

FOREIGN TRADE

DEPARTMENT
OF TRADE AND
COMMERCE
OTTAWA

MAY 18. 63

Subscribers Please Note

Effective April 1, 1963, the subscription price for *Foreign Trade* has been raised from \$2.00 to \$5.00 a year for delivery in Canada, and from \$5.00 to \$7.00 for delivery outside Canada.

FOREIGN TRADE

MAY 18, 1963

Vol. 119 No. 10

Established in 1904. Published fortnightly by the Department of Trade and Commerce.

The Hon. MITCHELL SHARP, Minister.

JAMES A. ROBERTS, Deputy Minister.

Please forward all orders to: Queen's Printer, Government Printing Bureau, Ottawa.

Price \$5.00 a year in Canada; \$7.00 abroad.

Single copies: 25 cents each.

Material appearing in this magazine may be reprinted, preferably with credit to "Foreign Trade".

Getting Your Goods into Ghana

3

Big trading firms with headquarters in Europe, local Lebanese and Indian agencies dealing in consumer goods, the Government's National Trading Corporation, manufacturers' agents, public tenders for government requirements—all these channels of trade are discussed in this timely report from Accra.

What's Current in Commodities?

9

At the moment, it's tools and dies and the demand for them in the United States, particularly from the automobile industry. The Detroit office discusses how Canadian manufacturers of tools, dies and molds can sell U.S. automotive firms.

Trade Prospects: Brazil

13

Through the summer we plan to publish assessments by the Trade Commissioners of the market for Canadian products in various areas. We begin with this discussion of the financial situation in Brazil and its implications for our traders.

Stop Off at Hong Kong

20

Most Canadians know what the Colony has to offer the businessman; fewer realize its potential as a market for raw materials, foodstuffs, many other products. This article may persuade you to investigate these opportunities at first hand.

U.S.S.R.: Progress and Prospects

26

This review of industry and agriculture in the Soviet and of the progress made in the Seven Year Plan was prepared by the Commercial Counsellor in Moscow just before he returned to Canada for the opening of the Export Trade Conference.

Good Design Brings Export Success

8

Export Association Moves Ahead

7

The Ocean Freight Market

11

Assistant Trade Commissioners Posted

18

It Pays to Exhibit in New York

23

FT Reports on "Operation Survey"

31

Commodity Notes 29

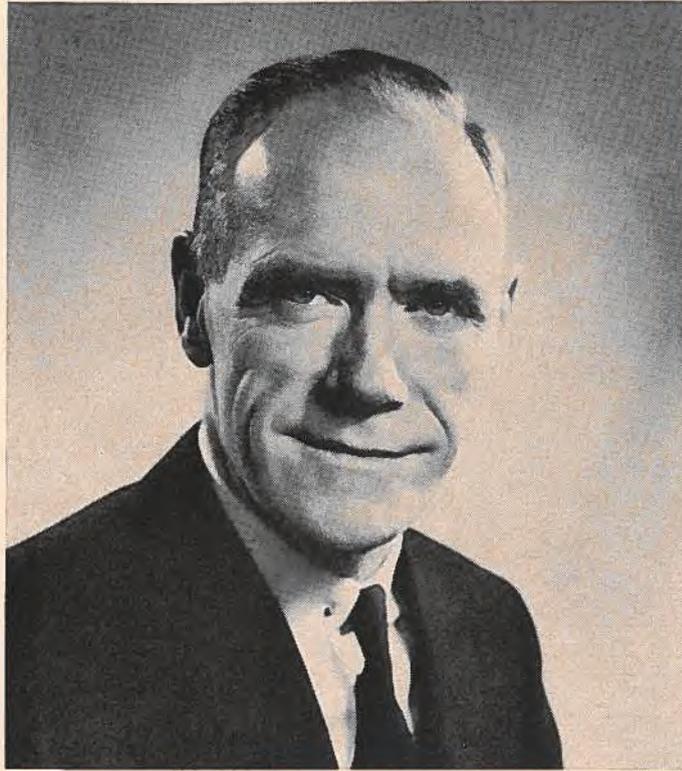
Markets in Brief 36

Foreign Exchange Rates 34

Transportation Notes 16

Foreign Tariffs and Trade Regulations 32

COMING—CHILE FACES UP TO FINANCIAL PROBLEMS, JUNE 1 ISSUE



The Honourable Mitchell Sharp

"I welcome this opportunity to speak to the businessmen of Canada for the first time as Minister of Trade and Commerce. Many of you I have met in my days with the department. Many I hope to meet in the days ahead.

"I come to a department well equipped to assist Canadian business at home and abroad in the promotion of trade. I am proud of this department. My task in the months and years ahead will be to give it the leadership and direction essential to its effective operation.

"Canada, I am convinced, must play a constructive part in the exciting new developments that are taking place in patterns of world trade. This will require us to bargain hard for improved access to external markets, and to ensure that we take full advantage of the opportunities that result from these negotiations.

"I look forward to working together with you in the promotion of Canada's trade."

Mitchell Sharp

Getting Your Goods into Ghana

Here's a market of nearly seven million people, who import about \$395 million worth of goods a year. They buy foods, textiles, machinery, chemicals, many other products that Canadians want to sell. Why not try to capture a share of this business?

KEVIN F. OSMOND, *Commercial Counsellor, Accra.*

GHANA offers Canadian exporters a challenging and rewarding market, though competition is keen and there are some obstacles to surmount. Industrial development and the encouragement of both overseas and local capital investment are widening the opportunities for selling capital goods, in addition to the traditional consumer goods and other lines. The introduction of import controls about a year and a half ago has, however, restricted sales of non-essential products.

Trade Deficit Problem

Ghana's economy is primarily agricultural although the building-up of industry is being emphasized. Cocoa is the most important prod-

uct and much depends on the success or failure of this crop, which on average contributes no less than 60 per cent of the value of exports. Other significant foreign exchange earners are gold, diamonds (mostly industrial), tropical woods (logs and sawn), manganese and bauxite.

Although production of cocoa has increased rapidly in recent years, thanks to new techniques in capsid control and improved methods of cultivation, the price of cocoa in world markets has fallen steadily and mainly because of this, the gap between Ghana's imports and exports has widened steadily. These adverse trade balances have been largely responsible for deficits in the balance of payments, which have



The "market mummies" play a vital part in Ghana's retail trade. Their stalls are packed with consumer goods of many types from many countries—among them brands well known to Westerners. As traders, they are shrewd and capable.

been financed chiefly by drawing on the foreign exchange reserves and by short-term borrowing.

The rather stringent financial and budgetary measures which were introduced in July 1961 (see *Foreign Trade*, October 7, 1961) slowed down but did not stop the rise in imports, and the adverse balance of trade during the last quarter of 1961 was larger than ever.

In December 1961, import controls were introduced. Open General Licences and quota licences were revoked and the Government was able to reduce imports of non-essential goods to improve the balance of payments.

Volta Project Progressing

Progress under Ghana's Second Development Plan introduced in July 1959 has been slow because of various factors. The most important of the development proposals, the Volta River project, however, was launched officially early in 1962. This scheme, on which Ghana's future economic expansion depends so largely, has as its main features the provision of hydro-electric power by damming the Volta River and using the major part of the power for an aluminum smelter at Tema, a newly opened port near Accra, which forms an integral part of the Volta River scheme.

A state planning organization established some months ago is working on a completely new seven-year economic plan to replace the 1959 one, and deciding on priorities for the more important development work. The new plan is expected to be published in October 1963 and should provide many opportunities of interest to Canadian businessmen.

As a further incentive to economic development in Ghana, a National Investment Bank is being set up to assist industrial, commercial, agricultural and other enterprises. The new bank will provide finance in the form of long- or medium-term loans and will operate in all sections of the country's economy—state, private, joint state and private, co-operative

TABLE I
GHANA'S FOREIGN TRADE

	1960	1961	1962 (Jan.-June)
	(£G'000)		
Exports (including re-exports)	115.98	115.13	70.48
Imports	129.62	142.83	55.99
Total	245.60	257.96	126.47
Balance	-13.64	-27.70	+14.49

TABLE II
IMPORTS INTO GHANA

Commodity	1960		1961	
	£G millions	Per cent	£G millions	Per cent
Food	21.0	16.2	26.2	18.3
Beverages and tobacco	3.8	2.9	3.5	2.4
Crude materials, inedible, except fuel	0.3	0.3	0.9	0.6
Mineral fuels	6.8	5.2	6.5	4.6
Animal and vegetable oils and fats	0.2	0.2	0.5	0.3
Chemicals	9.5	7.3	10.1	7.1
Manufactured goods classified by material:				
Textiles	19.7	15.2	21.5	15.1
Others	20.1	15.5	23.0	16.1
Machinery and transport equipment	33.7	26.0	33.1	23.2
Miscellaneous manufactured articles	12.6	9.8	13.4	9.4
Miscellaneous commodities, n.e.s.	1.8	1.4	2.1	1.5
Transactions in gold and monetary items	.....	.....	2.0	1.4
Total	129.6	100.0	142.8	100.0

and small-scale Ghanaian business concerns.

Trade Pattern

The volume of visible foreign trade in 1961 reached £G258 million compared with £G246 million in 1960. Imports rose by over 10 per cent to £G143 million, and exports fell slightly (0.7 per cent) to £G115 million.

Table I gives statistics on Ghana's trade in 1960 and 1961 and for the first six months of 1962.

The increase in imports occurred mainly in the first part of 1961; the fiscal measures taken and the extension of exchange control early in July 1961 slowed down imports slightly in the last half of the year. This decrease became even more apparent after import licensing control was introduced in December 1961 and this situation was reflected in the favourable trade balance at the end of June 1962.

The value of imports for 1960 and 1961 by main commodity groupings is given in Table II.

Imports for the first six months of 1962 fell to £G55.99 million compared with £G75.25 million in the same period in 1962, a drop of £G19.25 million. The main decreases were in beverages and tobacco, clothing, footwear, and transport equipment, although imports of nearly all commodities (except petroleum and petroleum products and crude rubber, including synthetic, which were up slightly) fell sharply.

Britain continues to be Ghana's chief trading partner, followed by the United States, West Germany, the Netherlands and Japan. Of the Commonwealth countries other than Britain, Canada leads in total two-way trade with Ghana.

Ghana-Canada Trade

Canada's exports to Ghana in 1961 totalled \$7.8 million in value, or double the previous year's sales of \$3.9 million. Increased imports of wheat flour (Canada now supplies over 70 per cent of Ghana's flour needs) and purchases of air-

craft accounted for most of this upsurge. The range of Canadian goods finding a market in Ghana is, however, widening steadily although the value and volume are modest. This merchandise includes such diverse items as synthetic rubber, drilling equipment, biologicals, chain saws, poultry feeds, metallic salts, scientific instruments, pickles, and dog and cat foods.

Canada bought cocoa beans to the value of \$3.2 million from Ghana in 1961 as well as over a million dollars worth of manganese ore. Other purchases (mainly mahogany and other tropical woods) brought the total value of imports from Ghana in 1961 to \$4.7 million compared with \$3.1 million in 1960.

Marketing in Ghana

The local head offices of most of the major trading firms are in Accra, by far the largest centre of commercial activity. With the exception of a large National Trading Corporation which was set up in recent months after purchase by the Ghana Government of one of the leading European firms operating in the country, trade is still mainly in the hands of non-African firms with head offices usually in Europe. These merchant companies cover almost all facets of trade and their buying policies are established and carried out by their European headquarters.

Apart from the large merchant companies, there are a number of medium to small firms—mainly Lebanese and Indian—which deal chiefly in general consumer goods, a few technical firms handling only specialist or engineering goods, and manufacturers' representatives who may or may not carry stocks, or sometimes a mixture of both. Then there are the market traders (nearly always women) who sell all sorts of consumer goods, often in the smallest imaginable quantities. These traders obtain their goods from the larger firms and handle an amazingly large proportion of Ghana's internal trade.

MAY 18, 1963

65664-5-21

To Succeed in Ghana . . .

- Offer quality goods at competitive prices, to induce importers to transfer from their traditional sources of supply.
- Make an all-out effort to sell all the big trading firms, including the state-owned Ghana National Trading Corporation.
- Establish and maintain contact not only with the West African branches of the expatriate firms but also with their head offices in Britain and Europe and, where necessary, their buying offices in the United States. Wherever possible, visit personally the buying specialists and top management of these firms.
- Always quote prices c.i.f. and in the Ghanaian currency. This cannot be emphasized too much. Many exporters simply will not take the trouble to do this and lose out.
- Make a personal visit to the area.
- Give some thought to the possibility of setting up Africans as resident representatives, because of the increasing difficulty of expatriates establishing themselves as manufacturers' agents in Ghana. This could, of course, entail initial training and financial backing.
- Advertise your product in local newspapers, magazines, and the cinema.

How can Canadian exporters approach this market? One way is through direct contact with the principal importing firms in Ghana as well as with their European headquarters and sometimes with their buying agents in North America. One problem is that the large trading firms already have exclusive representation agreements with many suppliers of the type of merchandise that Canadian exporters would like to sell in Ghana. In addition, the whole West African market is intensely conservative and it takes a good deal of promotion to introduce new brand names or new lines.

Some of the smaller firms also offer possibilities but Canadians should be cautious about dealing with any but old and well estab-

lished firms or those whose integrity and status have been suitably guaranteed.

