts based on 1961 indicate major increases in almost every sector.

A large number of "other products" remain which, although they comprise only a relatively small part of total Canadian sales in the area, nevertheless are important to individual Canadian companies. Included in this category are textiles, processing machinery, chain saws and parts, agricultural equipment, automotive parts, radio and electronic equipment, electrical devices, office machines, clothing, clocks, medicines, photographic film and books.

Many Succeed

The very diversity of these items emphasizes the fact that Belgium is a potential market for almost any Canadian product, provided it is competitive in price and quality. Sometimes, of course, exports from Canada come from subsidiaries of U.S. and other foreign firms which

have given their Canadian affiliates some freedom in export sales or have turned some export markets over to the Canadian plant. While U.S. plants are normally set up to handle only long production runs, Canadian operations are in some cases more flexible and able to produce the shorter runs necessary to make a range of items with different characteristics for smaller European markets such as Belgium.

Other Canadian firms have been able to develop new markets here for such old-fashioned reasons as competitive price, good design, newness of products, speedy and reliable deliveries, and plain hard selling. Examples in the past two years include industrial pressure tapes, floor coverings, wire screening, food freezers, wallpaper, coin-operated washing machines, and even carpets.

The characteristics of the Belgian market and some of the techniques to use in selling here are discussed in accompanying reports. It is worth repeating, however, that the Belgian market is open, the buyers have money, and there is interest in imported products both for consumers and for industrial use. But salesmanship is necessary. Many Canadian firms have already discovered this. There is room for many more. ●

MEMORANDUM

To: A Canadian Exporter

From: Officers and Staff of the Commercial Division, Canadian Embassy, Brussels.

Subject: Personal Selling in Belgium

Does anyone know your company, your products and your sales methods as well as you do? Would you appoint an area representative or distributor in Canada without a pretty thorough investigation, including a personal interview? Are you interested in a potential market of nine million prosperous, hard-working people who pay their bills and are looking for new products?

Then come to Belgium as soon as possible, but don't necessarily plan to visit Belgium only. You are only two or three hours by fast train from Brussels to such important centres as Rotterdam, Duesseldorf and Paris, and less than an hour from London by air. Brussels is a good place to start in Europe because it is the administrative centre of the European Common Market (more and more people are calling it "the capital of Europe") and here you can feel and appreciate the vitality of this new Europe which is so important to you as an exporter.

Well before you arrive in Brussels, write to us, telling us your travel plans, date of arrival, arrangements or requirements for accommodation, how long you intend to stay, and what you intend to accomplish while you are here. On this point, give us as much information as possible. Tell us about your product, how and where you now sell it, how much it costs (most useful if you have worked out a c.i.f. Antwerp price) and send us any necessary literature or samples or bring them with you. Tell us what you want to do—appoint an agent, study the market, arrange appointments with prospective customers, or rent a car.

Depending on your product and what you have in mind, we can set up a schedule for you here. Normally, you will not have to leave Brussels—although, for certain products (especially raw materials) a trip to Antwerp (35 miles) may be useful. If you want to call on industrial buyers, you may have to include Liege, Charleroi, Ghent or other manufacturing centres.

When to come? It's up to you, but remember that July and August are holiday months here and offices and plants generally close down for two weeks. In addition, many Belgian businessmen take a breather during Christmas week and the Easter holiday is longer than in Canada, usually making it hard to find the right people from Holy Thursday until some time the next week. Other holidays include: Ascension Day, May 1, July 21, August 15, November 1, 11 and 15, and when these fall anywhere from Thursday to Tuesday, watch out for a long, long weekend. Incidentally, Wednesday can also be awkward because this is "Bourse Day" when, for reasons of custom, tradition and sheer enjoyment, many Belgian traders and industrialists gather in Brussels to talk shop with their colleagues, exchange business gossip, and sound out the competition.

What to bring? We've already mentioned your samples and literature (or send them ahead) and the next thing is a stout raincoat. In summer, the weather is much like that of Halifax, and in winter, somewhat like Southern Ontario. Don't forget a camera.

It always helps to know French or Flemish, but don't worry if you know neither. Not content with being bilingual, most Belgian businessmen will confound and delight you with their linguistic ability.

Try to spend at least two days here. We would like to see you first and you may want to talk with other officers in the Embassy who are more closely concerned with broad developments in the European Economic Community. You will also want to interview our candidates for your agency and probably visit at least one prospective customer. Try also to leave yourself a few free hours for some rewarding sightseeing and shopping. If your free hours must be confined to after sunset, don't worry. Brussels night life is active.

Finally, a word about the Belgian businessmen you will meet. Most of these men are specialists and professionals in their chosen line of work and it is not unusual to find agents carrying on a family business begun generations ago. Because competition is severe, they are generally hard-working and cost-conscious, somewhat formal on first meeting, and punctilious about appointments, replies to correspondence, etc. They will expect the same punctiliousness from you. Because the market is small and a competitor lurks behind every lamp-post, you will probably sense a certain reserve on first meeting. But as you become acquainted, this reserve will give way to genuine frankness and informality. Whether with a first contact or old friends, however, don't neglect normal courtesies. Confirm your contacts in writing, answer your Belgian correspondence promptly, and do everything possible to avoid the impression—more harmful than anything else in this market—that you and your firm are "not serious".

Do decide to visit Belgium soon. There is a worthwhile market here and we hope that your firm will capture a share of it. We will do everything possible to help you. — — Brussels, December 3, 1962.

How to Sell in the Belgian Market

Belgians like North American goods—but they are discriminating buyers. Succeed here, and you can probably sell anywhere in Europe. Interested? Try this step-by-step approach.

A. A. LOMAS, *Commercial Secretary, Brussels.*

BELGIUM was an important market long before it assumed its present form as a nation and most of its principal towns and cities trace their history back to their origin as mediæval trade centres. These urban areas are now the basis of modern Belgium: a small, densely populated and highly industrialized nation, with a long tradition of international commerce.

The Canadian exporter attempting to sell in Belgium should recognize three basic factors:

- Belgium has a population half that of Canada in an area half the size of Nova Scotia.
- It is an extremely competitive market, much sought after by foreign exporters, and consumers are accustomed to select best buys from the offerings of suppliers everywhere.
- It is now in the midst of a far-reaching commercial revolution creating a business climate increasingly like that of North America.

How do these factors apply to the Canadian exporter? Obviously, their impact will vary according to the type of product offered—industrial raw materials, agricultural products,

or processed and manufactured goods. The small area and dense population simplify the problem of introducing a new product. Brussels, Antwerp and Liege are the major cities and business centres and a good representative in any one of these, or in some other smaller centre, can normally cover the entire country. It is worth remembering in this context, however, that because the country is so small and highly developed, commercial secrets are hard to keep and firms seeking agents are well advised to approach only one potential contact at a time.

Selling Industrial Materials

For the Canadian exporter of industrial materials, the current situation is promising. Belgian industrial output, both for domestic sale and for export, is expanding steadily and in October reached a new record—a healthy 75 per cent ahead of 1953 levels. Forecasts indicate continued growth and sales techniques in this sector will probably not change much. There will be continued rationalization of the means of production, however. This should result in a smaller number of larger operating units and, in turn, will require of Canadian suppliers more direct contact with their increasingly

important customers. Nevertheless, Belgian importers, brokers and agents will remain key links in the commercial chain by providing the necessary day-to-day sales effort.

Consumer Products

As for consumer products, this market is an important one. Belgians have enjoyed one of the best living standards in Europe since the war and per capita consumer expenditure is the highest in the European Common Market. (See Table I.)

This consumer spending, which amounts to over \$8 billion a year, is broken down in Table II.

At present, most statistical indicators show a substantial and growing market. Industrial activity and exports have reached a new high; new car sales, building permits and department store receipts are up. None of these, however, gives as graphic a picture of the current

TABLE I
PER CAPITA CONSUMER EXPENDITURE, 1960*

	U.S.\$
Belgium	894
France	800
Germany	682
Netherlands	616
Italy	378
Britain	868
United States	1,752

*Source: AGED, Belgium—Report of 1962.

TABLE II
BELGIAN CONSUMER EXPENDITURE BY SECTORS, 1960*

	Per cent
Food	29.4
Rent and taxes	12.8
Leisure and tobacco	9.8
Clothing	9.4
Household equipment	7.8
Transportation	6.7
Toiletries	6.4
Beverages	5.1
Heating and lighting	4.5
Household products	3.7
Miscellaneous	4.4

*Source: "Le Marché Belge"—Bodden & Dechy S.A.

prosperity as a short walk through a Belgian shopping district lined with smart stores filled with new, attractive merchandise and thronged with shoppers.

Tastes and Buying Habits

For the most part, the buying habits, tastes and preferences of these consumers are similar to those of Canadians—although local merchandising men are quick to point out that Belgians are careful buyers accustomed to a wide choice of products. One fact is significant for the Canadian exporter: there is no built-in prejudice against North American-style imports. In fact, these products seem to appeal to the Belgian, provided they offer the required balance of price, quality and design. Moreover, Canadian businessmen can capitalize on a fund of goodwill for Canada and Canadians as a result of wartime contacts, the large percentage of Belgian families with relatives in Canada, and the important Belgian investment in Canadian business.

With its long history and its current prosperity, Belgian business is highly organized—perhaps even over-organized. Through the years it has been fragmented and subdivided so that the basis of internal distribution has finally come to rest with the thousands of small specialized retail outlets, served by a comparable number of small wholesalers, jobbers, distributors and importers. Increasing efficiency of production, however, has pointed up the weaknesses and high cost of this form of distribution, with the result that department stores, supermarkets and retail chains are now making major gains. Concurrent with this improvement at the retail level, the other parts of the distribution mechanism are being modernized. Some firms are succumbing to competitive pressure while others grow larger and more effective. In these circumstances, there is seldom any difficulty in finding experienced and capable representatives and agents willing to take on imported products that show sales promise.

Nor is there any lack of the other facilities necessary for present-day merchandising. Although "le marketing" is a relatively new concept in Belgium, it is having great impact, especially on younger businessmen who are adjusted to European ideas of economic planning and who readily adapt these ideas to their own operations. Advertising,* of course, plays an increasing part in distribution and is now generally accepted here as a necessity in introducing a new product or maintaining sales of an older one.

A Test Market

Reviewing all these factors, there is a strong case for making Benelux, and Belgium in particular, a test market for exports to Europe. The country is traditionally a European crossroads and is now the administrative centre of the EEC. Its 9.2 million inhabitants, of French and Flemish extraction, provide a sampling of Nordic and Latin races and reactions. As a market, it is sufficiently competitive that goods finding buyers here can probably sell anywhere in Europe. There is no consumer discrimination against imports and a general interest in Canada and Canadian products. It offers all the facilities for adequate distribution to a group of consumers with a relatively high standard of living and, finally, it is not so large a market that it could overwhelm Canadian manufacturers established for, and accustomed to, the Canadian market.

The actual techniques to be used in selling to Belgium will vary with the exporting firms, their products, and the type of outlet required. But there are some ground rules which apply to almost all exporters.

Making the Initial Approach

● Carefully select the particular product or products that you want to export. Don't try to sell everything at once, but concentrate on

*See "Advertising Abroad: Belgium", in *Foreign Trade* of June 17, 1961.

those novel in design or application or with a maximum cost advantage.

- Work out your lowest possible export prices, making certain to deduct domestic marketing costs, sales tax, etc.
 - Discuss payment terms with your bank.
 - If you are manufacturing under licence, clarify export rights and territories with your licensor.
 - Contact the Canadian Trade Commissioner with complete information on your product, prices, Canadian sales methods and your requirements here.
 - Provide a quotation, if possible c.i.f. Antwerp, for use in making an initial market survey and approaching potential customers or agents.
 - Work with the Trade Commissioners in selecting the best sales method: direct to users or through wholesalers, agents, department stores, etc.
 - When buying connections or agents have been recommended, follow up rapidly to maintain their interest and *always* use airmail for your correspondence.
 - At this point, plan to visit Belgium to make final decisions on an agent or distributors, allocation of territories, commissions, discounts, payment terms, and so on.
- ### **Co-operate with Your Agent**
- Keep in close touch with your agent, visit him periodically or help him to visit your operation in Canada. Give him your full support and remember that he is a valuable member of your corporate family.
 - Work with your agent in market promotion and advertising, remembering that these are almost essential to sell in Belgium. Remember, too, that when Belgians think of North American products, they normally think of the United States.

Canadian suppliers have no such built-in advantage but must actively seek out sales potential for their products.

- Help your agent by assuring fast action on his orders and, where necessary, adequate after-sales service.

- In shipping, aim for minimum cost with maximum speed and stick to delivery dates. Remember you are competing with European man-

ufacturers who can sometimes offer same-day service from their plants or local warehouses.

- Co-operate with your agent on payment terms and endeavour to meet local requirements. Don't ask the agent to guarantee accounts but, with him, find customers whose ratings make such guarantees unnecessary.

- Supply catalogues, price lists and instructions in French and/or Flem-

ish, or have these prepared in Belgium.

- Keep your agent informed on new products and marketing developments.

- Don't expect him to sell your products at uncompetitive prices on the basis of higher quality. He and the Belgian buyers assume a certain standard of quality and are only interested in the best price for the particular quality required. ●

What's Current in Commodities—in Belgium

The five reports that follow cover Belgian production, exports and imports in a number of fields—and may offer leads to Canadian exporters established in or looking for European markets.

Agricultural Products

BELGIAN farmers have a well-deserved reputation for obtaining outstanding crop yields per acre and are able to supply an important share of the domestic demand for foodstuffs. Yet the country depends on imports for almost a third of its food requirements. This is not surprising, because only about 3,850 square miles of arable land are available to feed over nine million people.

Most Belgian farms are small and often consist of widely separated plots of land, preventing efficient methods of cultivation. Consequently, many farmers rely on vegetable-growing for a considerable part of their income. In an average year about 450,000 tons of vegetables are produced; the main varieties are green peas, tomatoes, chicory, lettuce, cauliflower, leeks, asparagus and onions. These are sold both on the fresh vegetable market and to local food-processing plants and in a normal year

domestic output is supplemented by relatively small imports from neighbouring countries such as the Netherlands, Italy and France.

Belgium's principal agricultural imports are grains, fats and oils, citrus fruit and tobacco. Among the grains the most important, of course, is wheat.

Wheat—Belgian farmers, like their counterparts in many other countries, have steadily increased the amount of land sown to wheat and harvests have risen from 560,000 metric tons in 1953 to 722,000 in 1961. However, the wheat produced in Belgium is not entirely satisfactory for breadmaking and requires the incorporation of imported hard wheat to produce bread flour acceptable to bakers and consumers.

During the past few years, Belgium has imported an average of about 450,000 metric tons of foreign wheat a year and Canada has been the major supplier. The

estimated 1962/63 Belgian crop is, however, about 70,000 tons larger than the average for the last five years and this, coupled with the larger carryover at the end of the last crop year and the first effects of the EEC common agricultural policy, may mean a small reduction in imports this year.

Coarse Grains—Belgium must also import coarse grains to supplement local crops in meeting the needs of its livestock industry. Beginning in 1957 the Government placed special import taxes on these grains in the hope of increasing domestic production. Since July 1961, further incentives for growers have been provided as the Government moves to apply the regulations of the common agricultural policy of the EEC. Though the United States supplies a large share of the coarse grain imports (in 1961 some 10,863 tons of oats, 24,100 tons of barley and 228,885 tons of corn)

Canada's share has been negligible in the past few years.

Oilseeds—At one time Belgium grew considerable flaxseed but in recent years the acreage devoted to this crop has been much smaller. The only other oilseed grown is rapeseed, in limited quantities.

Belgium is a major consumer of oilseeds (including rapeseed, flaxseed and mustardseed) but its most important sources of vegetable oils are peanuts, copra and palm kernels. There are no restrictions on the import of oilseeds from any source and this situation is likely to continue because the Rome Treaty provides that the common external tariff on oilseeds for all EEC countries will eventually be nil.

Potatoes—Potato growing is important in Belgium and large quantities are exported to other countries. Despite domestic production, Belgium is also an importer not only of early potatoes from Southern European countries but of later varieties as well. The Belgian consumer is accustomed to a yellow-fleshed potato, however, and normally purchases this type in preference to the white-fleshed North American variety.

Because of a dry spell in 1959 and a wet summer in 1960 potato crops were mediocre, with poor keeping qualities, and this brought pressure on prices. The 1961 harvest was late in maturing because of unseasonal weather, which left a scarcity of potatoes in the spring of 1962. This stimulated imports from other countries, including Canada, and between January 1 and July 31, 1962, Canada shipped 9,550 tons of potatoes to this market.

Tobacco—Belgium depends to a large degree on imports for its tobacco requirements and buys tobacco from almost every producing country. Price controls on the sale of manufactured tobacco products make it difficult for Belgian firms to buy more than the bare minimum of high-quality tobacco, and most of this is supplied by the United States, which shipped 7,881 tons of raw tobacco in 1961. To sell in this market, Canadian tobacco must be directly competitive in price and quality with American Virginia-type tobacco.

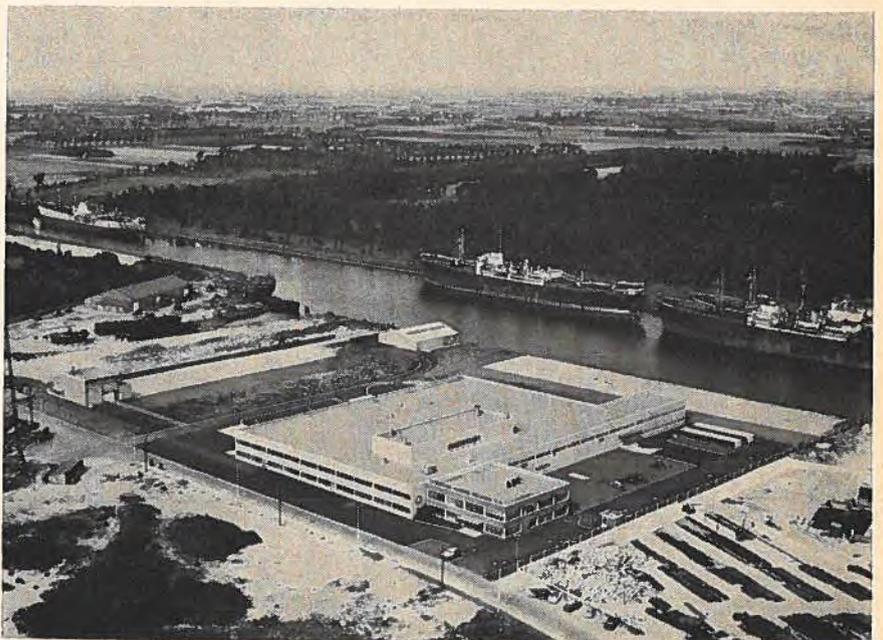
Fruit—Belgian fruit production is not sufficient to meet domestic de-

mand but is important nevertheless. Because of the climate and the nature of the soil, output of fresh fruit per acre is far below that of some of the other Common Market countries. For example, one acre of orchard in Belgium produces 6½ tons of apples but the same area in Southern France will yield 13 to 14 tons.

Belgium grows about 300,000 tons of fresh fruit a year and annual consumption totals an estimated 290 pounds per person. In addition to tropical and other fruits for which Canada is not a traditional source of supply, the country imports apples; in 1961, 47,260 tons were purchased abroad. Some 16,500 came from the Netherlands, 13,800 from Italy, and practically all the remaining 16,960 tons came from overseas, particularly South Africa, Argentina, Australia, New Zealand and the United States. Canada has not shared in this business in recent years, but it is hoped that the gradual elimination of import quotas will help Canadian suppliers to regain a place in the market, particularly for high-quality apples.

Livestock—Livestock raising is an important industry in Belgium (a

Bruges boasts this big plant, Outboard Marine (Belgium), S. A., subsidiary of a Canadian firm. It produces outboard motors to be sold in world markets; was opened about three years ago.



contract has recently been signed for the supply of beef cattle to United States troops stationed in Germany) but because consumption of meat products is increasing, beef, pork and horsemeat are also

imported. Argentina is the main supplier of beef and most pork comes from the Netherlands and Denmark. Canada is furnishing some of Belgium's horsemeat requirements; there are good sales

possibilities here for this product and for fresh beef—provided, of course, that prices are competitive.

—G. H. McClymont,
Commercial Assistant, Brussels.

Fisheries Products

BELGIUM'S nine million people consume about 270 million pounds of sea products each year, of which Canada supplied only 1.7 million pounds in 1961. Despite this relatively small figure, it is probably our most important European market for frozen salmon, canned pinks and sockeyes, and a leading importer of frozen cohoes, canned chums, and canned and frozen lobster.

Changes now taking place in the Belgian market for fish as a result of membership in the EEC are bound to affect Canadian suppliers. Already there have been important reductions in internal tariffs among the Six, allowing fisheries products to move more freely across European borders. While these internal duties are decreasing, the common external tariff applied to imports from third countries is moving towards new (and, for Belgium, higher) levels. At the same time, national fishing industries in the EEC are being modernized and co-ordinated to permit them to serve the vast European market on the best possible terms.

At present the Belgian fishing industry is not of major importance and employs less than 2,500 full-time fishermen and shore workers. Per capita fish consumption is about 30 pounds a year and 70 per cent of this is supplied by imports. (See Table I.)

The principal Belgian catches are sole, cod, plaice, haddock, and shrimp; the leading imports by volume are herring, mussels, mackerel, canned salmon, canned sardines, and oysters. (On a value basis,

canned salmon is the most important single fisheries import.)