Another effective way of entering this market is through manufacturers' agents, many of whom have been established in West Africa for years and have a good knowledge of local trading conditions. The best of these firms do an excellent job in providing information on market trends, keeping in touch with customers, and seeking new business. Unfortunately, most of them are heavily committed and it is not easy to interest them in taking on new lines unless there are good prospects of quick returns. This office will, however, be pleased to do all it can to put exporters in touch with suitable agents.

The demand for goods on government account is growing rapidly and most government requirements are purchased through the Ghana Supply Commission. To be eligible to participate in tenders for government orders, interested Canadian firms should apply for registration by writing to the Ghana Supply Commission, P.O. Box M.35, Accra. The registration fee is one Ghanaian pound (at par with sterling) or the equivalent in dollars.

Import Controls, Tariffs

Although specific licences have to be obtained for almost all goods imported into Ghana, licences are now issued half-yearly or yearly and importers are allowed flexibility in choosing sources of supply. They are expected, however, to procure their goods from the lowest cost sources and also to arrange for the best possible terms of payment.

In recent months the Ghanaian Tariff and the Purchase Tax Act have been extensively amended. The principal changes of interest to Canadian businessmen were summarized in *Foreign Trade* of November 17, 1962. In general, duties and taxes are heavy on luxury articles and on goods that can be obtained from local sources. Machinery and equipment needed for agriculture and for industrial development, school stationery and supplies, advertising materials, patterns and samples of no commercial value, fishing nets and netting, disinfectants and germicides, insecticides and newsprint are among the products exempt from import duties. There is no duty on samples of commercial value, provided they are re-exported within three months. It is usually necessary, however, for a security in the amount of the duty payable to be deposited with Customs; this is refunded on re-export. There is no Commonwealth preferential tariff on any imports. Under the Niger River Convention of 1871 between the Netherlands and Britain, Ghana is still precluded from entering into any preferential tariff arrangement and the same

customs duties are levied on Canadian goods as on those from all other countries.

Invoicing

There is a special invoicing procedure for goods liable to ad valorem duties and details may be obtained from the Commonwealth Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa. For goods not liable to ad valorem duty, normal commercial invoices are sufficient. Certificates of origin are not required for shipments from Canada but the consignee must have bills of lading to prove ownership.

Outlook for Canadian Trade

Prospects for the sale of Canadian goods to Ghana over the next year appear reasonably good despite the continuance of import controls and austerity budgetary and financial measures. Exports of wheat flour should continue in good volume. We can also expect continuing sales of pickles and a modest market for canned salmon, fruits and vegetables because, although Ghana is endeavouring to cut down on food imports by increasing local production, imports will remain high for some time to come. We could obtain a bigger share of this market which in 1961 was worth nearly \$78 million; imports of fruits and vegetables alone were valued at over \$6 million.

Certain chemicals also offer good market possibilities, particularly bulk pest-control insecticides, biologicals and pharmaceuticals. Other commodities which should be pushed are building materials, especially iron rods for reinforcing concrete, hospital and hotel kitchen equipment, outboard engines (20 h.p.) for fishing canoes, mining equipment, chain saws with long blades, commercial refrigeration and household appliances.

Turning to the capital goods field, it is already evident that large quantities of industrial machinery will be needed to implement the

Seven Year Development Plan. Demand will quicken for agricultural equipment, particularly combines for rice, small ploughs, and farm implements generally. As far as major government spending is concerned, it is the announced policy of the Ghana Government to finance, as far as possible, capital development by credit; terms of credit are increasingly important in securing major contracts.

In general, exporters should realize that this is a small, conservative and highly competitive market which needs special study, careful choice of representatives, and personal visits to ensure best results.

Industry in Ghana

Rubber—Agriculture Minister Krobo Edusei recently signed, on behalf of the Ghana Government, an agreement for the purchase of Messrs. R. T. Briscoe's rubber plantation at Dixcove in the Western Region. This 5,000-acre rubber estate will now be administered by the State Farms Corporation.

The Deputy Director of State Farms Corporation says that work on a rubber factory is expected to start as soon as the yield from the Corporation's plantation is sufficiently large. It is planned to cultivate 23,000 acres during the Seven Year Development Plan.

Diamonds—The Ghana Diamond Marketing Board has been formed to take responsibility for the purchasing, grading, valuing, exporting and selling of all diamonds won or produced in the country.

Tobacco—The Ghana Agricultural Production Marketing Board plans to build a tobacco redrying and fermentation plant near Tema. It will have a capacity of 4,000 pounds an hour.

Glass—A state-owned glass manufacturing plant will open at Tarkwa in October, according to the Ministry of Industries. It will produce about 7,000 tons of bottles, 840 tons of glass tableware and about five million square feet of glass sheet a year.

Textiles—A £1.6 million textile bleaching, printing and finishing factory is being built at Tema. Scheduled to open early in 1964, it will print 15 million yards of cotton and rayon materials a year. Grey baft will be imported; some of the equipment, including printing rollers for traditional African prints, has already arrived.



JAMES M. McAVITY

With a new full-time president and a dynamic program, product of many months of study, the twenty-year-old Canadian Export Association plans a number of new activities in coming months.

APRIL 1, 1963, marked a new and important stage in the progress of the twenty-year-old Canadian Export Association. It acquired its first full-time president, moved into new offices in Montreal's Sun Life Building overlooking Dominion Square, and prepared to put into action a new and dynamic program to advance its continuing objective, the promotion of export trade.

In James M. McAvity, its new president, the Association has

work influenced him to accept his present assignment. "It offered also," he told *Foreign Trade*, "interesting people to work with and a challenging job to be done."

He is wasting no time in getting projects under way. Plans are shaping up for luncheon meetings in major industrial centres across Canada. The first of these is scheduled for May 29th in Toronto, when the new Minister of Trade and Commerce, the Hon. Mitchell Sharp, will be the featured speaker, only a few days after his return from the GATT Ministerial Meeting in Geneva. Discussions about the program for the Association's annual convention on October 21 and 22 have already taken place. The Policy and Government Liaison Committees are actively at work and have arranged meetings.

In the next few weeks, Mr. McAvity intends to visit as many heads of exporting companies across Canada as possible to become acquainted with them, with their industry problems, and with their views on the job that the Association can and should be doing.

Long-Term Study

The current change in the scope and the tempo of the Association's activities marks the culmination of a long process of self-examination and research. In 1961, a special committee was set up to make proposals for strengthening the Association. At the annual meeting at the Seigniory Club in October 1961, the committee's report was presented and accepted.

Among its recommendations, (one acted on almost immediately), was the setting up of a Board of Governors "composed of Canadian business leaders of the highest standing and whose companies are vitally concerned with our export trade." Twenty-nine top Canadian executives, none below the rank of

Export Association Moves Ahead

acquired a man with the experience, the contacts and the enthusiasm to make the program a success. He is widely known throughout Canada as a business executive, a Second World War veteran (formerly commanding officer of Lord Strathcona's Horse), and a keen sportsman. Businessmen are best acquainted with him as a former president and later chairman of the board of The House of Seagram Limited; he has spent altogether some 16 years with the Seagram group of companies. Most important, he brings to his new post a knowledge of association work: he was one of the founders of the Association of Canadian Distillers and served for three years as president of the Canadian Tourist Association. The preparation of briefs and of press releases, the making of representations to federal and provincial governments—these aspects of association work are familiar to him. In fact, his enjoyment of this

general manager and chiefly presidents, accepted places on the Board and their advice and ideas helped to determine the direction in which the Association is now moving. In addition, the committee's report recommended the enlargement of the Association's staff and a new and higher scale of membership fees.

Economists Made Proposals

The next step was the engaging of three prominent Canadian economists—John J. Deutsch, Mitchell W. Sharp, and Arthur J. R. Smith—to recommend how the Association should proceed if it is to help Canadians "compete in the increasingly complex world of international trade." Their report, "Towards a More Dynamic Canadian Export Association", was presented in mid-April 1962 and has influenced subsequent action. Pointing out that the Association must have the "capacity to perform well on three levels—for its members, for the general public, and for government"—the economists proceeded to be specific about its functions, methods of operation, organization and program.

Among the services the Association should provide for members, said the three, was keeping them informed not only on international conditions but also on problems and policies affecting Canadian exports, as well as advising them on the techniques of selling abroad. Mr. McAvity expects to start issuing shortly a monthly bulletin for members and to employ full time an economist or research man.

In services to the public, said the economists, the key word again is "information". "What is essentially needed," they pointed out, "is not publicity for the Association, but a carefully developed program of public information and education about the importance of good export performance for the country as a whole." It is to carry out this objective, says Mr. McAvity, that a continuing program of conventions, seminars, etc., in all parts of

Canada is planned. In its dealings with government, they stated, the Association should rely upon carefully reasoned "position papers" that set forth its views on basic current issues of commercial policy.

Membership Is Varied

The new president likes to emphasize that the CEA is not an association of large-scale primary producers. Of its present membership of 220, only 30 are primary producers; 140 are producers of secondary manufactures and consumer goods, and 50 are engaged in supplying services to exporters—the banks, railways, shipping companies, marine insurance firms and international freight forwarders. Taken together, the 220 represent 80 per cent of Canada's export business. The new scale of fees is based upon the value of a company's export sales but the democratic principle of one membership, one vote still holds.

Several other organizations in Canada also, as a part of their program, help to promote export trade. Mr. McAvity intends to establish close liaison with them. None the less, he feels that exporters should speak with one voice on issues that affect them and that the Canadian Export Association should be that voice.

He accepts wholeheartedly the objective that the three economists suggested the revitalized CEA should strive for. "The Association should . . . not merely seek to develop functions and methods that will serve the particular export interests of its members. It must also accept the broader challenge of seeking to create conditions which will be conducive to the promotion of Canadian exports generally. This implies efforts to educate and shape public attitudes to this important national objective, and to influence government policies and actions to this end."

The coming months will see Mr. McAvity and his associates pursuing that goal with energy and effectiveness. ●

Good Design Spells Success

"DON'T you sell a Canadian-made knife for the sportsman? What do all your hunters and fishermen use?"

Deane H. Russell, owner of the Knife Shop in downtown Ottawa, tired of answering no to this oft-repeated question, set about designing an outdoor knife himself. After years of experimenting he came up with the Russell Belt Knife, complete with a hand-moulded cowhide scabbard. Quickly accepted in Canada, it is now the basis of a tidy little export business.

The first model came into production in 1957 and a year later won a National Design Award. Included in the Canadian display at the Brussels World Fair, it attracted much attention from European cutlers and was written up in an Italian design publication. A breakaway from traditional knife design, it incorporated the ideas of professional outdoorsmen and widely known Canadian sportsmen.

Just when he was planning commercial production, he received a letter from a Czechoslovak refugee, a master cutler who had settled in Pictou, Nova Scotia. Rudolph Grohmann had heard about Russell's experiments and offered to make the models. Today all production is centered in Pictou.

An article about the knife in a Canadian outdoor magazine soon attracted the attention of a U.S. firearms company. This firm asked for exclusive rights to distribute it in the United States, but because it overpriced the knife, the arrangement did not work out well. When he exhibited at the National Sporting Goods Show in Chicago last year, Mr. Russell made contacts with manufacturers' agents and switched his business to them. They are now selling for him in 22 states and 20 others will be added shortly. In London, the exclusive gun house of Cogswell and Harrison is stocking the knife.

As his output grows (he now has two additional designs, a trout and bird knife and a boat knife) Mr. Russell intends to move into other markets. Last year he went into trade fairs at Poznan, Poland, and Zagreb, Yugoslavia, and he is exploring the market in Australia and East Africa. Good design and fine workmanship, he's convinced, will win him many more customers. ●

What's current in commodities?

Tools and Dies

United States—Big market among automotive and major appliance manufacturers can be cultivated by Canadians who can offer high standards of quality, punctual delivery. Here's advice to companies who are intent on seeking U.S. orders.

IAN MACDONALD, *Consul and Trade Commissioner, Detroit.*

"Canadian tool, die and mold manufacturers should make a more aggressive approach to United States customers if they expect to get their fair share of this market."

THIS was the advice of a purchasing agent who buys tools and dies for one of Detroit's major automobile companies. It is echoed by buyers in other parts of Michigan and Ohio.

With expanding industrial production and a growing recognition of Canada as a source of technical products, prospects for Canadian tools, dies and molds in the United States are perhaps better today than at any time in the past. Some Ontario shops have taken full advantage of the selling opportunities but for most, the U.S. market remains unexploited and their competitive position untested.

The first question a Canadian manufacturer should consider in assessing U.S. market prospects is his capability to meet customer's specifications in all respects, including punctual delivery. Delivery is, of course, closely related to capacity. In few other industries can it be said with more validity that success breeds success. Conversely, failure to maintain quality standards or delivery schedules can be costly to the customer and will jeopardize or preclude further orders.

Tools and dies are required by a wide variety of manufacturers in the United States, but the largest

single market is the automobile industry. There is a growing market also for various types of plastic molds for the production of both consumer and industrial goods.

Canadian Advantages

Canada has a strong export position in the general field of tools and dies because of relatively lower labour costs, lower overheads, proximity to the American market (which permits close liaison with the United States customer), growing experience and capacity, and a competitive domestic supply of special steels. In the light of these advantages, the U.S. tariff is not a decisive obstacle. What is needed, however, is a dynamic, imaginative, forthright and confident assault on the United States market by Canadian producers, accompanied where necessary by expansion in manufacturing facilities.