What Canada Supplies

Canada's share of the market is shown in Table II, which indicates that our 1962 exports, based on figures for the first nine months, will about equal the 1961 total.

What are the chances of increasing these exports? During the past year, the Commercial Division of the Canadian Embassy in Brussels has developed and processed inquiries for a wide range of Canadian sea products, including canned salmon and lobster, frozen lobster, salmon and sea fish fillets, live lobster, and oysters. In some cases, useful new business has been developed. In others, however, close examination of the inquiries by

Canadian shippers, or consideration of Canadian quotations by Belgian firms, has led to the conclusion that c.i.f. duty-paid prices are too high to permit long-term sales. A further problem for Canadian firms arises from Belgian restrictions on the import of frozen fillets of deepsea fish. At present, these may not be brought in from Canada but the hope is that the restrictions may be

TABLE I
BELGIAN TRADE IN
FISHERIES PRODUCTS 1961

	Quantity (metric tons)	Value (dollars)
Fish production	46,300	\$11.0 million
Fish exports	-13,500	-5.6
	32,800	5.4
Fish imports	+89,500	+37.5
Fish consumption	122,300	42.9 million

TABLE II
CANADIAN EXPORTS OF FISH AND FISH PRODUCTS TO BELGIUM*

	1961		January-September 1962	
	Quantity lb.	Value \$	Quantity lb.	Value \$
Salmon, Atlantic, frozen	4,200	3,740	.....	.....
Salmon, chum, frozen	24,000	12,130	24,000	13,265
Salmon, coho, frozen	152,400	99,312	213,500	127,940
Salmon, spring, frozen	96,100	91,617	67,300	70,338
Salmon, frozen, n.e.s.	10,900	8,763	2,700	1,468
Eels, frozen	46,800	13,790	.....	.....
Salmon, mild cured	46,500	41,223	31,900	27,756
Salmon, chum, canned	76,300	36,692	26,700	13,009
Salmon, coho, canned	19,100	15,855	17,600	12,893
Salmon, pink, canned	1,155,900	625,805	786,500	432,203
Salmon, sockeye, canned	51,500	52,479	50,300	49,268
Canned fish, n.e.s.	700	280	.....	.....
Lobster in shell, fresh or frozen	16,600	10,605	93,100	68,080
Scallops, fresh or frozen	2,200	1,187	.....	.....
Lobster, canned	27,400	63,161	23,500	61,215
	1,730,600	1,076,639	1,337,100	877,434

*Source: Dominion Bureau of Statistics.

eased in the future, permitting some development in this trade.

Duties Will Rise

Until now, Belgium has had relatively low duties on most unprocessed fish products and the rates on processed fish have at least been lower than those imposed by several other EEC countries. The new common external tariff towards which the national tariffs will move during the next few years, however, represents an average of the national rates. The result is that Belgian duties on fish imports will rise substantially—and this will affect some of the most important Canadian exports. This is illustrated in Table III, which

TABLE III
DUTIES ON FISH IMPORTS

	1962 duty	C.E.T. duty
	(in per cent)	
Frozen salmon	4.9	10
Canned salmon	6.0	16
Canned lobster	6.0	20
Live lobster	18.0	25

compares 1962 duties with those that will be in effect by 1970.

These new duties will inevitably help the position of suppliers of these and competitive products within the EEC and, at the same time, will bear most heavily on suppliers whose products incur high transportation costs. European countries not members of the EEC will im-

prove their market possibilities at the expense of such countries as Japan, Canada and the U.S.

In summary, it appears that regular Canadian fish exports will continue in demand in Belgium but price competition from other suppliers will increase. Although consumption of fresh and frozen fish will probably rise, producers within the EEC will have first chance to service any new demand. Canadian exporters should not hope for substantial new sales unless and until demand begins to outpace European production.

—A. A. LOMAS,
Commercial Secretary, Brussels.

Lumber and Plywood

THE Belgian market for lumber and plywood was discussed in the June 2, 1962, issue of *Foreign Trade*, and this report will only summarize and where possible update that information. After an active 1961, the Belgian lumber market declined during the first months of 1962 because of some temporary over-supply. A continued high level of construction activity served to correct this situation, however, and imports in 1962 are expected to equal those of 1961.

Annual timber consumption totals the equivalent of about 4 million cubic metres of roundwood, divided as follows (figures in cubic metres):

- 600,000 for pitprops
- 500,000 for pulpwood
- 1,600,000 to produce 1 million cubic metres of sawn softwood
- 600,000 to produce 400,000 cubic metres of sawn hardwood
- 150,000 for railway ties
- 150,000 to produce 50,000 cubic metres of veneers and plywood
- 200,000 to produce 100,000 cubic metres of fibre and particle board
- 200,000 miscellaneous.

Domestic production now supplies about 35 per cent of requirements,

mainly pitprops, railway ties and sawn lumber. Output is rising slowly, though not as rapidly as demand, and it is expected that imports will increase to meet the country's needs.

Finland, the U.S.S.R. and Sweden at present supply most of the imports, particularly of sawn softwoods, saw and peeler logs, plywood and pulpwood. Last year Canada's 6 per cent share of total

CANADIAN WOOD EXPORTS TO BELGIUM AND LUXEMBURG, 1961*

	Quantity	Value
Pulpwood	9,076 cords	\$ 265,244
Lumber:		
Birch	7 m.b.f.	700
Western red cedar	610 m.b.f.	63,909
Balsam fir	606 m.b.f.	60,203
Douglas fir	19,253 m.b.f.	1,482,937
Hemlock	8,753 m.b.f.	651,750
Spruce	80 m.b.f.	8,814
Shingles, western		
red cedar	750 rf.sq.	5,405
Dimension stock,		
hardwood	5 m.b.f.	1,015
Plywood, Douglas		
fir	7,121 sq.ft.	450
Total		\$2,540,427

*Source: DBS

imports, principally Douglas fir and hemlock lumber and pulpwood, was valued at \$2.5 million.

A Canadian Timber Trade Mission representing all sectors of the Canadian lumber industry visited Belgium last September and confirmed that import demand will continue for West Coast types of lumber not obtainable from any other source. Unfortunately, there is not the same encouraging outlook for Eastern Canadian wood; in most cases it is directly competitive with European timber, which is usually available at lower prices.

Most of the plywood used in Belgium is of domestic origin and produced mainly from imported tropical logs with some local oak and poplar. Finland and the U.S.S.R. supply some plywood but demand is limited because of the availability of Belgian-made particle board. With construction continuing at a brisk pace and changes taking place in agriculture because of Common Market farm policies, however, it may be possible to develop sales of exterior grades of Douglas fir plywood for concrete formwork, hoardings and farm uses

such as grain storage bins and machinery sheds.

Belgian importers are interested in Canadian lumber and are ready to buy it if prices, quality and de-

liveries are right. They urge Canadian shippers to allot to this market regularly a proportion of their exports so that Canadian wood can become more widely known and

win permanent acceptance from Belgian consumers.

—A. A. LOMAS,
Commercial Secretary, Brussels.

Machinery and Equipment

METAL FABRICATIONS, including machinery and equipment, represent an important sector of Belgian manufacturing and occupy third place in Belgium's export trade. Imports are even greater in value, however, and reflect the emphasis on the development of secondary manufacturing.*

Recently conditions in the industry have improved moderately, though over-all demand for machinery and equipment has increased only slightly. Had it not been for a falling-off in domestic demand for transport equipment, domestic sales would have increased more in line with export shipments. The Association of the Metal Fabricating Industry estimates that industrial in-

*See article "What B.L.E.U. Buys and Sells" in this issue.

vestments in Belgium have continued at the relatively high level of 1961 and that the domestic demand for machinery and equipment will probably expand at approximately its present rate.

The increase in export demand has centred on those products in which the Belgian industry has become most competitive, particularly in prompt delivery. Another factor is that Belgian production costs have increased less than those of some foreign competitors. This improvement is evident in most of the semifabricated products and in metal accessories for the construction industry, as well as in certain areas of the mechanical and electrical industries. During the second quarter of 1962, however, the leveling-off of European economic expansion began to influence the

demand for capital goods and this is expected to result in a decrease in foreign orders.

During the first half of 1962 the labour force averaged 261,500. In many sectors, and in certain regions in particular, a shortage of labour hindered expansion of production but this situation became easier towards the end of the year, partly because of the slowing down in sales. At the same time, productive capacity has been building up. It increased 11 per cent over the first half of 1961 and 5 per cent in the second half.

Selling prices rose slightly because of the increased cost of capital goods. Price levels of fabricated products, on the other hand, remained relatively static or, for exports, declined. Profit margins were



Belgium has built up a large furniture industry; these pieces in the popular Flemish style are a typical example. Much of the hardwood used by the industry is imported, but Canadian hardwood suppliers have to compete against European timber, which is usually offered at somewhat lower prices.

lower because wages have increased by more than 8 per cent since the middle of 1961 although prices of raw materials have held steady. This increase is said to exceed the gain in productivity during the same period.

Orders now on hand will in most cases ensure a satisfactory level of activity up to the end of 1962 and into the first part of 1963. Exports will no doubt expand but more slowly. The industry anticipates a further falling-off in capital invest-

ment in the European Economic Community, and a greater effort to increase sales overseas, particularly to developing countries, is expected.

—L. H. AUSMAN,
Commercial Counsellor, Brussels.

Processed Foods

THE homemakers of Belgium and Luxemburg's 3.1 million households are traditionally conservative and slow to adopt new ideas in foods. The past few years have nevertheless seen the introduction of supermarkets and self-service merchandising, with all the attendant trends toward prepackaging, frozen foods and instant mixes. These in turn are revolutionizing food production, distribution and purchasing.

But although chain store merchandising is growing in importance, the many small independent grocers still provide the basis of distribution (see Table I), and Belgium lags behind other Western European countries in the rationalization of its retail food trade. It has three times as many outlets per 1,000 inhabitants as Germany, Italy and Britain, and twice as many as France and the Netherlands.

Supplying the Market

Belgian processors produce most of the foods normally consumed and are able to supply a large proportion of national demand. In 1960, food industry sales reached \$1,840 million, second only to metal manufactures in the national economy. Because of its location close to major population centres in Germany, the Netherlands, and France and the efficiency of its agricultural producers and food processors, Belgium has an important export trade in food products. Last year these exports totalled \$118 million. Major items were confectionery, pastry products, biscuits, canned fruits and vegetables, beer and beet sugar. Despite this, Belgium is still

a net importer of processed foods. In 1961 imports totalled \$231 million and included principally biscuits, canned vegetables, jams, canned fish and canned fruits and juices, especially citrus fruits and pineapple. Major suppliers included the Netherlands, France, Germany, Italy, the United States, Japan, and Taiwan. Although the import and export trade between the Netherlands and Belgium often involves the same products, Belgium tends to export the higher-priced items and to import the cheaper ones.

Frozen Foods

Frozen foods do not yet have a significant place in this market, though they are growing in importance. So far there is only one major national manufacturer packing a wide range of frozen fruits and vegetables, but at least two other companies have recently been organized to handle frozen foods and there is every indication that domestic processing will increase. In addition, branches of several international firms based in Britain, Sweden, Italy and the Netherlands

are importing and distributing frozen products from these countries.

Because local manufacture is limited, detailed statistics are not available. It is estimated, however, that frozen food sales will total \$15 million a year by 1966 and \$40 million by 1970. The increase is expected to come with the spread of supermarkets because at present there is only one retail frozen food cabinet per 2,400 inhabitants, as against one per 600 in Britain.

Under these circumstances, prospects for major sales of Canadian processed foods are not good. Domestic products are available in adequate volume and at fairly reasonable prices, and EEC tariff schedules are making it more difficult for third countries to meet the price competition of processors within the Community. Traditional Canadian processed food exports must in many instances compete with similar European products, while bearing the cost of transportation across the Atlantic and high import and distribution mark-ups. Some U.S. firms are meeting this competition by massive advertising and promotion campaigns, but costs are high and returns are said to be small.

The best opportunities for Canadian exporters appear to rest with traditional products like canned salmon and lobster, certain specialty foods such as jams and pickles, and new items not yet produced here in volume.

—H. T. F. PETTERSON,
Commercial Assistant, Brussels.

TABLE I
BELGIAN FOOD RETAILING

	Number of retailers	Per cent of total trade
Small independent grocers	42,000	46
Voluntary co-operatives	14,700	20
Department-store chains (but not their individual outlets)	9	12
Chain stores	5,000	11
Co-operatives	3,300	11

Belgium's Steel Industry

Eighth among world steel producers in 1961, Belgium sells nearly two-thirds of its output in foreign markets.

L. H. AUSMAN, *Commercial Counsellor, Brussels.*

THE steel industry in Belgium is traditionally important and accounts for the largest single group of exports. Despite insignificant iron ore reserves and difficulties in the coal industry, the country possesses skilled labour in this field and a system of transportation that compares favourably with its neighbours. Iron and steel products represent more than 20 per cent of the total foreign trade of B.L.E.U.

The steel industry as a whole has achieved a high degree of concentration, representing a capacity of more than seven million tons and comprising 12 primary producers and 15 rerollers. The producers vary in capacity from 2 million to 40,000 tons a year and carry out operations ranging from the production of coke to finished rolling-mill products. Several of these producers have important shares in coal and iron ore mines—the latter principally in Lorraine. The rerollers produce about 12 per cent of total Belgian production of sheet.

Types Produced

Production in Belgium has been based mainly on the Thomas process, but in time it is expected that the principal Belgian blast furnaces will be converted to the LD oxygen process. So far there has been little development of special or alloy steels, but a recent manufacturing

arrangement between a Belgian and a U.S. group may result in a considerable expansion in the production of stainless steel.

Table I indicates the importance of Belgian steel output at various stages of production since 1953.

It is interesting to compare Belgian production of primary steel in 1961 with that of other im-

portant steel-producing countries (see Table II).

Exports during the past few years have accounted for nearly two-thirds of Belgian steel production. To this, of course, must be added the steel contained in machinery and other products, of which 40 per cent is exported.

In 1961 the domestic market (including Luxemburg) accounted for 27.5 per cent of rolled products, the other countries of the European Coal and Steel Community (France, Germany, Netherlands and Italy) 30.0 per cent, and other markets 42.5 per cent. The most important customers outside the Common Market for steel from both Belgium and Luxemburg were:

	(metric tons)
United States	668,000
Sweden	216,000
Argentina	214,000
Portugal	180,000
Denmark	172,000
Switzerland	145,000
Norway	108,000
CANADA	107,000

TABLE I
BELGIAN STEEL PRODUCTION

	Pig Iron	Primary Steel (metric tons)	Finished Rolled Products
1953	4,027,000	4,731,000	3,378,000
1958	5,520,000	5,933,000	4,228,000
1959	5,965,000	6,433,000	4,680,000
1960	6,521,000	7,181,000	4,875,000
1961	6,414,000	6,994,000	4,857,000
1962 (10 mos.)	5,643,000	6,108,000	N.A.

TABLE II
STEEL PRODUCTION BY COUNTRIES,
1961

World production	362,600,000
Of which:	
United States	90,450,000
U.S.S.R.	70,700,000
Germany and Saar	33,458,000
Japan	28,268,000
Britain	22,439,000
France	17,577,000
Italy	9,124,000
Belgium	6,994,000
CANADA	5,944,000
Luxemburg	4,113,000
Sweden (1960)	3,218,000
Austria	3,102,000
Netherlands	1,970,000

Although ECSC sales to third countries were, on the whole, larger in 1961 than in 1960, this was not true for B.L.E.U., whose shipments dropped from 2,498,000 to 2,405,000 tons.

Investment in the Belgian steel industry during the past ten years has exceeded \$560 million, of which \$127 million was spent in 1961. There are plans for the further expansion of existing mills and the vast new SIDMAR complex near Ghent is expected to come into production early in 1966. ●



The great port of Rotterdam, with its bustling wharves and warehouses and its barge traffic up and down nearby rivers and canals, illustrates both the Netherlands position as a vital transit trade and transport centre of Western Europe and the country's dependence upon foreign trade. Rotterdam comes second only to New York among the world's seaports.

The Netherlands— a Leading Foreign Trader

As the Dutch build up their industry and their export trade, they must buy more raw materials and machinery, plus foodstuffs for a large population living in a small country. The result: continuing and increasing opportunities for Canadians as the market expands.

J. C. BRITTON, *Commercial Counsellor, The Hague.*

THE NETHERLANDS, with a limited land area and few raw materials, continues to be a leading world trader. With a population of 11,750,000 residing in an area of 12,750 square miles (an average of 922 to the square mile) its economy depends to a marked degree on foreign trade. Its few raw materials (coal, salt, petroleum and natural gas) must be augmented by imports. Holland's requirements of key raw materials—minerals, lumber, rubber, tobacco, textiles, leather, paper, machinery and foods for processing—have been steadily increasing. This heavy and growing import bill is met by the export of goods and services.

Currently, almost 42 per cent of the country's population is employed in industry. It thus has a vital stake in export trade because 55 per cent of total industrial output is sold in export markets. The Netherlands, of necessity, places strong emphasis on the competitive position of Dutch products and on transit and other communications services. Because they are so dependent on foreign trade, the Dutch have built up a tradition that has proved invaluable in their trade with their Common Market partners and other world trading nations.

Foreign Trade Increasing

During the past five years the value of both Netherlands imports and exports has risen steadily, with the exception of 1958, when a slight recession depressed imports. A large percentage of Holland's trade is carried on with its EEC partners, although 52 per cent of its total trade is with countries outside the EEC.

The principal sources of supply for Netherlands imports in 1961 were West Germany, Belgium, Lux-

emburg, the United States, Britain, France, Sweden, Italy and Kuwait. During the same year, chief outlets for Netherlands products were West Germany, Belgium, Luxemburg, Britain, France, Sweden, the United States, Italy and Denmark.

Table I shows Holland's total trade for the years 1957-1961 and for January-July 1962.

Transport Centre

The Netherlands is strategically situated between Scandinavia and the Latin countries and between Britain and West Germany. Short sea and land routes connect it with all these areas and the Netherlands itself is intersected by the rivers Rhine, Meuse and Scheldt and a number of canals that connect with the water and railway transport systems leading to the heart of Europe. The country also has excellent roads, air travel facilities and harbours and this combination of

dense traffic routes has made it the natural transit trade and transport centre of Western Europe. The Dutch have used their favourable location and modern efficient transport services in their trade with their Common Market partners and other world trading nations.

Trade Policy Liberal

The Netherlands for centuries has advocated liberalized trading and currently 98 per cent of total imports are liberalized. It has also concluded trade agreements with many countries, specifying various import quotas. Other imports are permitted on a generous scale because of the favourable foreign exchange position. There are a

TABLE I
NETHERLANDS FOREIGN TRADE
(in thousand metric tons and million guilders)

	Imports		Exports	
	Weight	Value	Weight	Value
1957	51,610	15,599*	29,727	11,770
1958	51,268	13,774	31,748	12,226
1959	52,268	14,968	33,308	13,702
1960	62,253	17,217	37,454	15,305
1961	65,016	18,652	39,105	15,712
1962, January/July	39,928	11,425	22,522	9,373

*One guilder (florin) = about Can.\$0.30.

TABLE II
WHAT HOLLAND IMPORTED 1961
(thousands of metric tons and thousands of guilders)

	Total		From EEC Countries	
	Weight	Value	Weight	Value
Petroleum, crude and partly refined	19,285,505	1,450,812	393,026	25,213
Iron and steel	2,120,802	1,124,231	1,818,147	927,563
Automotive vehicles	202,185	812,264	162,984	659,779
Machines and apparatus, n.o.p.	120,374	769,981	81,185	456,243
Electrical machines and apparatus, n.o.p.	25,215	552,294	15,287	329,148
Non-ferrous metals	207,319	531,373	123,754	364,306
Petroleum products	5,313,547	511,124	2,121,411	195,000
Lumber	1,927,632	493,476	330,466	50,201
Telecommunication apparatus	20,800	445,468	18,475	375,631
Chemicals	518,881	441,626	405,996	264,987
Coal and coke	8,129,989	422,010	5,023,209	274,342
Metal products	163,980	415,959	136,464	304,582
Yarns	63,383	378,126	47,344	316,725
Oilseeds	721,734	357,294	7,979	4,174
Clothing, including furs	10,705	355,217	8,761	299,041
Paper, cardboard and paper products	476,028	343,617	151,285	135,502
Electrical power implements and switchgear	33,944	325,172	26,204	227,553
Fabrics, other than cotton	24,128	316,443	17,878	264,089

TABLE III
HOLLAND'S LEADING SUPPLIERS,
1961

	(million guilders)
West Germany	4,313
Belgium and Luxemburg	3,549
United States	2,073
Britain	1,335
France	857
Sweden	579
Italy	453
Kuwait	379

number of import and export prohibitions in force but exemptions are freely granted. (For instance, imports of absinthe, phosphorous matches and waste of aniline dyes are prohibited.) Quality and health regulations covering agricultural products and pharmaceuticals are also in effect.

Import Duties and Taxes

No import duties are levied among the Benelux countries under the Customs Union and these countries apply a uniform tariff vis-à-vis other territories. Duties in the Netherlands are generally levied on an ad valorem basis and range from nil to 30 per cent. Raw materials are for the most part exempt or dutiable at 3 to 6 per cent, semi-manufactures at 10 to 12 per cent, and finished products at 15 to 24 per cent. Some luxury products are subject to higher rates of duty. In addition to the import duty, a sales or turnover tax is levied on the duty-paid value of the merchandise. In most instances this tax is 5 per cent, though some items are taxed at 10 or 18 per cent. Excise tax is payable on beer, spirits, mineral oils, sugar, tobacco, wine and products containing sugar or alcohol. There are no export duties.