Automakers Are Large Buyers

Detroit's automobile manufacturers place orders for tools, dies and molds both for use in their own plants and by their independent suppliers of production parts. In the latter instance, the supplier is usually made responsible for procurement of the tools and dies and for their operating efficiency. An order for parts, however, is not always accompanied by an order for additional tools and dies because suppliers may have suitable or satisfactory tooling in stock for production

of certain standardized parts. During the current market year, the tools and dies being used for production parts are used also for the manufacture of service parts, but in subsequent years this high-volume equipment may be replaced by a new set of tools and dies designed for a much lower production level.

Selection of Suppliers

Automobile manufacturers base their selection of tool and die suppliers on past experience with quality and delivery, financial standing of the supplier, competitiveness, convenience and confidence. Familiarity between the supplier and the tool and die divisions of the automobile manufacturers is also a factor which has resulted in certain shops being associated with Ford, others with Chrysler, etc., though not exclusively.

Occasionally, when there is a possibility of interruption of supply because of strikes, bankruptcy, etc., there will be split sourcing, whereby the manufacturer places an identical order with two parts suppliers, thus requiring duplicate orders for tools and dies. Under such circumstances, it would be an advantage to the manufacturer to have one source in Canada.

The proportion of an auto manufacturer's tool and die requirements supplied from sources outside his own organization varies from year to year. It increases to perhaps 60 per cent where the model restyling is substantial and decreases to as low as 20 per cent where the model changes are only moderate.

Competition from U.S. Suppliers

Tool and die requirements are usually purchased in the area of the stamping plant, with orders cen-

tralized in the Detroit area, where there is an over-abundance of tool and die shops. In the years following 1947, the industry in the United States has suffered from over-capacity with the result that some shops have gone out of business and a number of mergers have taken place. Tool and die prices in the area have also been affected and have declined during the past four or five years.

Detroit represents the greatest concentration of tool and die capacity and knowhow in the world; facilities here far exceed those available to the whole of Western Europe and Britain. Despite competitive conditions, the prospects for Canadian manufacturers of tools, dies and molds are promising because of Canada's natural economic advantages and growing experience. The Canadian industry should benefit also from the increased emphasis on two-way trade in the automobile industry. In certain cases, it is even possible that United States tool and die shops may find it cheaper and more convenient to subcontract orders to Canadian firms rather than have the work done on their own premises.

Another potential market for Canadian tool, die and mold manufacturers lies in the overseas stamping and assembly operations of the Detroit automakers, especially at the time when production of U.S.-style vehicles is initiated in new areas.

Adequate Production Facilities

Before being accepted for production, tools and dies must be proven in the tool and die shop with a trial run of, say, 75 units for which presses of up to 1,000 tons or more may be required.

Canadian tool, die and mold producers should therefore undertake contracts in the United States only when they are convinced that they have the facilities and capacity to perform effectively. They should bear in mind that it has taken 30 years or more for the United States to build up an adequate die and

sheet metal tooling industry. Knowhow is also very important since one sour job on the part of a Canadian firm could preclude any further orders from that particular customer for a long time.

There appear to be good prospects also with the major appliance manufacturers, some of which are divisions of the automotive companies.

Purchasing Procedures

Although administrative procedures differ somewhat among the major automotive manufacturers, depending partly on the extent of their own tool and die making facilities, orders are usually placed by the purchasing department, in consultation with the master mechanics division where the equipment is to be used in their own plant. For tools and dies used by outside suppliers of production parts, the supplier usually gets the tool order as well as the order for parts; then the supplier is responsible and may subcontract for the tools and dies as required.

In the larger automotive firms, a central office may buy on behalf of a number of plants, each of which may have also a resident buyer for tools and dies.

The automobile companies have their own substantial tool and die facilities in Detroit and smaller shops in other centers, usually providing at least one-third to one-half of their requirements; the remainder are purchased in the neighbourhood of their stamping plants but chiefly in the Detroit area.

For example, General Motors Corporation, Fisher Body Division, purchases and manufactures tools and dies for seven GM stamping plants, most of which also have their own limited facilities for tool and die manufacture. The stamping plants, in turn, supply body components to twenty assembly plants in various parts of the United States.

The rough castings for manufacture of the dies are purchased outside the General Motors organization and must be cast to fairly close

tolerances. Plastic molds are purchased by various General Motors divisions, usually through the producer of the plastic items required.

Because of economies of scale, some of the larger stampings are made only in the United States and exported to the Canadian subsidiaries. This situation is likely to continue for some time but should not preclude effort on the part of Canadian shops to obtain larger die manufacturing contracts.

In the case of at least one automaker, the company shops are required to compete in their quotations with outside tool and die makers, both in quality and price. In placing orders with independent tool and die shops (as opposed to their own facilities) delivery may be of decisive importance.

Usually the purchasing division requires a minimum of three or four quotations but the producing division may suggest a specific source based on past experience. In selecting suppliers, the buyer considers also financial standing and rates tool and die makers on information apparently obtained from credit reporting services. Suppliers must be adequately financed.

One director of tool and die purchasing in Detroit thought it inevitable that the Canadian industry would obtain more and more business from the United States. He said that this process, however, could be hastened considerably if Canadian companies would make a more determined and enthusiastic effort to obtain United States orders. He stressed the need for enthusiasm also as a factor in meeting delivery schedules.

Eligible Tool and Die Suppliers

The purchasing divisions of the motor car manufacturers in Detroit maintain lists of United States suppliers of tools, dies and molds in the Great Lakes area, including Detroit, Lansing, Toledo, Dayton, Philadelphia, Buffalo, etc. Canadian firms wishing to be placed on these eligible lists must supply full details of their size, equipment, experience

and try-out facilities. The relationship with the respective Canadian subsidiary or its suppliers would be of interest to the U.S. parent company.

Southern Ontario companies are in a favourable geographical position to participate in the Detroit market but few are as well introduced to potential customers as are their United States counterparts. One prominent buyer of tools and dies in Detroit listed the following

reasons why his Division usually did not place orders in Canada:

It was not a traditional source, liaison would be difficult, and Canadian companies lacked the knowhow of the large Detroit tool and die manufacturers. Moreover, the Division had a "responsibility to the community" in which it operated and was even subject to demands in Detroit and other U.S. centers to lessen its own tool and die production in order to stimulate employ-

ment and increase profits in local tool and die shops.

There is a growing awareness, however, of the substantial U.S. automotive exports to Canada and of the need to reciprocate with automotive purchases there, including tools and dies.

Canadian firms in this field could benefit substantially from the growing integration of the U.S. and Canadian automotive industries, but only if all new sales opportunities are fully explored and exploited. ●

The Ocean Freight Market

CHARTER rates in most trades, while rising in the first quarter of 1963 from the low level of the latter half of 1962, did not regain the level of the first quarter a year ago. A backlog of shipments resulting from the strike of longshoremen in the United States (December 23, 1962, to January 26, 1963) combined with an increased demand for grain and coal consequent upon a protracted winter cold spell in Europe, gave strength to freight market rates in the Atlantic trades.

Activity in the grain trade from the Pacific Coast to Communist China, in which a number of ships were

fixed for consecutive voyages, caused rates to reach the level of 50 shillings (37½¢) per ton, the highest recorded in the trade since April 1961.

The severity of the winter in Western Europe and in North America brought about a surge in demand in all areas of the black oil trade. Although tanker rates rose sharply above Intascale and ATRS "flat" rates, they also declined rapidly as the seasonal demand subsided. In the Caribbean to U.S. North Atlantic trade, for instance, rates fell approximately thirty Intascale points (68¢ per ton) in the last six weeks of the quarter.

CHARTER RATES—FIRST QUARTER 1963

The rates shown in column A are sterling or U.S. dollars with the Canadian dollar equivalent in column B calculated at £=\$3.02 and U.S.\$=\$1.08. For comparison, the rates a year ago are shown in column C with the Canadian dollar equivalent in column D calculated at £=\$2.95 and U.S.\$=\$1.05.

TIME CHARTERS

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

	1963		1962	
	First Quarter		First Quarter	
	A	B	C	D
	£ or U.S.\$	Can.\$	£ or U.S.\$	Can.\$
General trading (approximately 6 months)				
Motorships, 9,000-10,999 dwt., 9-10.9 knots				
Motorships, 9,000-10,999 dwt., 11-12.9 knots	\$2.25	2.43	19s. 10d.	2.93
Motorships, 9,000-10,999 dwt., 13-15 knots	\$2.65	2.86	22s. 6d.	3.32
Motorships, 11,000-12,999 dwt., 11-12.9 knots				
Motorships, 11,000-12,999 dwt., 13-15 knots	\$2.50	2.70	20s. 0d.	2.95
Motorships, 13,000-15,000 dwt., 13-15 knots	\$2.30	2.48	20s. 1d.	2.96

MAY 18, 1963

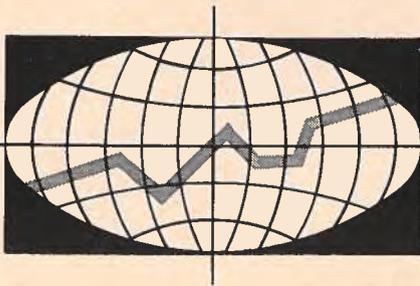
11

	1963		1962	
	First Quarter		First Quarter	
	A	B	C	D
	£ or U.S.\$	Can.\$	£ or U.S.\$	Can.\$
General Trading (approximately 6 months)				
Steamships, 9,000-10,999 dwt., 9-10.9 knots .....	.....	.....	14s. 6d.	2.14
Steamships, 11,000-12,999 dwt., 9-10.9 knots .....	.....	.....	.....	.....
Steamships, 11,000-12,999 dwt., 13-15 knots	\$2.10	2.27	.....	.....
General trading (approximately 12 months)				
Motorships, 9,000-10,999 dwt., 9-10.9 knots .....	.....	.....	.....	.....
Motorships, 9,000-10,999 dwt., 13-15 knots	\$2.34	2.53	22s. 8d.	3.34
Motorships, 11,000-12,999 dwt., 13-15 knots	\$2.32	2.51	20s. 11d.	3.09
Motorships, 13,000-15,000 dwt., 13-15 knots .....	.....	.....	\$2.70	2.84
Steamships, 9,000-10,999 dwt., 9-10.9 knots .....	.....	.....	.....	.....
Steamships, 11,000-12,999 dwt., 9-10.9 knots .....	.....	.....	.....	.....
Steamships, 13,000-15,000 dwt., 13-15 knots .....	.....	.....	.....	.....
West African Rounds				
Motorships, 9,000-10,999 dwt., 11-12.9 knots	16s. 9d.	2.53	.....	.....
Motorships, 9,000-10,999 dwt., 13-15 knots	18s. 3d.	2.76	.....	.....
Steamships, 9,000-10,999 dwt., 9-10.9 knots	13s. 9d.	2.08	.....	.....
Steamships, 9,000-10,999 dwt., 11-12.9 knots	16s. 0d.	2.42	.....	.....
Steamships, 9,000-10,999 dwt., 13-15 knots	18s. 0d.	2.72	.....	.....

TRIP CHARTERS

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

	1963		1962	
	First Quarter		First Quarter	
	A	B	C	D
	£ or U.S.\$	Can.\$	£ or U.S.\$	Can.\$
Heavy grain (per long ton)				
St. Lawrence to Britain	42s. 3d.	6.38	45s. 7d.	6.72
St. Lawrence to Belgium/Holland	\$3.75	4.05	\$3.75	3.94
Churchill to Britain	50s. 0d.	7.55	.....	.....
Great Lakes to Britain	75s. 0d.	11.33	79s. 11d.	11.79
Completing St. Lawrence .....	.....	.....	39s. 1d.	5.76
Great Lakes to Belgium/Holland	\$7.60	8.21	\$8.30	8.72
Completing St. Lawrence	\$3.25	3.51	\$3.21	3.37
Halifax/Saint John to Britain	37s. 7d.	5.68	41s. 3d.	6.08
British Columbia to Britain	\$6.30	6.80	53s. 5d.	7.88
British Columbia to Belgium/Holland	\$6.33	6.84	\$6.83	7.17
British Columbia/North Pacific to Japan	\$6.31	6.81	\$6.13	6.44
British Columbia to west coast of India	66s. 3d.	10.00	60s. 0d.	8.85
British Columbia to Communist China	44s. 11d.	6.78	46s. 6d.	6.86
River Plate to Britain	68s. 3d.	10.31	.....	.....
Lumber and general cargo				
British Columbia to Britain (per long ton)	\$11.92	12.87	\$10.70	11.24
British Columbia to Australia (lump sum, Liberty size)	\$114,750.00	123,930.00	\$117,325.00	123,191.00
British Columbia to U.S. Atlantic (lump sum, Liberty size) .....	.....	.....	\$65,625.00	68,906.00
Scrap, Iron and Steel (per long ton)				
U.S. Atlantic to Japan	\$9.49	10.25	\$11.71	12.30
California to Japan	\$7.87	8.50	\$6.88	7.22
North Pacific to Japan	\$7.89	8.52	\$9.00	9.45
Coal (per long ton)				
Hampton Roads to Belgium/Holland	24s. 0d.	3.62	22s. 6d.	3.32
Hampton Roads to Japan	\$5.65	6.10	\$7.89	8.28
Black Oil (per long ton, tankers)				
Venezuela to Portland, Maine	\$2.38	2.57	\$1.60	1.68
Persian Gulf to Portland, Maine	\$6.50	7.02	\$4.13	4.34



Trade Prospects

Brazil

Assured aid from the United States until May 1964, action taken and planned by the Government has revived optimism among the business community. In the light of these developments, what Canadian exports seem to have the best chance in this market?