Under the Treaty of Rome, establishing the European Economic Community, Netherlands import duties have been lowered by 50 per cent on goods originating in Italy, West Germany and France, and on goods originating in associated and overseas territories of EEC countries. Exceptions are liberalized and non-liberalized agricultural products, for which the reductions are

TABLE IV
WHAT HOLLAND SOLD, 1961
(in thousands of metric tons and million guilders)

	Total		To EEC Countries	
	Weight	Value	Weight	Value
Petroleum products	13,277,131	1,478,737	4,007,363	440,692
Dairy products and eggs	742,734	1,154,851	352,246	627,581
Fresh vegetables	1,317,013	623,359	909,208	408,639
Telecommunication apparatus	23,113	492,720		Secret
Electrical machines and apparatus, n.o.p.	30,223	577,814		Secret
Ships and vessels	217,181	473,783	52,148	104,733
Vegetable raw materials, n.o.p.	144,072	429,601	73,478	191,064
Meat, fresh, chilled or frozen	140,185	364,269	120,734	302,835
Coal and coke	5,452,183	362,180	4,871,115	325,745
Cotton fabrics	30,702	337,448	9,654	100,547
Organic chemicals	309,954	324,580	86,947	117,761
Yarns	44,879	323,229	18,286	154,005
Iron and steel sheets	571,626	316,274	202,969	113,354
Canned meat and meat products	70,300	294,140	7,444	26,973
Fabrics, other than cotton	20,179	264,156	10,971	167,144
Chemicals, n.o.p.	276,900	262,415	112,793	97,800

30 per cent and 35 per cent respectively.

What Holland Buys and Sells

Netherlands imports cover a wide range and include practically all types of commodities that a steadily expanding industrial country needs. Table II gives a breakdown of these imports for 1961.

The share of the leading suppliers of Netherlands imports in 1961 is shown in Table III.

The growth of industry in the Netherlands in recent years is reflected in the character of its export trade. Leading Dutch exports include a fairly wide range of agricultural and horticultural products, such as fresh vegetables, meat, dairy products and eggs. But exports of manufactured products from Dutch industry, such as yarns, cotton fabrics and chemicals, have expanded steadily and are expected to increase with the further growth of manufacturing.

The leading Dutch exports in 1961 are shown in Table IV.

Holland's exports to its EEC partners are continuing to expand.

Table V shows Holland's chief export markets in 1961.

It is evident that Dutch foreign trade has been expanding steadily over the past five years. Unquestionably its larger trade with its partners

TABLE V
HOLLAND'S CHIEF CUSTOMERS, 1961

	(million guilders)
West Germany	3,630
Belgium and Luxemburg	2,373
Britain	1,564
France	978
Sweden	701
United States	691
Italy	499
Denmark	411

in the Common Market has provided some of the impetus. The estimate is that Netherlands exports in 1963 will increase by 7 per cent and that imports will rise by 6 per cent. Netherlands imports have been running above exports over the past five years and the country provides an expanding market for imports of all types. ●



What Canada Trades with the Netherlands

New Canadian products are being sold to the Dutch, side by side with the old standbys, as incomes rise and people have more leisure. Exports have risen throughout the year.

N. RIEMEIJER, *Commercial Assistant, Brussels.*



This handsome-looking door and picture window in a Dutch house are framed in western red cedar bought from Canada. This treatment is typical of the manner in which Netherlands builders are using Canadian hardwoods in residential construction.

CANADA'S trade with the Netherlands is not spectacular but it is substantial and steady. The value of our exports to the Netherlands fluctuates, chiefly with the supply and price of particular commodities such as wheat. The composition of our exports has also changed in recent years, as Holland itself has begun to produce commodities it used to buy, at least in part, from Canada. Despite these changes, commercial and business contacts between Canada and the Netherlands are expanding steadily and additional Canadian products are being added to the list of exports. In 1962 the total value of Netherlands imports from Canada is expected to be well above 1961. This marks a change in the trend for the previous five years, when our sales to the Netherlands have declined. Dutch exports to Canada have been rising slowly, with little or no change in the individual products in the trade during the past five years.

Foreign trade between Canada and the Netherlands in five years 1957-1961 is shown in Table I.

What We Sell

Sales of such Canadian products as wheat, oilseeds, iron ore and aluminum fell sharply between 1957 and 1961, and exports of a number of minor commodities also declined. Canadian exports of zinc ore, aircraft and parts, milk powder, hides and skins, office machines, lumber and synthetic rubber, however, rose sharply in the same period.

Canadian exports to the Netherlands in the first seven months of 1962 stood at 59,848,000 guilders, a sharp increase from 49,704,000 in the same period in 1961. This advance occurred despite a drop in wheat sales from 14,224,000 guilders in 1961 to 11,106,000 in the first seven months of 1962. Sales of synthetic rubber and aluminum also decreased. Table II lists the products mainly responsible for the changed trading picture in 1962.

TABLE I
CANADA—NETHERLANDS TRADE

	Imports from Canada	
	(metric tons)	(guilders '000)
1957	624,562	206,825
1958	790,069	196,580
1959	476,355	127,012
1960	505,426	139,337
1961	374,387	102,339
Exports to Canada		
	(metric tons)	(guilders '000)
1957	28,209	81,089
1958	37,093	95,554
1959	35,000	107,194
1960	39,285	114,331
1961	38,142	112,986

Sales Opportunities

What other products should sell well in Holland? Certain types of Canadian-made garments, home heating equipment, fractional horsepower motors, white spruce, frozen horsemeat, canned salmon and honey all seem promising. Canadian canned salmon has been marketed in the Netherlands for a long time but any worthwhile expansion of sales depends on price. With the steady increase in the standard of living and more leisure because of the shorter working week, a worthwhile demand has developed for casual wear and sportswear of all types. Casual wear designed and made in Canada should attract Dutch buyers. A number of new products have been introduced to the Dutch market as a result of the Export Trade Promotion Conferences, including horsehide leather, children's wear, nylon fleece and matting, synthetic fibres, heating units, outboard motors, ice skates and grills. In addition, markets were found for salted horsemeat, bolts and nuts, head phones, bathroom scales and kitchen canisters. With the steady reduction of the EEC internal tariffs, it will become more difficult for Canadian suppliers of consumer goods to compete with producers in the Common Market countries.

TABLE II
LEADING DUTCH IMPORTS FROM CANADA

	Jan.-July	Jan.-July
	1961	1962
(In thousand guilders)		
Oilseeds	1,671	7,794
Lumber	4,331	7,754
Paper	171	895
Hand and machine tools	.....	447
Electrical machines, apparatus and parts	3,962	7,221

Current Outlook

On the other hand, there is no reason to be over-pessimistic about future Canadian shipments to the Netherlands. Despite substantially lower rates of duty and the duty-free entry of merchandise from Belgium and Luxemburg under the Benelux Tariff Agreement, the share of the EEC countries in total Netherlands imports has increased spectacularly during the last few years, as Table III shows.

At the moment, there is no reason why the current rise in Canadian shipments to the Netherlands should not continue. As long as the present economic prosperity continues in Western Europe in general and in the Netherlands in particular, it may be said that prospects for a number of Canadian products are fair. If, however, an economic recession in this part of the world should cause competition within the EEC countries to increase sharply, Canadian exports to the Netherlands would certainly be greatly affected.

What We Buy

Netherlands exports to Canada increased from 81 million guilders in 1957 to 113 million in 1961, a rise of roughly 40 per cent. During the same period the share of total Netherlands exports shipped to EEC countries went up from 41.4 to 47.5 per cent.

Table IV shows the principal items shipped by the Netherlands to Canada in 1957 and 1961.

There is room for considerable expansion in trade between the

TABLE III
NETHERLANDS IMPORT TRADE

	Total imports (million guilders)	Share of EEC Countries (per cent)	
		EEC Countries	Canada
1959	14,968	44.5	0.85
1960	17,217	46.0	0.80
1961	18,651	49.0	0.55
Jan.-July			
1961	10,852	49.8	0.46
Jan.-July			
1962	11,425	49.7	0.52

TABLE IV
LEADING DUTCH IMPORTS INTO CANADA

	1957	1961
	(million guilders)	
Cheese	1,749	2,925
Fruit pulps	1,339	2,328
Confectionery	764	1,325
Cocoa and cocoa products	4,788	5,027
Cigars	842	2,282
Vegetable products (mainly bulbs and nursery stock)	10,328	11,221
Chemicals	2,145	2,082
Cotton fabrics	4,129	8,671
Special textile fabrics	2,272	3,375
Glass	591	1,892
Power implements	1,965	2,565
Non-electrical machines and apparatus, n.o.p.	2,574	2,916
Electrical machines and apparatus	9,686	16,103
Vessels	554	5,245
Musical instruments, gramophones and records	2,033	5,479

Netherlands and Canada and Canadian exporters have shown great interest in this market since the inception of the European Economic Community. Imports into Holland continue to rise and, although price is the primary consideration, consumer buying habits are changing gradually. Any original designs in clothing, household appliances and department-store merchandise are of interest to Netherlands buyers. Because transportation services between Canada and the Netherlands are frequent and speedy and buyers in Holland are always interested in examining new and different products, Canadian exporters are welcomed when they visit potential customers here. ●

Want to Sell in the Dutch Market?

- *Select a good agent*
- *Quote c.i.f. prices, Dutch port*
- *Send samples and literature with your offers*
- *Advertise your product*
- *Exhibit at or visit Dutch trade fairs.*

F. W. ZECHNER, *Commercial Assistant, The Hague.*

BECAUSE the Netherlands offers an expanding market for imports of all types, it attracts sellers from all parts of the world. The market is highly competitive and it is important that Canadian exporters who want to sell their products in Holland be well briefed on local conditions and market requirements. The design and the price of manufactured products must fit the taste and the purse of Dutch consumers. The average Dutchman is conservative by nature and cautious about spending money. The exporter should note that compared with many other European countries, the purchasing power of the average Dutch consumer is relatively low, in spite of a steadily increasing national income (from 38.4 billion guilders in 1959 to 44.4 billion in 1961). This makes it harder to sell high-priced products here than in some other European countries.

A Changing Market

But although price is still an important yardstick it is no longer an infallible guide and as the standard of living rises, the demand for quality products increases. Consumer confidence in and acceptance of the product are important here as elsewhere. Because of conservative buying habits, active trade promotion is needed to introduce products into the Netherlands market but once they are established, price is not necessarily the primary consideration. Moreover, as the EEC progresses, the concept

that the Netherlands is an "isle of cheapness" in Western Europe will change. The gradual approximation of prices and wages within the Common Market will probably have an increasing effect in the years to come.

Canadian exporters interested in shipping to the Netherlands might well consider it as virtually three markets: for products imported for re-export (purchases for transit trade are made through Dutch firms), for goods imported for consumption in the Netherlands, and for materials imported for further processing into finished goods.