WM. JONES, *Commercial Counsellor, Rio de Janeiro.*

THE last week of March brought a sigh of relief to the Brazilian business community — restrained, but based on a feeling that the Brazilian Government had laid a sound foundation for financial co-operation with the United States, the country's largest foreign investor, largest supplier and largest market. On March 25th, a joint communiqué specified U.S. assistance of \$398.5 million through May of 1964. It is assumed that the progress and commitments made by the Brazilian Government will lead to similar understandings with European creditor nations, Japan, the U.S. financial community, and the International Monetary Fund.

The average businessman in Brazil is an optimist about United States-Brazilian relations. Until this agreement was reached, however, this optimism was more hope than a well-founded belief that the U.S. would agree to help this country overcome its financial problems for another year. The fact that the agreement was reached is causing many a producer here to reconsider expansion plans shelved temporarily.

This does not mean that Brazilian industry will rush into an enlarged program of expanding production facilities. There are many questions

in the minds of these businessmen that remain to be answered. The main ones are whether the Government will continue to follow the sound economic policies which, step by step, it has instituted since the beginning of the year, and whether it will continue to take progressive steps in the direction of financial stability.

Foreign Exchange Shortage

At the end of 1962, Brazil faced a dire shortage of foreign exchange. On commercial account alone it was many millions of dollars in arrears. In addition, it had payments on long-term loans falling due about that time and during 1963. The balance-of-payments deficit last year reached approximately \$300 million. It was obvious that, in the absence of some type of arrangement with foreign creditors, foreign exchange, including lines of credit, would be completely exhausted by the middle of 1963 at the latest.

The decline continued during the first three months of 1963. Foreign exchange balances and lines of credit had apparently disappeared by the middle of March. Although exports increased during January and February, they were not large enough to offset current imports. The credit squeeze became more

pronounced as foreign suppliers who had been extending credits to their customers of long standing in Brazil discovered that despite the good faith of those customers, the funds due to them were being remitted, in many instances, only after a substantial delay by the Bank of Brazil. Many of these suppliers informed their customers that although they would not reduce the amount of credit, they would not increase it. In other words, they would require payments on overdue amounts at least equivalent to the value of any additional goods shipped. Other suppliers demanded payment against documents at time of shipment.

Three Year Plan Adopted

Toward the end of last year the Brazilian Government appointed the country's top economic planning expert as Minister without Portfolio. He outlined a Three Year Plan for Economic and Social Development. It is a blueprint for Brazilian economic policies during the coming three years but some of the details were blurred. It had the advantage, however, of providing a psychological framework within which the Government was able to announce measures which, if faithfully followed through, will contribute substantially to containing inflation and to financial recovery. These measures, summarized in the exchange of letters between the Brazilian and U.S. Governments, are set out in the accompanying box features.

On the basis of these actions and stated intentions (see box features) the U.S. Government agreed to make available immediately some \$84 million and promised an addi-

tional \$315 million in AID funds, Export-Import Bank arrangements and surplus grain, in a phased program paralleling the Brazilian Government's own program for financial recovery. The availability of the latter funds will probably depend upon the continuation of sound economic policies by the Brazilian Government. Included in this total is \$44.5 million due to the Eximbank between June 1, 1963, and May 31, 1964; it therefore represents a refunding of that debt rather than additional loans.

The Brazilians hope to make similar arrangements with their European, Japanese, private U.S. and other creditors. They also hope that as a result of the implementation of their austerity program, the International Monetary Fund will by June consider that they are worthy of standby support in addition to the deferring of the \$26.5 million payment which was due in March.

Implications for Canada

What are the implications of all these developments for Canadian export trade with Brazil? It should be borne in mind that any wave of expansion prompted by optimism on the part of Brazilian businessmen will be somewhat curtailed by the credit restrictions. There will, of course, be exceptions to these restrictions but these exceptions will usually be in fields where development is essential.

According to an analysis by a prominent Brazilian economist, the success of the Three Year Plan de-

pends upon the securing of about \$1,100 million of financing from abroad for investment purposes. Table I is a rough analysis leading to that figure.

● *Transportation, Port Equipment*
—Within this framework, the government-owned iron ore exporter,

the Companhia Vale do Rio Doce, already has extensive plans to establish a new iron ore port at Tubarão, near Vitória. There are less elaborate plans to build an iron ore shipping port at Santa Cruz, in the city/state of Guanabara (Rio de Janeiro). There are also plans and works under way to expand the iron ore capacity of the port of Rio de Janeiro. These, and the expansion of the main port, Santos, should provide opportunities for the sale of Canadian cargo-handling and iron ore handling equipment. Associated with this would be rails, track equipment and diesel locomotives for the railways that will transport the ore from the interior. Parts for the rolling stock (such as wheels) will also be needed, and although the major portion of the

The Brazilian Government has already taken these steps:

1. Adoption of tax reforms, increasing revenues by about 25 per cent and introducing improvements in tax collections
2. Elimination of subsidies on wheat and petroleum products
3. Increase in railroad freight and passenger rates, to reduce deficits
4. A decree limiting government expenditure in 1963
5. Regulations limiting the expansion of credit to private industry by the Bank of Brazil and providing for priorities in the extension of credit by private banks
6. A proposal to Congress to strengthen the Superintendency of Money and Credit to carry out the basic functions of a central bank
7. An ad valorem tax on electricity consumption and a compulsory loan system based on power rates to raise non-inflationary resources for the expansion of power systems
8. Agreement with the state governments to co-operate with the national stabilization and development effort and to improve their efficiency
9. A message to Congress proposing that prospective wage increases for public employees be limited to 40 per cent
10. An appeal to labour unions for a wage policy based on the principle that increases this year should not exceed the actual rise in the cost of living
11. Negotiation of an agreement with clothing, shoe and automotive parts industries on price restraint. Similar agreements are being negotiated with other industries
12. A message to Congress proposing the adoption of an agrarian reform program with a view to improved land distribution, thereby increasing agricultural productivity.

TABLE I
FOREIGN INVESTMENT IN VARIOUS FIELDS

Development Sector	Cr.\$ billion as at 1962	U.S. dollars (millions)	Import U.S.\$ for equipment	Percentage of foreign currency in each sector
Transport and communications	867	1,100	204	19
Housing, education and social welfare	684	850	80	9
Processing industries	559	700	375	53.5
Electric power	441	550	180	32
Agriculture	252	314	80	25
Petroleum	230	288	160	63
		3,802	1,079	

rolling stock itself will probably be built in Brazil, steel for the purpose will be purchased. Allied to transportation needs is the need for a better communications system. Studies have been made and worthwhile contracts should be forthcoming to firms that can offer financing.

● *Pulp and Paper*—If the economy remains buoyant or expansive, it is probable that Canadian newsprint and wood pulp will find a continuing and perhaps expanding market here and printing papers should find their way to Brazil in greater quantity.

● *Metals and Minerals, Chemicals*—Raw materials such as aluminum ingot and basic chemicals should also sell well in Brazil during the coming year. If the rhythm of increased industrial production continues, our export sales of aluminum might well increase by as much as 20 per cent. Our ability to increase our exports of basic chemicals will depend to a large degree on our ability to compete in price and delivery with other overseas suppliers. If the various planned housing programs progress at the current rate or are increased with *Alliance for Progress* support, there should be greater demand for our asbestos to make asbestos cement products and brake linings. Although production of vehicles is increasing fast, the market for our nickel may decline because a nickel plant being established now is expected to come into production during the second half of the year and should meet domestic requirements.

● *Electric Power Equipment*—In the electric power field, imported generators, turbines and switchgear should be in greater demand. There is a substantial market for them if we are able to offer long-term financing competitive with that offered by other suppliers. Where the technical requirements of the hydroelectric project are similar to those with which we have had experience in Canada, our prices com-

pare favourably with those of any other supplying country. The same might well be said of petroleum handling and processing equipment and supplies to some degree but in this field, although we may be able to offer acceptable long-term credits, it seems difficult for potential Canadian suppliers to offer a turnkey

job. This is equally true of a variety of other heavy industry fields.

● *Salt Cod*—Brazil was once a major market for Canadian salt cod and the demand for salt cod continues to be large, but devaluation of the cruzeiro has increased the cost to the consumer to the point

The Brazilian Government also plans the following steps:

1. Further elaboration of the plan for reducing the Treasury's cash deficit to (a) identify the main forms of government spending and subsidies to federal agencies; (b) establish a system of development priorities within the expenditure limits of the Three-Year Plan, and (c) improve control to assure compliance with expenditure ceilings
2. Application of any excess of budgetary receipts over the amounts forecast to reducing the forecast issuance of currency and to some increase in high priority investments, holding the Treasury deficit for 1963 to the Three Year Plan limit of Cr.\$300 billion
3. Further measures for the progressive elimination of the deficits of the railroads and the merchant marine, including rate increases, limits on number of employees, elimination of uneconomic railroad trackage, and administrative improvements
4. A further tax reform to improve both the social impact and economic efficiency of the incidence of taxation and provide added stimulus to productive private enterprise, combined with administrative measures to improve the collection of taxes
5. A coffee policy to yield a surplus of at least Cr.\$100 billion in 1963
6. The securing of additional non-inflationary resources to offset the budget deficit of at least Cr.\$100 billion during 1963, either related to the import system or through other means
7. Direction of exchange policy to reduce the balance-of-payments deficit associating the rate of exchange with the trend of internal prices. (This objective was pursued by a devaluation of the "official" rate of the cruzeiro from 460 to 475 to U.S.\$1 to 600 to 620 on April 22.)
8. Adoption of specific measures to expand exports, particularly of iron ore, meat, and manufactured goods
9. Measures to encourage the inflow of productive private investment to help attain the Three Year Plan targets for capital imports, creation of productive employment, and maintenance of a high rate of economic growth
10. Liquidation of commercial arrears as rapidly as possible (by May 1964 at the latest) in the light of exchange availabilities, and the prompt institution of effective controls on imports with suppliers' credits to avoid undesirable levels of medium-term indebtedness
11. Elaboration in greater detail of the Three Year Plan, securing the collaboration of OAS experts toward the organization of an international consortium of credit institutions and governments to support the Brazilian program. This will contain specific development objectives for the years 1964 and 1965, taking into account the measures adopted during 1963 toward monetary stabilization and the strengthening of resources for development.

where it is not the food staple that it once was. Furthermore, European sources have been able to compete both in price and quality with Canadian suppliers, and Canadian exports of salt cod to Brazil now are negligible and will continue to be so unless Canadian exporters make a concerted effort to improve sales.

● *Agricultural Equipment, Products*—In agricultural equipment, there is little hope for Canadian sales; most of Brazil's requirements are produced here, except for highly specialized machines and heavy tractors, neither of which we can supply. Nor can we expect to find a market for agricultural products, except perhaps for thoroughbred cattle and swine and purebred chicks. Nevertheless, if Brazil actually increases its exports of meat (and it has the third largest cattle population in the world)

much of it will be exported in cans and this should contribute to our sales of tinplate.

Long-Term Effort Needed

Aside from the obvious sharpened pencils and hard work, how can Canadian exports to Brazil be increased currently and in the long run, bearing present conditions in mind? One method is to provide heavy equipment with long-term financing, particularly equipment that the Brazilians are unlikely to manufacture themselves, with the expectation that replacement and spare part business over a number of years will result. Another method is to participate with technical knowhow and perhaps some investment capital in the establishment of a secondary industry here, one which uses the Canadian export as a basic raw material and whose products would be afforded ex-

change and customs protection. The market for the raw material would thus be practically assured to the Canadian supplier, provided, of course, he was reasonably competitive in price with other potential suppliers. This is the type of approach many European, Japanese and U.S. suppliers to this market have followed. If a Canadian exporter is seeing his sales to Brazil or to the Latin American Free Trade Area as a whole decline, this is a possibility worth investigating. Production in Brazil provides access in most instances to the other LAFTA countries and in many instances excludes access to this country by competing suppliers.

There is a potential market in Brazil for heavy equipment and Canadian raw material products and it should be followed with pliancy, patience and perseverance. ●

TRANSPORTATION NOTES

Bombay Plans Port Development

BOMBAY, India's principal west coast port, is about to undertake a major expansion program which will cost approximately \$57 million. The International Development Association (IDA) has approved an \$18 million credit to cover the foreign exchange needed. A variety of works will be undertaken, including the construction of four additional inside berths at Alexandra Dock. For Canadian firms the most interesting aspect of this section of the program is the construction of a cofferdam, erection of gravity dock walls, and excavation of a basin in rock, earth and murrum (decomposed rock). Other projects are the extension of Ballard Pier to create a second passenger berth, conversion of Hughes drydock from steam-driven to electrical pumps, harbour dredging, and acquisition of new cargo-handling and maintenance equipment. A British firm, Bertlin, Winton & Bell, has been appointed consulting engineers for the project. According to the Bombay Port authorities, the global tender for the main civil engineering contract should be released by June and work begun by May 1964. Separate tenders

will be issued for ancillary equipment, such as dredgers, port locomotives, spare lock gates and drydock pumps.

Bombay has one of the world's finest natural harbours, often referred to as the "Gateway of India". Before the arrival of the British in the middle of the 17th century it consisted of seven islands inhabited by fisher folk. (The Portuguese had concentrated their trading activities on Surat to the north and Goa to the south.) When the East India Company took over the islands from the British Crown in 1668 because Charles II considered them an unprofitable possession, their total population was not more than 10,000. Today, they are linked to form the modern city of Bombay with a population of about 4.5 million. Early trade concentrated on such things as coconuts, rice, elephant tusks, broadcloth, lead, and swordblades. The development of Bombay, slow and steady throughout the 18th century, speeded up tremendously in the 19th century following the abolition of the East India Company monopoly in 1813, the arrival of the first steamship in 1829, the opening of a rail line to the interior

in 1853, and establishment of the first cotton mill in 1854.

Port Facilities

The modern port consists of three wet docks with 40 berths, backed up by more than three million square feet of floor space in transit sheds and warehouses. There are also six harbour wall berths and a passenger dock to accommodate vessels with draughts up to 30 feet. A number of "bundars" or open wharves serve the coastal trade, much of which is conducted by dilapidated looking sailing vessels that, in fact, range the Indian Ocean as far as Madagascar. Bulk oil-handling facilities are provided at the Butcher Island terminal which can handle three tankers at a time; it is connected with the Shell and Esso refineries by submarine pipelines.

The port is well supplied with cargo-handling equipment including 183 hydraulic, 34 electric, 67 mobile, five heavy lift and two floating cranes. The Port Trust Railway now runs 20 diesel-electric locomotives, half of which are Canadian, and will be completely dieselized with the addition of another ten units under the current program. One of the main reasons for the decision to build more cargo berths is the fact, confirmed by foreign experts, that not much would be gained by further mechanization. Another reason is that, because the existing berths are full 90 per cent of the time, normal dock repairs and dredging cannot readily be undertaken. The largest of the two drydocks, the Hughes Dock (length 1,000 feet, minimum depth at the sill 32 feet), has three steam-driven pumps which will be replaced by electrically-powered equipment.

Apart from the transit sheds and warehouses, there are a number of large commodity depots in the Port Trust area. The most important of these are the grain depot with a million square feet of storage space for grain in bags, the cotton depot, one of the largest and most modern in existence, and the manganese depot.

Cargo traffic through the Port of Bombay has doubled in the past ten years and touched a peak of 14.7 million tons in 1960-61 when 3,239 ships, apart from sailing vessels, entered the port. Imports ac-

counted for about two-thirds of the traffic; half of this was crude oil and about 15 per cent wheat. Other important categories were building materials, iron and steel, chemicals and fertilizers, rice, cotton, machinery and petroleum products. The most important exports were petroleum products, manganese ore and oilcakes.

It is expected that the development program, which is scheduled to be finished by 1966, will add one million tons to the port's capacity. Future expansion will have to take place across the harbour where there is ample space.

—BERNARD HORTH,

Assistant Trade Commissioner, Bombay.

Ecuador

COMMUNICATION AND PORT FACILITIES—

The Government of Ecuador has authorized the autonomous board of the Quito-San Lorenzo Railway to contract an internal and external loan up to the amount of U.S.\$20 million. The funds will be used to rehabilitate the railway and construct other communications systems in the same area, to improve facilities at the port of San Lorenzo, and to colonize this area—Bogotá.

Ghana

SHIPPING—The Black Star Line is reported to have signed a contract recently with a firm of British ship-builders for two cargo vessels costing £2,164,500. A long-term loan was granted to Ghana by the British Government—Accra.

Ireland

JET LINER—Aer Lingus (Irish International Airlines) is considering the purchase of a Boeing 707-320 at a cost of about £2.5 million, for delivery in 1964-65. This aircraft can carry 178 economy-class passengers. In the first year of operation it would enable the airline to carry an extra 15,000 passengers for estimated earnings of about £1.5 million. Aer Lingus expects a rise in passengers on the transatlantic route to 94,000 a year in the next two years—Dublin.

Mexico

ACAPULCO RAILWAY—The first 25-kilometre section of the Mexico-Acapulco railway is scheduled to be completed next year at a cost of over \$1 million. It is the first small step in an \$80 million project which will be carried out over a period of years to link the important Pacific port with the rest of Mexico by rail—Mexico, D.F.

FACILITIES, PORT OF BOMBAY

	Prince's Dock (1880)	Victoria Dock (1888)	Alexandra Dock (1914)	Ballard Pier	Marine Oil Terminal Butcher Island
Width of entrance (feet)	66	80	100		
Depths maintained (feet)	14	16	20	30'-0"	36'-0"
No. of berths in wet basin along harbour walls	10	13	17	1	3 berths each for 650-foot tankers
No. of transit sheds	9	7	18		
No. of warehouses	5		7		

Assistant Trade Commissioners Posted

FIFTEEN young men will arrive at their first foreign posts this August to begin a career in the Canadian Trade Commissioner Service for which they have been training for the past 14 months. They have spent this period at head office in Ottawa learning how the Department of Trade and Commerce operates by working for several weeks with each branch. They have also paid familiarization visits to other federal government departments.

An important part of the training period for all groups of Assistant Trade Commissioners is the cross-Canada tour. On the tour they call on provincial government departments, Boards of Trade and Chambers of Commerce, and enjoy the hospitality of many Canadian companies who explain their business operations and take them on tours of their plants. The 1962-63 class is making the tour in two groups: last autumn half of them covered eastern Canada from Newfoundland to Peterborough, Ontario, and the other half began at Peterborough and travelled west to Victoria, B.C. Reversing direction, the two groups will shortly start out again. The tour ends on July 12—and the packing begins.



David S. Armour

Born: Oakville, Ontario.

Educated: McGill University, B.Comm. 1955.

Posting: Liverpool, England, as Assistant Trade Commissioner



John P. Bell

Born: Montreal, Quebec.

Educated: University of British Columbia, B.Comm. 1962.

Posting: Stockholm, Sweden, as Assistant Commercial Secretary.



James C. Bradford

Born: Owen Sound, Ontario.

Educated: University of Toronto, B.A. (Honours Geography), 1962.

Posting: Bogotá, Colombia, as Assistant Commercial Secretary.



Paul D. Donohue

Born: Hamilton, Ontario.

Educated: University of Toronto, B.A. 1955.

Posting: Guatemala City, Guatemala, as Assistant Commercial Secretary.



Marc Faguy

Born: Quebec City, Quebec.

Educated: Laval University, LL.B. 1960; London School of Economics 1962.

Posting: Brussels, Belgium, as Assistant Commercial Secretary.



Robert A. Food

Born: Victoria, British Columbia.

Educated: University of British Columbia, B.Comm. 1959; British Columbia Institute of Chartered Accountants, C.A. 1962.

Posting: Lagos, Nigeria, as Assistant Commercial Secretary.



Raymond D. Lucas

Born: Loon Lake, Saskatchewan.

Educated: University of Alberta, B.Sc. (Mining Engineering) 1958; University of Western Ontario (Business Administration) 1962.

Posting: Melbourne, Australia, as Assistant Commercial Secretary.

J. J. Réal Gagnon

Born: Port Alfred, Quebec.

Educated: Petit Séminaire de Chicoutimi, B.A. 1959; Laval University, B.Sc.C. 1961.

Posting: Rome, Italy, as Assistant Commercial Secretary.



Stuart B. McDowall

Born: Pincher Creek, Alberta.

Educated: University of Alberta, B.Sc. (Civil Engineering) 1962.

Posting: Johannesburg, South Africa, as Assistant Trade Commissioner.



J. Edward G. Gibson

Born: Hamilton, Ontario.

Educated: University of Western Ontario, B.A. 1958.

Posting: Mexico City, Mexico, as Assistant Commercial Secretary.



J. Paul Richards

Born: Toronto, Ontario.

Educated: University of Toronto, B.A.Sc. 1956, M.B.A. 1962.

Posting: Rio de Janeiro, Brazil, as Assistant Commercial Secretary.

R. Allen Kilpatrick

Born: Saskatoon, Saskatchewan.

Educated: University of Saskatchewan, B.Ed. 1956.

Posting: Accra, Ghana, as Assistant Commercial Secretary.



G. Douglas Valentine

Born: Calgary, Alberta.

Educated: University of British Columbia, B.A. 1953.

Posting: Duesseldorf, West Germany, as Vice-Consul.



Victor G. Lotto

Born: Toronto, Ontario.

Educated: University of Toronto, B.A. 1958.

Posting: Beirut, Lebanon, as Assistant Commercial Secretary.



Lynton R. Wilson

Born: Port Colborne, Ontario.

Educated: McMaster University, B.A. (Honours Economics) 1962.

Posting: Vienna, Austria, as Assistant Commercial Secretary.

The Businessman Abroad

(Right) Skyscrapers tower into the sky in Victoria city, on Hong Kong Island, business centre of the crowded colony. In the right foreground is the Star Ferry terminal, where the visitor can take the ferry for Kowloon, and next to it the new City Hall, opened a year ago.



Stop Off at Hong Kong

Touring the Far East? Arrange a stopover in this bustling colony, get a good agent, and go after business. You'll find the place fascinating and the chances of securing customers good.

(Right) Hong Kong has a rural face too; on the peaceful little terraced farms scattered through the New Territories Chinese farmers raise not only ducks and pigs but also a staple food, rice. Of the Colony's total area of about 398 square miles, the New Territories embrace 350.



R. K. THOMSON, *Senior Trade Commissioner, Hong Kong.*

HONG KONG is one of the world's most interesting crossroads for both the business visitor and the tourist. Canadian businessmen visiting Japan, the Philippines, Australia, India and other centres in the East will find that they either travel by way of Hong Kong or can visit it at little or no extra cost. And the man who spends a few days here invariably finds some useful contact or interest in his product in this small but bustling and energetic Crown Colony.

There are certainly trade opportunities in Hong Kong, a duty-free port without trade restrictions. The increasing population, growing secondary industries, and the brisk, expanding tourist trade sharpen the demand for many types of Canadian products. In 1961, Hong Kong imported products worth about U.S.\$786 million; Canada's share was \$20.5 million. The list of Canadian goods sold here is a long one, ranging from wheat to aluminum to shirts and including metals, chemicals and other raw materials as well as foodstuffs and consumer goods. A stopover in Hong Kong can be a rewarding experience both from the trade and personal point of view.

Pleasant to Visit

The facilities for the businessman are excellent—fine hotels and restaurants, easy and reasonable transportation and, not least, the most fascinating and cheapest ferry ride in the world across the crowded harbour from Kowloon on the mainland to the island of Hong Kong.

The Colony is very small in area and consists of a number of islands and part of the mainland. The principal business section of the Colony is on the island of Hong Kong but most visitors stay in Kowloon, on the mainland across the harbour. The Colony lies in the sub-tropics and is extremely hot and humid from about April to October. The winter months are pleasant, with sunny skies and temperatures in

the fifties. Lightweight tropical suits can be worn most of the year but a medium-weight suit and perhaps even a topcoat are needed from November to April. Most business visitors take the opportunity of replenishing their wardrobes at the many reasonably priced tailoring establishments in Kowloon and Hong Kong. Suits, shirts, shoes and other garments can be made to order in a remarkably short time.

Hong Kong has a 5½ day working week, although many stores are open seven days a week. The normal British holidays are observed, except for the three-day celebration of the Chinese New Year which usually takes place in late January or early February. Office hours follow the normal practice in Canada and Europe: offices are generally open from nine to five on weekdays and from nine to twelve on Saturdays. Chinese firms are somewhat more flexible in their hours of business than European ones. English is the accepted language of business and when the principal is a Chinese who does not speak English, an interpreter is invariably at hand.

Arrival, Passport, Currency

Nearly all the international airlines fly through Hong Kong and flights from here to other centres in Asia or Australasia are convenient and easily arranged. For the Canadian businessman, Canadian Pacific Air Lines provides the most direct and quickest route, with a twice-a-week service to Hong Kong via Tokyo. (This is to be increased to three flights a week beginning in June 1963.) For those who prefer a more leisurely trip, the P&O Orient Lines sail to Hong Kong from Vancouver several times a year, the American President Lines from San Francisco and Los Angeles twice a month, and a large number of cargo ships with limited passenger accommodation sail frequently from Vancouver and other West Coast ports.

The holder of a Canadian passport does not need a visa to enter Hong Kong. The health authorities here require a properly endorsed vaccination certificate and because Hong Kong from time to time suffers from outbreaks of cholera, it is wise to be vaccinated against cholera as well. There are no health hazards; the tap water is considered safe but visitors should exercise reasonable caution in eating unpeeled and uncooked fruits or vegetables. He should also be forewarned that Hong Kong is perennially short of water because of the limited area and large population and at present, water in homes and hotels is only available four or five hours a day.

Currency presents no problem because Canadian and U.S. funds or travellers cheques are freely convertible locally. All local banks have correspondent connections with one or other of the Canadian chartered banks. Cable and airmail connections with Canada are excellent but it is well to remember that because of the international dateline, when it is Monday in Hong Kong it is Sunday in Canada.

Tempo Is Rapid

The Canadian businessman visiting Hong Kong for the first time will be astonished at the activity everywhere in this small and crowded Colony, with a population of over 3½ million occupying an area of less than 400 square miles, most of which is rocky, barren, hilly country. Land is continually being reclaimed from the sea, factories are being built or extended, and new skyscrapers for hotels and offices are changing the skyline. Enormous government-built resettlement blocks are being completed at a rate of one every ten days to house refugees from Communist China and other homeless people. As soon as the traveller leaves Hong Kong's large ultra-modern and newly opened airport or ocean terminal, he feels the rapid tempo of life here. In contrast are

the age-old butterfly sails of the junks sailing through the harbour past large new cargo and passenger ships, and the peaceful terraced small farms in the New Territories.