Select an Agent

What are the best ways of cultivating this market? First comes the question of representation. There is no hard-and-fast rule about the best type of representation. A fairly large percentage of imported commodities sold in Holland is handled by importers who purchase for their own account and distribute throughout the country. Agents and/or brokerage houses handle an important percentage of raw materials such as grains, lumber, wool, metal ores, and tropical products and of consumer goods and clothing. Department stores, chain stores and central buying co-operatives for the retail trade purchase direct from local producers and to some extent from foreign suppliers. Retail traders, however, do the bulk of their buying through local importers or agents and this type of sales

representation is recommended to Canadian exporters interested in selling foods, clothing and department-store merchandise to Holland. Sales to Dutch manufacturers to augment their own production are normally made direct, rather than through intermediaries such as agents or importers. In general, agents or importers occupy an important position in the Netherlands trading picture and Canadian exporters to this country should consider this type of arrangement.

Send Samples and Prices

In submitting offers to the trade in the Netherlands, quotations should be in Canadian dollars, preferably c.i.f. Dutch ports. Samples and descriptive or technical literature should accompany offers if the market is to be assessed properly. Because there are good shipping and air cargo services between Canada and the Netherlands, normal export packing is usually adequate. Correspondence can easily be carried on in English because of the international character of the local import trade. Canadian exporters will generally find that their letters are answered promptly and they should reciprocate if they want to maintain an interest in their offers.

Advertise Your Product

Apart from two significant exceptions—radio and television—practically all of the advertising media* known and used in North America are used in the Netherlands also. Prospective advertisers can choose newspapers, periodicals, magazines, trade journals, direct mail, films, posters, electric signs and other media. If the advertising is to be effective, it must be fully

*See also "Advertising Abroad: the Netherlands," in the April 23, 1960, issue of *Foreign Trade*.

TABLE I
TRADE FAIRS IN THE NETHERLANDS

Exhibition	Place	Date for 1963
Hotel and catering equipment	Amsterdam	January 7-10
Automobiles and accessories	Amsterdam	February 7-17
Household goods	Amsterdam	February 28-March 10
General consumer goods	Utrecht	March 11-19
Camping equipment	Amsterdam	March 21-31
Bakery equipment	Rotterdam	May 13-17
Electronics	Amsterdam	Fall 1963
Ladies' clothing and household articles	Rotterdam	September 20-October 3
Ladies' clothing and household articles	The Hague	September 24-October 4

adapted to local customs and conditions. For example, sensation or exaggeration should be avoided as much as possible if the advertisement is to appeal to the public. Holland has a large number of advertising agencies which play a vital rôle in promoting sales of products and services.

Total expenditure on advertising in the Netherlands in 1961 is estimated at 600 million guilders, spent roughly as follows: dailies 33 per cent, magazines 12 per cent, trade papers 10 per cent, other media 45 per cent.

The more important trade fairs in the Netherlands offer the business-

man a good opportunity to observe new developments and assess the competition in a great variety of products. The majority of local fairs are vertical and foreign representation is usually strong, normally as much as 50 to 55 per cent of total entries.

The Royal Netherlands Industries Fair at Utrecht and the RAI (originally Bicycle Automobile Industries Fair) at Amsterdam each have large exhibition space. Rotterdam, The Hague and a few other places also offer exhibition facilities.

Two important horizontal fairs are held annually in Utrecht and display a wide range of consumer goods, both domestic and foreign. Table I shows the chief fairs scheduled for 1963. ●

Natural Gas Spurs Dutch Economy

Development of recent natural gas discoveries in the Netherlands will improve sales prospects there for types of gas equipment and appliances, provided the Canadian manufacturer meets market requirements and offers products with unique features.

J. C. MONTGOMERY, Assistant Commercial Secretary, The Hague.

THE discovery of large natural gas reserves in the Netherlands since 1960 is expected to give new impetus to the economy of the Netherlands and of Western Europe. Deposits of natural gas discovered in the north of the country are said to total 14,120 billion cubic feet, equal to estimated energy requirements for the entire nation for twenty years.

Up to now the major sources of energy in the Netherlands have been coal, oil, manufactured gas, refinery gas and small quantities of natural gas. Natural gas was first discovered in small quantities when oil was found in commercial volume in 1943. The large gas fields that

have been successfully drilled in the Slochteren area during the past two years now overshadow these earlier finds.

In September 1962 the Government outlined its policy on natural gas. One company, composed of a Crown Corporation and two private petroleum firms, has been granted the concession to explore, develop

and market the gas. The State will receive directly a 10 per cent royalty, plus taxes on the profits of the firms forming the consortium. It is expected that the Government will keep the price of gas as low as possible to strengthen the competitive position of Dutch industry in Europe. Exports will be permitted, with government control of prices; the first exports of gas to West Germany started last November. The whole of the Netherlands will be receiving supplies of natural gas within 10 years. The supply network will be completed in three years but it will take longer to connect up all

EQUIPMENT AND APPLIANCES USING GAS

	Estimated Production		Exports		Imports	
	1960	1961	1960	1961	1960	1961
Gas stoves and radiators (flue-connected)	19,400	22,700	10,600	11,700	1,300	1,400
Gas cooking apparatus (rangerettes)	184,600	168,500	5,100	8,400	22,100	26,000
Gas ranges and ovens	98,900	113,600	6,500	6,500	17,700	22,400



When a gas well is tested, the escaping gas is burned off; this effective photograph was taken after dark during the testing of the Slochteren 1 well. Proven deposits of natural gas in the Netherlands currently total nearly 15,000 billion cubic feet.

the municipal distribution systems. There are at present about 200 different gas companies.

Effect on Equipment Sales

The availability of natural gas in large volume will bring many changes in the Netherlands, particularly in the field of home-heating equipment and appliances. The state gas company expects that a widespread interest in gas for domestic heating will develop.

At present the majority of Dutch homes are heated by oil or coal space heaters. Only a very small percentage of them have hot-water-type central heating with oil or coal furnaces. It is expected that gas will gradually take a share of this market and sales of gas space heaters are increasing. It will probably be

several years before warm-air heating with gas furnaces takes hold in this market.

As for domestic appliances, gas is already used extensively for two major lines, small ranges and water heaters, and competition in these is keen. Other types of appliances that use gas, such as clothes dryers, may become more attractive to the customer in the future.

The figures in the table indicate the current production of and trade in gas equipment. No meaningful figures are published on gas water heaters, although they are one of the major users of gas in this country.

Market Characteristics

The Netherlands market for gas heating equipment and household

appliances presents a challenge to Canadian manufacturers. There is considerable competition in established lines, but given the Canadian research and techniques in the use of natural gas, some success might be achieved for special products with advanced or unique features.

The Dutch consumer is usually not interested in gadgets when he buys an appliance. Fashion is not as important to him as construction, durability, and economy of operation. The country's high population density influences the appliance market also; most city dwellers live in multiple-family dwellings in which space is severely limited and appliances must fit in.

The approvals system for gas equipment is mandatory and is similar to that of the Canadian Standards Association. The Gas Institute usually takes from two to three months on approvals applications if only tests and examinations are needed, but it may take more than four months if changes are necessary. Approval of electrical appliances is not mandatory, but the Gas Institute requires that electrical components of gas equipment be tested. Canadian manufacturers interested in this market must consider product testing and acceptance.

One of the hurdles in this field is that there are three types of gas being used: manufactured gas from coal, butane and propane refinery gas, and natural gas. Burners must be suitable for all three, although if natural gas supplants the other two, this problem will diminish in importance. Controls must be adapted to the local electrical system.

Market possibilities are good. The trend is toward increasing consumption of domestic gas because of the new supplies and the potential price reductions for the consumer. The Canadian exporter must consider his approach to the market. He must weigh the relative merits of selling finished products as opposed to supplying semi-manufactured parts or components for local assembly through an agreement with a Dutch manufacturer. ●

BUSINESSMAN'S BOOKSHELF

The Italian Market

Contimart AG, Zurich. 77 pages (mimeographed). \$10.00.

A booming economy whose rate of expansion in the last few years has been one of the fastest in the world—that is the impression given by this market study.

This expansion, based largely on the remarkable growth of industry, has transformed the traditional prewar economy of Italy. The gross national product has increased by more than 50 per cent and the country is now becoming one of the world's major industrial traders. It accounts for 4.2 per cent of the total value of world imports and 3.6 per cent of world exports.

The study provides the reader with statistics covering all the aspects of Italian life. Population, location of the main consumer markets, import regulations, tariffs, social and economic policies of the Government are all discussed. Many indications are given of the tastes of the Italian consumer and there is advice on how to reach him through advertising and how to market a product. All this information takes into account the new commercial and industrial trends which have been developing since the last war.

This study can prove a useful guide to the Canadian businessman who wishes to sell in this fast growing market of over 50 million people.

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

The Arab Directory, 1962

Souheil Sayed. 850 pages. U.S.\$12.50.

NOW in its seventeenth year of publication, this directory contains information difficult to obtain elsewhere. Although it includes little information on import regulations, customs tariffs or monetary policy, it does give a thumbnail sketch of the history, geography and trade of fifteen Arabic countries in the Middle East and seven countries in West Africa. In addition, there is a rather complete professional directory for each, listing names and addresses of retail outlets, transportation offices, and financial agents. It also gives the names of many local manufacturers in the area and this is possibly the most valuable feature.

It is rather interesting to note that in the International Section at the end of the book, which lists "those commercial and industrial firms wishing to enlarge their interests in Arab countries", only eleven Canadian firms are mentioned. Because the area imports nearly all of the industrial machinery, electrical equipment and manufactured goods used by the 130 million inhabit-

ants, it could be a useful book for Canadian manufacturers.

Most of the information is given in both French and English, and there are some sections in English and Arabic, or French and Arabic.

Order from: Edwards Fuge Corporation, 95 Broad Street, New York 4, New York.

The Middle East, 1962

Europa Publications. 536 pages. \$13.50.

THE 1962 edition of this reference book (the ninth) is comprehensive and designed to meet the needs of everyone who requires authoritative and up-to-date information about the Middle East. It provides background material necessary to a proper understanding of day-to-day developments in this vital region.

The first part consists of a general survey of all aspects of these countries: geography, history and religions, systems of government, law and education, and the basic facts of economic life, with emphasis on the rôle of the oil industry.

The second part consists of a directory for each country. This lists names, addresses and other useful data about newspapers, banks, chambers of commerce, trade associations, trade unions, airlines, railway and shipping companies, universities and museums.

Finally, Part III offers a "Who's Who" on the Middle East. All the information is arranged in a compact, easily understood way. The countries are listed in alphabetical order and the facts for each of them follow a standard pattern to facilitate speedy reference.

Order from: Europa Publications Ltd., 18 Bedford Square, London, W.C. 1, England.

Canadian Trade Index 1962

Canadian Manufacturers' Association. 1,158 pages. \$15.00.