Agent Essential

With few exceptions, Canadian exporters who wish to introduce their products to the Colony will need the services of an agent, and he is best selected personally from among the large number of import/export firms. These range from big old and well-established British and other European firms to Chinese firms, both large and small. They vary in size from individual proprietorships to large departmentalized, well-financed organizations employing hundreds of people. Although many importers handle all types of products, there is an increasing tendency towards specialization both within individual companies and from firm to firm. It is usual for the agent here to solicit orders on behalf of principals abroad. Because of the structure of the Hong Kong economy, with its numerous "cottage" industries and its general lack of integrated wholesale/retail organizations, the import/export houses play a dominant rôle in the conduct of the Colony's foreign trade. These firms handle most imports; only a few of the larger industrial companies, utility companies and certain large department-type stores do direct buying. The extension of credit to their clients is one of the most important rôles of the larger import houses, who in this way finance a major portion of the Colony's purchases from abroad.

Terms of Payment

Although terms of payment in Hong Kong vary considerably, imports on credit are gradually increasing as foreign suppliers compete to enter the market. Canadian exporters may wish to request letters of credit from firms which they do not know well, but when a relationship of mutual confidence has

been established they should be prepared to consider offering terms comparable with those being given by other exporters in Europe, Japan and the United States. Canadian exporters should, wherever possible, quote c.i.f. or c. and f. Hong Kong when submitting offers to Hong Kong firms. Quotations f.o.b. will only result in delays while local importers attempt to obtain East-West freight rates which are not always easy to get in the Colony. It is also important to supply Hong Kong import houses with sufficient sales literature (and samples if possible) for them to circulate to their numerous (and often small) clients.

In Off Hours

The visiting businessman will wish to spend at least three working days in Hong Kong—perhaps longer if this is an initial trip. For Canadians combining a holiday and business, Hong Kong offers many interesting activities. Shopping in this duty-free port generally takes priority, especially if the visitor wants quickly tailored and reasonably priced clothing, cultured pearls, wrist watches, photographic and radio equipment from all over the world. He will also want to browse through the crowded old shops on famous Cat Street for Chinese curios and antiques. There are a number of tours by road of the New Territories and of the Island itself and also boat tours of the harbour or around Hong Kong Island, either by day or night. Visitors may wish to visit the nearby ancient Portuguese colony of Macao on the mainland—the journey from Hong Kong takes only 15 minutes by air and three hours by sea. A "must" for most visitors is a meal on one of the floating "Sea Palaces" where the visitor is ferried by sampan to dine on freshly caught fish served Chinese style.

Entertaining in Hong Kong

The Canadian businessman will find no particular problems in Hong Kong. Most business firms are cen-

trally located, transportation in the Colony is easy and cheap, and food and lodging at one of the best hotels will cost the equivalent of about Can.\$20.00 per day. If you are dealing with European businessmen here and wish to extend hospitality, there are excellent independent restaurants as well as those in hotels. Chinese businessmen generally prefer to be taken to one of the many Chinese restaurants in the Colony. In general, methods of doing business in Hong Kong resemble those in Canada or other English-speaking countries.

Going to Communist China?

Hong Kong has played a traditional rôle as an entrepôt centre for the Far East and is thus a centre for the Far Eastern operations of many British, European and U.S. manufacturing firms. It is also a good base for initial endeavours to trade with Communist China. The China Resources Company, a large organization representing the Communist Chinese import and export state trading organizations, has an office in the Colony. The office of the Canadian Government Trade Commissioner is usually able to arrange appointments with officials of this company for Canadian businessmen interested in import and export trade between Canada and China.

Hong Kong is also the major point of entry to Communist China and is connected to Canton (only by rail) with a twice daily service. From Canton it is possible to continue to Peking, Shanghai, Tientsin and other major Chinese cities by rail or by air.

Canadian businessmen should not, however, expect to obtain visas for entry into Communist China after their arrival in Hong Kong unless they have already been in correspondence with the Chinese trading corporations and have received unmistakable invitations which enable them to obtain visas to visit China. Visas, travel arrangements, hotel accommodation, etc., are looked after by the China Travel Service (HK) Limited, Queen's

Road, Hong Kong. Otherwise an application for a Chinese visa can be made at the Communist Chinese Embassy in London or in other centres abroad, but this can be time-consuming and two or three months should be allowed. In the absence of a direct invitation extended by a Chinese trading corporation or other organization of the

Chinese Government, the securing of a visa cannot be taken for granted.

If You Are Coming

Canadian businessmen visiting Hong Kong, particularly for the first time, are urged to write well in advance of their arrival to the office of the Senior Canadian Government

Trade Commissioner, providing full details of their plans and, if possible, sales literature, price lists and samples of their products. In this way we can make a more effective canvass of the trade ahead of time, arrange appointments in advance with interested agents or customers, and save you valuable time when you finally arrive. ●

FAIRS AND EXHIBITIONS

It Pays to Exhibit in New York

ONE HUNDRED AND TWENTY-FIVE Canadian manufacturers displayed their products at Canada House and selected trade shows in New York in 1962, with the assistance of the Department of Trade and Commerce in Ottawa and the Trade Commissioners in New York. We felt that, because of the vast potential of this market and its closeness to Canadian manufacturing areas, a major program of introducing Canadian exporters and their products to buyers here could yield exceptional results. The program began as an experiment, but as the months passed we saw it snowball: in November and December alone 45 firms displayed their products.

The success of this program seems to prove that exhibiting your goods in New York is vital to successful selling here. The \$868,430 worth of immediate orders placed during the showings exceeded our best hopes and we have received reports of further substantial sales during the year as a result of follow-up by exhibitors. The exhibitors themselves believe that they have uncovered an annual sales potential of over \$7 million—and that is a conservative estimate.

It may have been said too often but it's still true—the New York metropolitan area is the world's leading marketing centre. The more than 650 buying offices located here spend more than \$15 billion a year on goods for 40,000 department, specialty and variety stores in the United States and Canada, some 750 firms specialize in procuring goods for overseas markets, and 129 of the 500 largest industrial corporations in the U.S. have their headquarters in New York City. It is at once the world's largest consumer market and a centre of banking, finance, insurance, wholesaling, manufacturing, mass communications, advertising, fashion and transportation.*

*See the article "New York: a Many-Sided Market", in the September 22, 1962, issue of *Foreign Trade*.

Last year 772 trade shows and conventions were held in New York and even more are expected this year. Serious and influential buyers from all over the United States and Canada who are looking for new products and new sources of supply attended them. Canadian companies can participate in many of these fairs to advantage and we suggest you examine the selected list in this article. There are a few fairs which Canadians can enter only through their United States agents and demand for space in some is so great that there are waiting lists. We will be happy to give you further information on any of them if you will write to, telephone (JUdson 6-2400), or telex (0-01-26242) the Commercial Division, Canadian Consulate General, 680 Fifth Avenue, New York 19, N.Y.

Get Your Money's Worth

The cost of participating in New York trade fairs is high, but you can control your expenses and still get the best results by careful advance planning. We advise you to:

1. *Apply for suitable space early*, preferably several months before the exhibition opens.
2. *Design and construct your display well in advance*, but first study the regulations and detailed space plans provided by the show's management. Local municipal codes covering electrical wiring, flameproofing, plumbing, and the use of gas appliances and refrigeration must be observed. Some fair organizers insist on prior approval of exhibit designs. By learning about these requirements you avoid the trouble of last-minute changes after your exhibit is set up and for which you will probably pay overtime rates.
3. *Arrange to ship your exhibit so that it will arrive on the first day set for receiving goods* at the show site; a customs broker can save you time and money.

Display stands and samples that are to be returned to Canada may be imported into the United States under temporary import bonds for up to one year. If, to avoid return freight charges, you plan to leave the display stand and samples in the U.S., you must pay customs duties when they are imported. Here again, a customs broker can handle these details economically. You can avoid storage costs and extra handling charges (often expensive) by having the stand, samples and other promotion material delivered direct to the site (usually by truck). Any labour required for unpacking and setting up the display should be engaged in advance, usually through the fair management, and a member of your staff should be on hand to check on prompt delivery of materials and to supervise erection of the exhibit.

4. *Be sure you have adequate insurance coverage.*

5. *Invite potential buyers by letter or card*, with suitable advertising literature or photographs of your product, to any special reception or entertainment you have planned for them during the show, and of course to visit the display itself.

6. *Book hotel accommodation close to the site of the trade show* for the personnel selected to man your booth. Your staff should be thoroughly prepared to answer inquiries directed to them during the show. The cost of participation may be wasted if you have not developed your sales policies and decided on your price structure in advance. Prices should be calculated to include import duty and freight and discounts for quantity orders. Buyers in some trades make it a policy not to place orders at trade shows but they still expect full details. The staff on your display should be prepared to stay in New York for a few days after the show closes to make follow-up calls on customers at their own offices.

7. *Arrange to have equipment disconnected and engage labour to dismantle the display* well in advance of the closing day. Appoint a member of your staff to supervise dismantling, packing and shipping. This requires careful attention to prevent damage and theft, and to insure that the conditions of the customs bond are satisfied if the display or samples are being returned to Canada. All goods should be removed promptly from exhibit areas to avoid penalties for delay and storage charges.

The fair over, the long pull begins. Calls on customers, negotiations, careful attention to packing and shipping of resulting orders and possibly planning for the next show require a determined sustained effort to ensure that you profit to the fullest from your first participation in a trade show.

—W. G. HUXTABLE,

Consul and Assistant Trade Commissioner, New York.

Trade Fairs Scheduled in New York, 1963

	Estimated Attendance	
	Out-of-Town	Total
MAY		
National Association of Men's Sportswear Buyers, New York Trade Show Building	5,000	
National Stationery and Office Equipment—Eastern Convention and Exposition, New York Coliseum and New York Hilton Hotel	5,000	
National Office Furniture Association, New York Coliseum and New York Hilton Hotel	6,000	
Medical Society of the State of New York, Statler Hilton Hotel	7,000	
Acoustical Society of America, New Yorker Hotel	700	
National American Cosmetology Schools, New York Hilton Hotel	700	
New York Stationery Show, New Yorker Hotel	3,000	
Design Engineernig Show and Conference, New York Coliseum and Americana Hotel	10,000	
Boys' Apparel and Accessories Manufacturers Show, location to be announced	2,500	
MAY/JUNE		
National Real Estate Show, New York Coliseum	50,000	
JUNE		
Metropolitan Juvenile Style Mart, New York Trade Show Building	3,000	
New York State Association of Beauty Culturists League, New York Trade Show Building		2,500
Electronic Packaging and Production Show, New York Hilton Hotel	cannot be estimated	
Annual Health Conference, New Yorker Hotel	1,600	
National Store Improvement Show, Commodore Hotel	cannot be estimated	
National Retail Merchants Association—Smaller Stores Division, Statler Hilton Hotel and New York University	500	
Annual Candy Show, New York Trade Show Building	100	
New York China and Glass Show, New Yorker Hotel	1,000	
Tile Contractors Association of America, Commodore Hotel	600	
Allied Shoe Products and Style Exhibit, New York Hilton Hotel	3,000	
New York Lamp and Home Furnishings Show, New York Trade Show Building and New Yorker Hotel	10,000	
Tanners' Council of America, Inc., Waldorf-Astoria Hotel	5,000	

	Estimated Attendance	
	Out-of-Town	Total
New York Furniture Show, location to be announced	10,000	
Metropolitan Fashion Sportswear Exhibitors, location to be announced		500

JULY

New York Curtain and Drapery Show and National Domestics and Linen Show, New York Trade Show Building	3,000	
International Medical Congress Ltd., Americana Hotel	1,000	
American Pet Products Manufacturers Association, Commodore Hotel	450	
Locksmith and Safeman's Education Conference, location to be announced	1,000	
Luggage, Leather Goods and Accessories Show, New York Trade Show Building	1,500	
American Veterinary Medical Association, Americana Hotel	4,000	
New York State Veterinary Medical Society, Americana Hotel	600	

AUGUST

Retail Jewelers of America, Inc., Waldorf-Astoria Hotel	5,000	
National Notion and Novelty Show, Inc., New York Trade Show Building	1,600	
New York Gift Show, New York Trade Show Building and New Yorker Hotel	10,000	
Beauty and Barber Supply Institute, New York Hilton Hotel	4,000	
National Fancy Food and Confection Show, Astor Hotel	200	
American Hospital Association, New York Coliseum, floors 1, 1m, 2 and 4	18,000	
Allied Linens and Domestics Association, location to be announced	900	

SEPTEMBER

Pet Industry's National Trade Show, New York Trade Show Building	500	
New York Premium Show, New York Coliseum		500-600
Institute of High Fidelity Manufacturers, New York Trade Show Building	400	
International Management Congress, New York Hilton Hotel	3,000	
American Cemetery Association, Roosevelt Hotel	600	
Quality Bakers of America Cooperative Inc., Americana Hotel	300	
Quality Bakers of America—General Managers Conference, Americana Hotel	450	
American Institute of Industrial Engineers, New York Hilton Hotel	1,500	
Electrochemical Society, Inc., New Yorker Hotel	1,500	
Supermarket Sundries Exposition, location to be announced	6,000	

MAY 18, 1963

SEPTEMBER/OCTOBER

National Hardware Show, New York Coliseum	30,000-50,000
---	---------------

OCTOBER

Industrial Film and Audio-Visual Exhibition, Barbizon Plaza Hotel	1,000
National Paper Trades Association, Americana Hotel	3,000-4,000
New York State Nurses Association, Statler Hilton Hotel	1,800
Fibre Box Association, Waldorf-Astoria Hotel	450
Retail Tobacco Dealers of America, Statler Hilton Hotel	200
Eastern Commercial Stationery Show, New York Trade Show Building	2,500
National Association of Food Chains, Americana Hotel	4,000
New York Antiques Fair, 71st Infantry Armory	60,000
National Association of Investment Clubs, Statler Hilton Hotel	20,000
Associated Collegiate Press, New Yorker Hotel	1,200
National Beauty Fashion Show, Statler Hilton Hotel	800
National Association of Men's Sportswear Buyers, New York Trade Show Building	5,000
National Paint, Varnish and Lacquer Association, Waldorf-Astoria Hotel	1,500
Boys' Apparel and Accessories Manufacturers Show, New Yorker Hotel	2,500
Business Equipment Exposition, New York Coliseum, floors 1, 1M and 2	60,000

NOVEMBER

National Hotel Exposition, New York Coliseum, floors 1, 1M, 2 and 3	55,000
"Atom Fair" Exhibit, Americana Hotel	10,000
New York Shoe Show, Sheraton-Atlantic and New Yorker Hotels	8,000
Atlantic Cat Club Inc., location to be announced	1,000

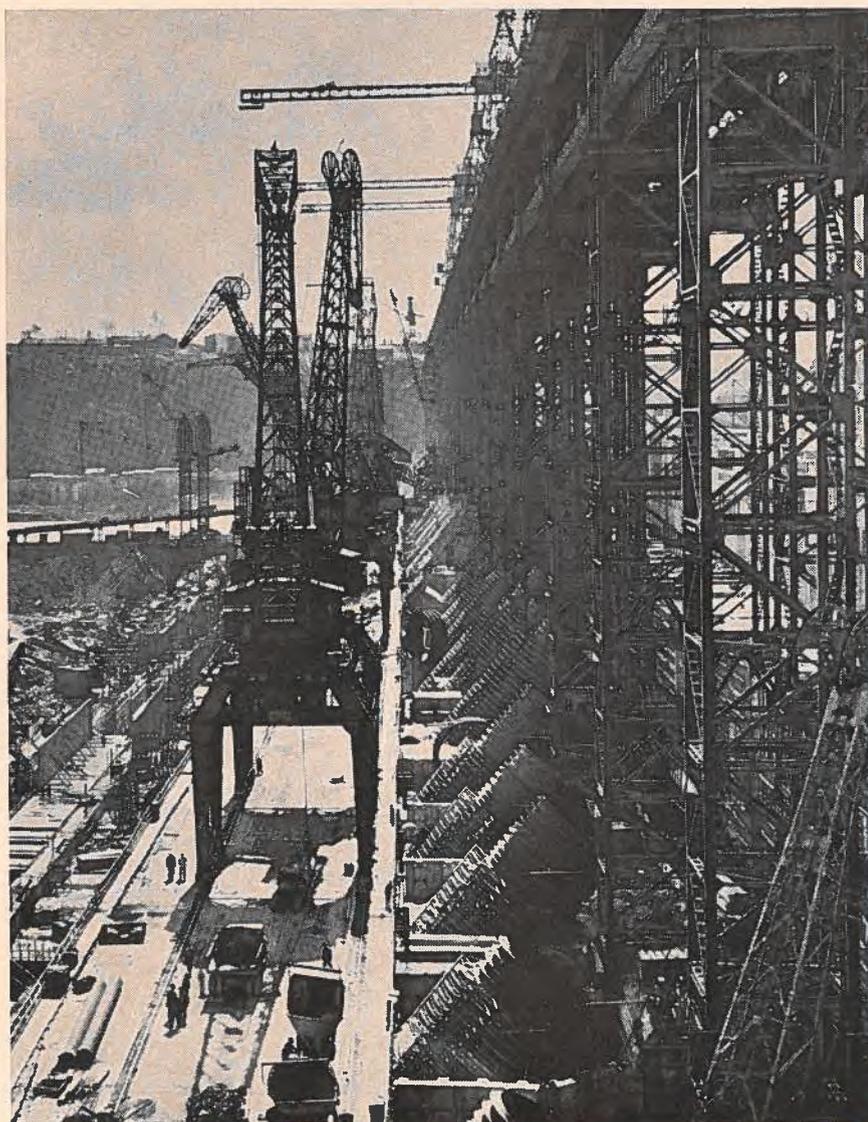
DECEMBER

National Association of Mutual Savings Banks, Commodore Hotel	400
Exposition of Chemical Industries, New York Coliseum, all four floors	40,000
National Association of Display Industries, New York Trade Show Building	1,000-1,500
N.Y.S. Society of Anaesthesiologists Post Graduate Assembly, Americana Hotel	1,000
Toy Manufacturers of the U.S. of America, location to be announced	100
Metropolitan Juvenile Style Mart, location to be announced	3,000

U.S.S.R. - - Progress and Prospects

Industry achieved 9.5 per cent increase in output last year; agriculture still short of Seven Year Plan targets. Plan in 1963 will emphasize expansion in agriculture and fisheries, plus industrial progress. Our sales down in '62 because Soviet did not buy wheat or nickel.

R. V. N. GORDON, *Commercial Counsellor, Moscow.*



When it is finished, this hydroelectric power station in Bratsk, U.S.S.R., will be the world's largest, generating 450 million kilowatts; already it is generating 225 million kw. The picture shows the twenty penstocks in the immense dam.

PRODUCTION increases in the Soviet Union in 1962 were not as large as in some years, according to figures released recently by the Central Statistical Board of the U.S.S.R. Council of Ministers. Industrial production rose 9.5 per cent over 1961, with heavy industrial goods up more than 10 per cent and light industrial and consumer goods up 7 per cent.

Wheat Harvest Excellent

The agricultural picture was not as bright, mainly because of the chronic problems that have beset Soviet agriculture for many years. The grain crop, however, at a reported 147.5 million metric tons*, was a record and the wheat crop, at 70.6 million tons (or 2,591 million bushels) was the second largest in Russian history. (Last year Canada's wheat crop totalled 558 million bushels.) The large crop resulted chiefly from an extension of the grain-growing area, principally in the so-called "New Lands" in Central Asia. Some 21.7 million acres of grassland were ploughed up last year and planted chiefly with spring wheat. The average yield of wheat in the Soviet Union is about half the Canadian average.

Altogether, the grain crops gave the best results in Soviet agriculture last year with the exception of corn, with a yield down by about a million tons. The potato crop suffered from excessive moisture and a smaller acreage. The yield of cotton too was smaller than in 1961, despite larger plantings and extension of irrigated land suitable for it. One of the staples of Soviet agriculture, the sunflowerseed crop, did not improve over 1961.

Meat Supplies a Problem

Largely because of a midyear increase in meat prices paid to the

*One metric ton equals 36.7 bushels.

farms, deliveries of meat rose in 1962 by about 9 per cent. Although the raising of retail prices and the higher prices paid to the farmers for meat helped to reduce the gap between supply and demand, meat is still far from plentiful. Early last year, frozen meat had to be imported from New Zealand, Uruguay and France to supplement domestic stocks. With larger deliveries from state and collective farms forecast for 1963, it will probably not be necessary to import meat again this year. In addition to the increase in price, other steps are being taken to expand meat supplies. These include importing purebred breeding stock to improve beef types; in fact, the Soviet Union has bought considerable numbers of purebred livestock from Canada in the past three years. Another step taken was supplementing meat supplies with more fish and the Soviet fishing fleet has been built up until today it is one of the world's largest. In 1961 fish and fish products constituted 36 per cent of the total consumption of meat-fish products.

Industrial Production

The year 1962 was the fourth of the current Seven Year Plan and according to the report from the Central Statistical Board, the first four years of the Plan brought an increase in industrial production of 45 per cent as against the original estimate of 39 per cent. Again agriculture has lagged behind industry and agricultural production generally has fallen short of Plan figures in the first four years.

Some of the important increases in industrial production over 1961 include the chemical industry up 15 per cent, mineral fertilizers up 15 per cent, industrial machinery up 15 per cent, agricultural machinery up 21 per cent, oil up 12 per cent. Production in the wood products industry and light industries producing consumer goods showed only small increases over 1961 and did not meet the Plan targets. Among the highlights reported by the Central Statistical Board were the

In 1962 the Soviet Union . . .

- Had a record grain crop and the second largest wheat crop in history.
- Did not produce enough meat to satisfy domestic demand; imported frozen meat.
- Imported purebred livestock to improve beef types, expand supplies.
- Increased industrial production 9.5 per cent over 1961.
- Stepped up capital investment in agriculture by 19 per cent.

In 1963 it plans to:

- Increase industrial production 8 per cent, with emphasis on chemicals, particularly mineral fertilizers and plastics.
- Expand output of consumer goods by 6.3 per cent.
- Turn out more agricultural machinery to help raise agricultural production.
- Raise capital investment in agriculture 18 per cent.
- Expand output of ferrous and non-ferrous metals.

production of 2.2 million television sets, an increase of 11 per cent, 1.8 million washing machines, up 40 per cent, and 3.3 million sewing machines. Some 578,000 automobiles were produced—this approximates Canadian production for 1962. The first section of an ultra high tension (800,000 volts) DC powerline was put into operation between Volgograd (formerly Stalingrad) and Donbas.

Plan for 1963

The 1963 Plan for the Soviet Union, which was presented to the Supreme Soviet in December, estimated an 8 per cent increase in industrial production and a 6.3 per cent increase in output of consumer goods for the current year. According to the U.S.S.R. budget, particular emphasis will be placed on the chemical industry, wood products, engineering, electric power, light manufacturing and the food industries. The Plan also predicts an

increase in chemical production of 17 per cent, with mineral fertilizers and synthetics receiving special emphasis. Until recent years, chemicals have lagged behind other heavy industry in development. As a result, strenuous efforts are now being made to develop a large integrated petrochemical industry with particular attention paid to plastics, which are considered an effective substitute for metal in many applications. In this connection a speech made by Chairman Khrushchev at the 1962 November Plenum of the Communist Party is interesting. He said: "There was a time when the might of the state was determined by the amount of metal it could produce. In its time this criterion was justified but now, when other materials which compete with metal have been created, this criterion is no longer valid. It is now the chemical industry which can give us materials which are cheaper, more stable and easier to produce."

TABLE I
CANADIAN EXPORTS TO THE U.S.S.R.

	1961	1962
	(Can.\$'000)	
Total exports	24,276	3,296
Of which:		
Wheat	13,000	.....
Nickel anodes, cathodes, ingots	9,171	.....
Plastics, synthetic rubber	1,527	559
X-ray and related equipment	119	.....
Cattle hides, raw	.....	801
Wheel tractors, new and used	.....	680
Pulp and paper industrial machinery	.....	278
Boring, drilling machinery and parts	.....	189
Grain drills, grain fertilizer drills	.....	165
Purebred cattle	.....	122

The 1963 Plan provides for a further rise in the output of ferrous and non-ferrous metals. Production of pig iron in 1963 is expected to exceed 59 million tons, steel 80 million, and iron ore 135 million. Production of copper, aluminum, nickel, alloys and other products of the non-ferrous metals industry will also be expanded. The report did not include figures on the expansion of non-ferrous metal production. The output of electric power is to increase 11 per cent and new capacity installed will total 9.6 million kilowatts. Electric generating capacity in the Soviet Union in 1961, the latest year for which figures are available, totalled 74.1 million kilowatts.

Emphasis on Agriculture, Fisheries

In view of the persistent difficulties in increasing agricultural production, agricultural machinery is receiving special attention. The plan is to manufacture 325,000 farm tractors in 1963, an increase of 13 per cent over 1962, and to increase production of other farm machinery by 22 per cent. Capital investment in agriculture in 1963 will be larger than envisaged in the Seven Year Plan and 18 per cent above the 1962 investment. In 1961, capital investment in agriculture increased by 12.8 per cent and in 1962 by 19 per cent. Another large increase in the acreage planted to spring wheat,

to be achieved by reducing grass and fallowland, was planned for this spring.

There are plans for a further expansion also in the fisheries industry. The 1963 catch is expected to be 4.2 million tons, an increase of 500,000 over 1961. The fishing industry is being given special attention because it has been possible to increase production of fish products much more quickly than the production of meat. Fish is considered a satisfactory substitute for meat although in many parts of the country consumers do not like it as well.

Trade with Canada

Canadian exports to the Soviet Union declined substantially in 1962 solely because there were no purchases of nickel or wheat during the year. Principal Canadian exports in 1962 consisted of various types of industrial machinery and equipment, farm machinery, synthetic rubber, hides and purebred cattle. The chief Canadian imports from the U.S.S.R. last year were naphthalene, muriate of potash, furs, window glass, cotton and linen fabrics and ferrous alloys. Although complete Canadian import 1962 statistics have not yet been published, it is doubtful whether the total trade for the year between the two countries will exceed \$6 million.