A new section makes the 1962 *Canadian Trade Index* even more useful than its predecessor. This year the book provides a cross reference of all Canadian manufacturers by province and city, with head offices marked. The green section again lists all Canadian manufacturers alphabetically, plus their branches, factories, products, trade names, export representatives and cable addresses. The size of the company as indicated by the number of employees is also shown this year.

The book opens with an interesting chapter for exporters. This includes a bibliography of export refer-

ences, a description of government and CMA export services, technical abbreviations, and other 'how to export' information. The largest section is, as usual, the classified list of products.

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

Living Overseas

By Louise Winfield. 238 pages. \$4.50.

SINCE the Second World War, more and more Canadians have been going abroad to open up branch offices or subsidiary companies, to engage in engineering work, to fulfill Colombo Plan and other government assignments, or as members of our foreign service. It is to these people and not to tourists that Mrs. Winfield has directed her book.

Living Overseas draws on the author's experiences as the wife of a United States missionary and long-time foreign aid official in some of the less developed areas of the world. The book concerns itself mainly with the woman living abroad and includes all kinds of tips on how to cope with problems of housing, servants, clothing, cooking, diplomacy, protocol and cultural shock. It is written for and about Americans but many of the incidents and solutions apply equally to those Canadian families in similar circumstances. The frank and sometimes frightening descriptions of these circumstances point up the differences between living abroad and living in North America. While the husband is engaged in his profession, often it is the wife and children who face the everyday minor problems of a foreign society. To expect these problems to iron themselves out is a fallacy that many overseas Canadians subscribe to.

Although life abroad is different, Mrs. Winfield shows that it can be made enjoyable and fruitful if the whole family is aware of what they will find and is ready to share experiences.

Order from: Public Affairs Press, 419 New Jersey Avenue S.E., Washington 3, D.C.

Dairy Produce

Commonwealth Economic Committee. 148 pages. \$1.50.

THIS 13th postwar review is one of a series presenting in a convenient form up-to-date summaries of production, international trade and consumption for a group of allied commodities, with special reference to the part played by Commonwealth countries. The study is based on statistics up to 1960 and where available 1961, and reviews production and consumption, prices of, and trade in butter, cheese, condensed milk powder, casein, eggs, egg products and margarine.

The 53 pages of appendices describe various measures affecting production, marketing and prices of dairy produce in the main producing countries. Also included are the import controls, duties and agricultural policies of member states of the European Economic Community, with a special separate appendix giving details of sources and quantities of butter and cheese imports and exports of EEC.

Order from: Queen's Printer, Government Printing Bureau, Ottawa, Canada.

Canadian Almanac and Directory, 1962

The Copp Clark Publishing Co. Ltd. 864 pages. \$11.00.

YOU are wondering where to find possible new sales outlets? Chances are this book can provide you with some ideas. Here are listed all Canada's associations and societies; the Dominion Government and provincial legislatures with their members, departments, chief civil servants, etc.; Boards of Trade and Chambers of Commerce. It's interesting to discover there are 31 railway companies operating in Canada, each with a president, purchasing officer, etc. (see "Transportation Directories"). How far is it from Toronto to Vancouver? A useful table says just over 2,700 miles, and the exporter will probably ask himself how many U.S. markets fall within that radius. Which are the world's largest cities? There are 170 with population over 500,000 and 20 of them are in the U.S. Listed also are foreign consular officials in Canada, our lawyers, accountants, university staffs, and trust and loan companies. A useful section, too, is the listing of Canadian towns, showing their post office, banks and transportation facilities.

Order from: Richard De Boo Limited, 137 Wellington Street West, Toronto 1, Ontario.

Trade Commissioners on Tour

In Territory

J. H. BAILEY, Commercial Secretary in Bogotá, Colombia, will visit Ecuador during the week of January 21.

K. NYENHUIS, Commercial Counsellor in Copenhagen, Denmark, will visit Poland, February 1-16.

J. H. STONE, Commercial Counsellor in Rome, Italy, will visit Milan for one week late in February.

M. S. STRONG, Commercial Secretary in Rome, Italy, will visit Naples for three days in mid-February.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Bailey at Bogotá, Mr. Nyenhuis at Copenhagen, and Mr. Stone and Mr. Strong at Rome.

FOREIGN TARIFFS

AND TRADE REGULATIONS

India

IMPORT LICENSING POLICY—The Indian Government announced on December 24 its import trade control policy for the period October 1, 1962, to March 31, 1963. This announcement, ordinarily made in September, has been delayed because of the prevailing emergency conditions and their impact on the foreign exchange reserves. These factors are fully reflected in the policy; funds are to be allocated only for those items needed by defence-orientated and essential industries. As in the past, all imports require a licence and importers are divided into three main groups—established importers, actual users, and others. Licences are issued to established importers mainly on the basis of quotas calculated on past imports. "Actual user" licences are available, subject to a very strict scrutiny of applications, for imports of certain essential spare parts and raw materials; the import of a wide range of products is prohibited.

Highlights of the new arrangements are as follows:

(1) The already low quotas in effect for established importers are to be further curtailed, and the import of a large number of items by established importers has been banned. These include:

Files and rasps; powdered milk and milk foods; printers' ink; all sorts of paper and paper products; artificial teeth; refined sulphur; sulphate of potash; agricultural machinery, including tractors; alcoholic liquors; a wide range of iron and steel products, including valves, tubes, pipes, bars, steel balls, electrodes, etc.; all kinds of bearings; asbestos manufactures; precision and measuring tools; graphite and silicon crucibles; tungsten and carbide-tipped tools; saws and cutters; belts and belt lacings; electric motors and other electrical items; penicillin and a list of antibiotics, drugs, chemicals, and medicines including vitamin C; exposed cinematographic films; graphite; garage tools; clocks, watches and parts; metallic ores; sound and projection reproduction equipment; cellulose acetate sheets, etc.; industrial diamonds, synthetic resins and fluorspar.

(2) Supplementary licences for established importers for the current half-year are confined only to specific items of special importance to the economy, such as drugs and medicines; X-ray films; rubber and medicinal contraceptives; optical blanks; empty gelatine capsules; dyeing and tanning materials; electro-medical apparatus; scientific and surgical instruments, apparatus, etc.; machine tools, etc. For these items, quotas fixed last March are being maintained, with the 50 per cent emergency cuts announced in June still continuing. This 50 per cent reduction has been further increased on certain products as follows: motor vehicle parts such as brake linings, electric horns, radiator assembly, shock absorbers and sparkplugs, 75 per cent; ammonium phosphate 80 per cent; borax 60 per cent, and

rubber chemicals 80 per cent. Unexposed cinematographic films and certain books are subject to a further reduction of 25 per cent. Carbon and X-ray film are exempt from additional cuts.

(3) Revalidation of annual licences will be made for the current half-year only for import of components of tea, jute, coal, textile and knitting machinery. No revalidation is to be permitted for copper rods, sections, pipes, etc.; zinc or spelter; tin block and scrap; and brass, bronze and similar alloys. Import of tin blocks and scrap and ball roller and taper bearings are to be channelled through the Indian State Trading Corporation.

(4) Licences will be issued to actual users for raw materials and component parts, but subject to strict control and possible reductions, depending on the merits of each case and the availability of exchange. No reduction will be imposed on the quantity of newsprint to be imported.

Full particulars are available from the Commonwealth Division, International Trade Relations Branch, Department of Trade and Commerce, or from the Canadian Government Trade Commissioner in New Delhi.

Republic of Ireland

FRESH APPLE IMPORTS—The Department of Agriculture, Dublin, has decided to grant licences for the import of raw apples from all sources for the period January 15, 1963, to February 28, 1963. A quota of 500 long tons has been set up and this quota will be distributed among the leading apple importers according to their former pattern of imports—Dublin.

South Africa

IMPORT CONTROL POLICY, 1963—Further to the notice appearing in the December 15 issue of *Foreign Trade* the following additional details have now been received from our Trade Commissioner in Johannesburg.

Although the majority of classifications were maintained, some items have been switched. The main ones are:

(a) All plastic sheeting in rolls can now be imported without an import permit. Previously only sheeting exceeding 0.005 inches in thickness could be so imported.

(b) Films, seeds, bulbs, tubers, office equipment, computers, sorters, calculating machines, cash registers, tabulators, and photographic chemicals and photographic paper have been transferred to the classification permitting more generous consideration for licensing.

(c) Outboard motors are now classified with motor vehicles and as such subject to unspecified quotas to be authorized by the Minister.

(d) Knitting wool is no longer a special item—it is now classified under general merchandise.

(e) Some 50 items have been taken off the restricted list and are once more subject to the ordinary licensing procedure. The group ranges from foodstuffs such as diabetic foods, maple syrup and unsweetened block chocolate through cigars and dolls to lawnmowers (with a cut in excess of 20 inches) and differential-type protective relays.

TRANSPORTATION NOTES

Ghana

NEW SHIPS—The sixth of eight ships ordered by the Ghanaian Government for the Black Star Line was delivered recently. The line now has six new ships and four old ones. The seventh new one, M.V. *Kulpan River*, which was recently launched in Holland, will be delivered in mid-October. The Black Star Line schedules sailings every three weeks from Halifax to ports in West Africa—Accra.

Greenland

AIR SERVICES—The Greenland Air Corps, A/S Gronlandsfly, is studying in detail the question of future flights within Greenland. The technical point of view is being stressed. The experience of the American ALTA (Association of Local Transport Airlines), which has several pioneers of flying in Alaska, has been examined. However, there are great differences between flights in Greenland and in Alaska. In summer, planes are needed which can take off and land on water and in winter, planes which can use ski landing devices. Ice reconnaissance flights will be of great importance—Copenhagen.

Ireland

NEW SHIP FOR SEAWAY—The largest ship ever built in the Republic of Ireland, the *Silver Isle*, will be delivered this spring to the Mohawk Navigation Co., Montreal, for service on the Great Lakes and St. Lawrence Seaway. She was designed as a bulk cargo carrier with a deadweight tonnage of 24,000. She has a length of 730 feet, beam of 75 feet, a depth of 39 feet, and a full summer loading draft of 26 feet 3 inches. She will be powered by a diesel engine, have an operating speed of 14½ knots, and is fitted with a variable pitch propeller. The ship will have six holds, with 18 hatches and accommodation for a 31-man crew and eight additional persons—Dublin.

Nigeria

LAGOS PORT EXPANSION—The Nigerian Port Authority has been granted a loan of \$13.5 million from the International Bank for Reconstruction and Development to extend and improve the port of Lagos. The total cost of the project is estimated at \$18.6 million, and the Port Authority will make up the difference from its own resources. The Bank project is confined to increasing the number of berths at Apapa Quay from nine to thirteen by extending the quay to 7,424 feet. Also included is the expansion of warehousing and cargo-handling facilities. All imported equipment will be purchased on the basis of international competitive bidding. Over eight million tons of cargo pass through Lagos annually, or about 50 per cent of total Nigerian imports and exports.

Portugal

SHIPYARDS AND DRYDOCK—Two Swedish firms will participate in the construction of Port of Lisbon shipyards, in collaboration with a Portuguese firm and three Dutch firms. This project, awaiting final approval of the Portuguese Government, should be completed at the end of 1966 and will cost approximately U.S.\$30 million.

The Lisbon shipyards will be among the most modern in the world and will have two floating docks with a capacity for ships of 80 tons and over—Lisbon.

United States

PORT OF CHICAGO—Total export-import tonnage of the port of Chicago, including grain, is running well ahead of 1961. The Chicago Association of Commerce reports that direct overseas grain shipments in the 1962 season so far are almost double those of the corresponding 1961 period. Grain shipments during 1962 to Canada for transshipment overseas were up more than a quarter-million tons from a year ago. General cargo tonnage also increased substantially—Chicago.

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 .927805.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 31	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free .....	.008086	123.67	
Austria	Schilling .....	.....	.04175	23.95	
Australia	Pound .....	.....	2.4164	.4138	
Bahamas	Pound .....	.....	3.0205	.3311	
Belgium and Luxembourg	Franc .....	.....	.02166	46.17	
Bermuda	Pound .....	.....	3.0205	.3311	
Bolivia	Boliviano	Free	#	#	
Brazil	Cruzeiro	Official Free .....	.002305	433.84	
		Special Category	†	†	
Britain	Pound .....	.....	3.0205	.3311	
British Guiana	Dollar .....	.....	.6293	1.59	
British Honduras	Dollar .....	.....	.7551	1.32	
Burma	Kyat .....	.....	.2263	4.42	
Ceylon	Rupee .....	.....	.2265	4.41	
Chile	Escudo	Free .....	.4496	2.22	
Colombia	Peso	Certificate	\$	\$	
Congo, Republic of	Franc .....	.....	.02166	46.17	
Costa Rica	Colon	Free .....	.1627	6.15	
Cuba	Peso .....	.....	†	†
Czechoslovakia	Koruna .....	.....	.1497	6.68	
Denmark	Krone .....	.....	.1563	6.40	
Dominican Republic	Peso .....	.....	1.0778	.9278	
Ecuador	Sucre	Official .....	.05988	16.70	
		Free .....	.04958	20.17	
El Salvador	Colon .....	.....	.4311	2.32	
Fiji	Pound .....	.....	2.7212	.3675	
Finland	Markka .....	.....	.003368	296.91	
France, Monaco, etc.	Franc .....	.....	.2199	4.55	(1)
Franco-African Republics, etc. ..	Franc .....	.....	.004398	227.38	(2)
French Pacific	Franc .....	.....	.01209	82.71	(3)
Germany	D Mark .....	.....	.2698	3.71	
Ghana	Pound .....	.....	3.0205	.3311	
Greece	Drachma .....	.....	.03592	27.84	
Guatemala	Quetzal .....	.....	1.0778	.9278	
Haiti	Gourde .....	.....	.2156	4.64	
Honduras	Lempira .....	.....	.5389	1.85	
Hong Kong	Dollar	Free .....	.1887	5.30	
		Official .....	.1888	5.30	*Dec. 7
Iceland	Krona	Official .....	.02507	39.89	(4)
India	Rupee .....	.....	.2265	4.41	
Indonesia	Rupiah	Official .....	.02395	41.75	(4)
Iran	Rial .....	.....	.01423	70.28	
Iraq	Dinar .....	.....	3.0179	.3313	

#No quotation available.

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

‡The new effective certificate exchange rate applicable to imports, when approved, will be increased to 9.00 pesos per U.S. dollar.

‡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 Dec. 31	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.0205	.3311	
Israel	Pound		.3593	2.78	
Italy	Lira		.001737	575.70	
Japan	Yen		.002994	334.00	
Lebanon	Pound	Free	.3586	2.79	
Mexico	Peso		.08623	11.60	
Morocco	Dirham		.2156	4.64	
Netherlands	Florin		.2994	3.34	
Netherlands Antilles	Florin		.5715	1.75	
New Zealand	Pound		2.9999	.3334	
Nicaragua	Cordoba		.1540	6.49	
Nigeria	Pound		3.0205	.3311	
Norway	Krone		.1509	6.63	
Pakistan	Rupee		.2265	4.41	
Panama	Balboa		1.0778	.9278	
Paraguay	Guarani	Free	.008736	114.47	
Peru	Sol	Free	.04018	24.89	
Philippines	Peso	Free	.2765	3.62	
Portugal & Colonies	Escudo		.03749	26.67	(5)
Singapore and Malaya	Straits dollar		.3521	2.84	
South Africa (Republic of)	Rand		1.5103	.6621	
Spain and Dependencies	Peseta		.01796	55.67	
Sweden	Krona		.2080	4.81	
Switzerland	Franc		.2495	4.01	
Syria	Pound	Free	.3012	3.32	
Thailand	Baht	Free	.05114	19.55	(4)
Tunisia	Dinar		2.6083	.3834	
Turkey	Lira		.1198	8.35	(4)
United Arab Republic	Pound	Official	2.4790	.4034	
United States	Dollar		1.0778125	.927805	
Uruguay	Peso	Free	.09830	10.17	
Venezuela	Bolivar	Controlled market rate	.3215	3.11	
		Official Free	.2375	4.21	
West Indies	Dollar		.6293	1.59	(6)
	Pound		3.0205	.3311	(7)
Yugoslavia	Dinar	Official	.001437	695.89	

Notes

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

Markets in Brief: INDIA

Area: 1,261,411 square miles.

Population: 437,202,747 (1961 census); 82 per cent rural, 18 per cent urban, growth rate 2.15 per cent a year.

Climate: monsoon-tropical; south, warm to hot year round; north very hot summers, cool winters (November to February).

Language: English still widespread in government, business and higher education; under Constitution is scheduled to become associate official language with Hindi after 1965.

Currency: rupee; one rupee equals approximately Can.\$0.23.

Weights and measures: use of metric weights compulsory from April 1, 1962; length and capacity measures in process of conversion from imperial to metric system.

Capital: New Delhi.

Marketing centres: Calcutta (population of 5,550,000), Bombay (4,146,000), Madras (1,725,000), Delhi (2,344,051, including New Delhi).

Chief ports: east coast—Calcutta, Madras, Vishakhapatnam; west coast—Bombay, Cochin, Marmagao.

Economy: Traditionally dominated by subsistence agriculture, with a few commercial crops grown for export. Industrialization under Five Year Plans (1951-56, 1956-61, 1961-66) now proceeding fairly rapidly.

Total Indian imports: 1961—Can.\$2.3 billion.

Chief imports: (per cent) 1961—machinery 23, iron and steel 10, wheat 7, raw cotton 7, electric machinery, equipment 6, transport equipment 6, petroleum products 5.

Chief suppliers: (per cent) 1961—United States 24, Britain 20, West Germany 12, Japan 6, Iran 3, Canada 2.

Value of imports from Canada: 1961—Can.\$42.8 million; average 1951-61, Can.\$39.8 million.

Chief imports from Canada: (per cent) 1961—wheat 30, aluminum 17, wood pulp 9, copper 9, zinc 6, locomotives 4, asbestos 2.

Total Indian exports: 1961—Can.\$1.5 billion.

Chief exports: (per cent) 1961—jute goods 20, tea 19, cotton textiles 7, leather manufactures 4, cashews 3, iron ore 3, oilcakes 2, spices 2.

Chief markets: (per cent) 1961—Britain 24, United States 17, Japan 6, U.S.S.R. 5, West Germany 3, Canada 3.

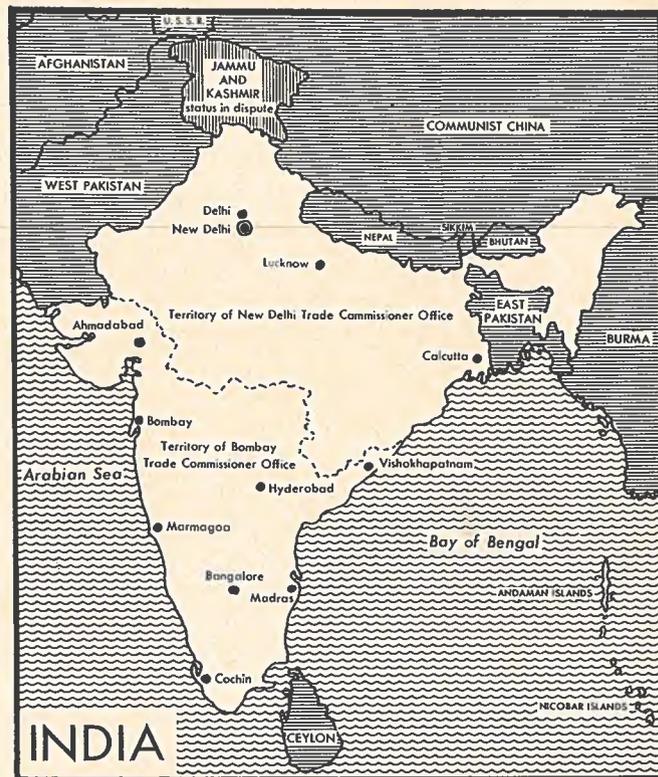
Value of Canadian purchases: 1961—Can.\$33.4 million.

Chief Canadian purchases: (per cent) 1961—jute goods 36, tea 26, cotton fabrics 9, cashews 5, peanuts 5, walnuts 3, carpets 3.

Foreign exchange: extreme shortage until at least end of Third Plan (1966).

Import controls, documentation, customs tariffs, marking and labelling: rigid licensing virtually restricts commercial imports to essential raw materials and capital equipment, excludes most consumer goods. For further information consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Foreign aid: total authorized 1951 to December 1960—Can.\$6.2 billion. This aid finances a significant percentage of imports although, except for World Bank loans (Can.



\$721.5 million authorized up to December 1960), most is tied to donor country.

Canadian aid: Colombo Plan capital aid and other loans and grants totalled Can.\$276.9 million at July 31, 1962; covers hydroelectric and irrigation projects, base metals refining, the Canada-India reactor, steam locomotives and boilers, road transport equipment and other products.

Trade relations: India grants tariff preferences on a wide range of products to Britain and its colonies and Burma; otherwise, customs duties (generally high) are applied equally to the products of all countries, including Canada. India is a member of GATT and has bilateral trade agreements with 27 countries, several of which provide for imports against rupee payment or other special terms.

Prices: may be quoted in sterling or U.S. or Canadian dollars.

Samples: import restricted if of commercial value.

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

For detailed information on this market write to:

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

or

Commercial Counsellor
Office of the High Commissioner for Canada
P.O. Box 11
New Delhi 1, India

or

(for southern Indian states of Gujarat, Maharashtra, Mysore, Andhra Pradesh, Madras and Kerala)
Canadian Government Trade Commissioner
P.O. Box 886
Bombay, 1-BR, India.

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