The immediate future of Canadian-Soviet trade remains somewhat uncertain. Soviet trade policy calls for bilateral trade agreements where the exchange of goods is balanced or there is a favourable balance on the Soviet side. The countries with which the U.S.S.R. runs an unfavourable trade balance are those supplying commodities that cannot be obtained readily from other sources (such as natural rubber from Malaya). Soviet exports to Canada are expanding slowly and as Canada is not normally a supplier of indispensable goods that cannot be obtained anywhere else, it is unlikely that our

exports to the Soviet Union will expand much faster than our imports from that country.

The Canada-U.S.S.R. Trade Agreement, which was negotiated originally in 1956 for a period of three years, was renewed in 1960 and negotiations with a view to again extending the agreement between the two countries are in progress.

In the postwar years, except for 1946, Canadian trade with the Soviet Union was negligible until 1956, the first year of the Trade Agreement. During the first five years of the agreement, the major Canadian export was wheat, which made up about one-half of the total value of our exports in these years. Up to the date of writing, there have been no sales of wheat in the sixth year of the agreement. We have also sold substantial quantities of copper, nickel and synthetic rubber to the Soviet Union during the term of the agreement. The principal Soviet export to Canada during this time has been raw fur, mainly karakul, which is not produced in Canada. In addition, a good market for Soviet window glass has been developed and substantial quantities of raw chemicals, alloys and various types of semi-manufactured cotton fabrics have been sold in Canada.

Organization of Foreign Trade

Foreign trade in the U.S.S.R. is the sole monopoly of the Ministry of Foreign Trade and importing and exporting are carried on by organizations that are part of this Ministry. The foreign trading corporations of the Ministry do the actual buying and selling for their customers—the various bodies of the Soviet Union needing imported goods or wishing to export their products. There are more than twenty of these corporations and each one has the monopoly of trade—both import and export—in its particular field. These corporations are legal entities and have the power to negotiate and sign con-

tracts. Their buyers and salesmen go abroad each year and foreign salesmen are interviewed in the offices of the trading corporations in Moscow. The Ministry of Foreign Trade also has representatives abroad who are members of the commercial sections of Soviet embassies or who staff trading organizations such as Amtorg in New York. These representatives may be authorized to negotiate and sign commercial contracts on behalf of the trading corporations.

Exploring the Market

Exporters who wish to explore the possibilities of doing business in the Soviet Union may do so by writing directly to the foreign trading

corporations in French or English or by writing to the Commercial Section of the Canadian Embassy in Moscow. Information about the commodities handled by the foreign trading corporations and their addresses may be obtained from the International Trade Relations Branch of the Department of Trade and Commerce, Ottawa. Because the Soviet Union imports consumer goods from Western countries exclusively through barter, only firms which are prepared to take Soviet consumer goods in exchange should attempt to sell these products in the U.S.S.R. In postwar years, no Canadian consumer goods have been purchased by the Soviet trading corporations. Some of the other prod-

ucts currently required by the Soviet foreign trading corporations include equipment for the lumber and composition board industry, automatic packaging machines, automated machine tools and metal-cutting lathes of various types, equipment for the chemical industry, and a large variety of other industrial equipment. However, because of the current Soviet shortage of foreign exchange, the Canadian exporter of industrial goods may also find that he is expected to take Soviet goods in exchange for his product or as part payment. Terms of payment, in the main, depend on the priority which the particular plant or piece of equipment has in the Soviet Seven Year Plan. ●

COMMODITY NOTES

Bananas

COLOMBIA—The rise in Colombian banana exports is expected to continue this year. New areas are being planted, especially around the Gulf of Uraba, and predictions are that exports in the first six months of 1963 will increase to U.S.\$10 million from U.S.\$6 million in 1962. Bananas are still a minor Colombian export compared with coffee but steady growth is expected—Bogotá.

Brandy and Wine

AUSTRALIA—Exports of brandy during 1961-62 were the highest in 10 years. Singapore and Malaya took most of the increase—113,333 gallons compared with 84,114 in the previous year. Wine exports in general dropped from 1,927,795 gallons in 1960-61 to 1,677,669 in 1961-62, principally because of smaller shipments to Britain and Canada. The 1962 vintage was good; it is estimated that at least 225,000 tons of grapes were processed for wine and spirits, by far the biggest vintage in the history of the Australian wine industry—Sydney.

Canned Food

VENEZUELA—The General Research Division of the Venezuelan Development Corporation reports that, as a result of government measures and financial aid

in conjunction with private investment, a substantial vegetable and fruit canning industry is being developed here. The canning industry has made the greatest progress among the food-processing industries and an estimated 22 plants are producing canned vegetables and 18 plants canned fruits and juices. Investment in the industry in 1961 totalled 11.7 million bolivars (one bolivar=Can.\$0.2372), and production was valued at 70 million.

Domestic production of vegetables and fruits has not been large enough to meet the canners' demands and many of the basic ingredients have to be imported. It is now believed that the expansion of the canning industry will encourage larger local crops of vegetables and fruits, and the Ministry of Agriculture and Livestock has proposed a seven year plan, involving long-term credits of 25 million bolivars, to stimulate production, particularly of fruit—Caracas.

Drugs

COLOMBIA—The Government recently ordered companies manufacturing certain popular and necessary standard drugs to begin producing them under their generic names, so that they can be sold as cheaply as possible. The Drug Manufacturers Association, Afidro, has pointed out that compliance with the gov-

ernment plan will reduce the cost of living and increase sales of these drugs because they will then be within the reach of a much larger segment of the population. Regulations have been issued and it is expected that drugs soon will be available under their generic names—Bogotá.

Electrical Appliances

ITALY—Italy produced 1,630,000 refrigerators in 1962 and sold 184,600 to France and 72,775 to West Germany. Washing machine production reached 450,000 last year and manufacturers expect to raise it to 1,250,000 in 1963. An estimated 450,000 will be absorbed by the domestic market and 800,000 exported, mainly to EEC countries—Rome.

Fuel-Oil Heaters

REPUBLIC OF IRELAND—A French firm has established a plant at Galway costing over £1 million to make a new type of fuel-oil heater that operates on diesel oil or kerosene. Six different types of units are being produced, and in about a year output of all units should reach 120,000 to 150,000. Britain and the Continent of Europe will be the main market. Retail prices range from £32 to £125 for a model that supplies hot air to an average-size dwelling house—Dublin.

Klipfish

NORWAY—Last year Norway exported 29,000 tons of klipfish worth about Norwegian kroner 120 million, 5,000 tons and kroner 20 million more than in 1961. At the end of 1962 exporters had about 13,000 tons of unsold klipfish in stock as against 14,000 tons a year earlier. The increase in exports is mainly the result of larger sales to Portugal and Italy and some overseas markets, such as Portuguese West Africa, the Dominican Republic, the United States, Argentina and Venezuela—Oslo.

Oil

PAKISTAN—The contract for the construction of Pakistan's second oil refinery was signed by a French firm and the Pakistan Ministry of Industries. The plant, to cost about \$15 million, is to be located at Chittagong, East Pakistan. The first refinery, built by a U.S. firm for a consortium of international oil companies, is now "on stream" in Karachi—Karachi.

Pecans

UNITED STATES—Pecan exports for the marketing season October 1961 through September 1962 were the highest since 1945-46—1,050,000 pounds unshelled and 1,318,000 shelled, with a total value of \$1,421,000. Canada, by far the largest market for

U.S. pecans, bought more than in previous years, but the most striking increase was in European purchases, the result of a record crop and consequent low prices. Sales to Europe in 1961-62 totalled 446,000 pounds unshelled, (156,000 in 1960-61), and 63,000 shelled (24,000). Leading buyers were Britain, the Netherlands and Sweden. However, the current crop is short and the resulting high prices will sharply reduce export sales for 1962-63—New Orleans.

Steel Ingots

BRAZIL—ACESITA, Brazil's largest manufacturer of special steels, has increased its production of ingots by 11 per cent, from 75,100 tons in 1961 to 83,500 in 1962. Sales of finished products rose by 14 per cent, from 42,900 tons in 1961 to 48,900 tons in 1962. Principal products were steel sheets for electric motors and transformers, steel for auto parts and machinery in general—Rio de Janeiro.

Synthetic Map Paper

SWITZERLAND—About two years ago two Swiss companies jointly produced a new paperlike material from synthetic textile fibres. Called Syntosil, this material has been used by the firm of Kummerly & Frey AG, Berne, for geographic maps. Syntosil maps can be folded 20,000 to 100,000 times without breaking, compared with an average of 1,000 folds for ordinary paper maps. They are also extremely resistant to weather, water and chemicals. Trucks have been driven back and forth over the maps without causing any damage. Already a number of Swiss official school and tourist maps are printed on Syntosil. Their price is 80 to 90 per cent higher than that of ordinary maps, but they last about ten times longer. Some foreign countries have already shown interest in this material and have placed orders for maps for their armies and navies—Berne.

Tea

CEYLON—Ceylon's tea production in 1962 hit an all-time record of 467.04 million pounds; the 1961 total was 455.2 million. The rich harvests are said to be the result of the rehabilitation work sponsored by the Tea Rehabilitation Department, which assists producers to replant old tea lands with new types of high-yielding Clonal teas and to use manure and practise effective soil conservation methods—Colombo.

Toys

DENMARK—Manufacture of toys has developed rapidly in recent years. Before the war Denmark did not export toys but last year sales abroad brought in 43.5 million D.Kr. Imports of toys totalled 26.8 million D.Kr.—Copenhagen.



reports on "Operation Survey"

If you filled in our questionnaire on reader preferences late last year, you'll want to know the results. Even if you forgot to, you'll probably be interested in what we discovered.

"Foreign Trade is helpful to us in finding new export markets and in broadening those that have been developed."

"The publication attempts to cover too broad a range."

"It is timely and compact, and not too voluminous to read."

"Foreign Trade has to be everything to everybody—too complex."

"I personally feel that too much space percentagewise is devoted to faraway places."

WE have selected these five from the hundreds of comments on the magazine that reached our editorial desk as a result of the Reader Survey, *Foreign Trade*, carried out last November. This questionnaire was dispatched to all our Canadian readers, asking them to fill it in and add their comments—and so help us to set our future editorial course.

Two days after the questionnaires were mailed out, the first completed ones arrived. They kept on coming until we were literally snowed under. By mid-January, to our profit and pleasure, over 34 per cent of the recipients had filled in and returned the questionnaire. Better still, 31 per cent of these took time out to add their opinions and suggestions. The comments listed above are typical: some were critical, some were complimentary, nearly all were constructive.

After the staff had spent many hours tabulating the answers and we had examined and digested the re-

sults, we discovered that we had learned a good deal about our readers' tastes and preferences and had obtained some excellent ideas. At this stage, we felt that both those who conscientiously sent back the questionnaire and those who intended to but somehow never made it might be interested in some of the things that the survey revealed.

What types of articles do readers find most valuable?—The largest number—nearly half of those replying to this first set of questions—plumped for articles on "developments within the Common Market and other groupings"—a sign of the preoccupation of Canadian exporters with the effect of new trading blocs upon their foreign sales. Almost as many expressed interest in reports explaining "foreign government actions affecting Canadian trade". Popular too were articles on the techniques of exporting and on methods of doing business in specific areas. We shall try to cater to these preferences in coming issues of *Foreign Trade*.

What regular features do they like best?—Sometimes we have the impression that businessmen subscribe to the magazine solely for the foreign exchange rates or the directory of the Foreign Trade Service Abroad. (We took for granted the usefulness of the various directories and did not ask questions about them.) We discovered, however, that the most popular regular feature is "Markets in Brief". We intend to continue this series, concentrating on countries in the Mid-

dle and Far East during the rest of this year. Hard on the heels of "Markets in Brief" in reader acceptance came "Foreign Tariffs and Trade Regulations", then "Commodity Notes" and our picture page, "Canada in Foreign Markets".

Are articles on business conditions in the various countries published often enough?—Normally, we cover each area only once a year; those of you who would like these reports twice a year had a slight edge over those content with the present practice. A number pointed out that any great change in conditions should be featured as quickly as possible. One reader cautioned against making these articles too long: "the important point . . . is to keep *Foreign Trade* readable in reasonable time".

Do we use enough statistics—and are they pertinent?—Most readers feel that we use enough statistical information and that most of it is pertinent. Some of you had helpful suggestions about the selection and presentation of figures—such as expressing values consistently in Canadian dollars, giving export figures more often by volume (these are more useful in the absence of price information), indicating what percentage of the market Canada holds, and so on.

On what commodities do readers particularly want reports? On what areas?—So many readers went into detail on this question that it took time to tabulate the results. Eventually they worked out this way: the largest number wanted more

reports on where to sell agricultural products, particularly plant and animal products. Articles on opportunities for selling engineering services and equipment ran a close second, then came textiles and consumer goods generally, forest products, and appliances and commercial machinery.

Closely allied with this question was the one on areas. First preference was for more articles on Latin America, then Asia, Europe, the United States, Britain, and the Caribbean.

You Might Add . . .

We did appreciate the comments that so many of our readers added—widely varied comments. The amount of printed material that competes for the businessman's limited reading time prompted such remarks as: "Some feature articles

should be condensed from four to two pages", and "I suggest that *Foreign Trade* be edited in a more forthright and capsulated form." Perhaps the most valuable comments were those that suggested new features. One proposal was that inquiries for Canadian products received from foreign countries be listed regularly in the magazine. Another was that we publish news of engineering and construction projects being undertaken abroad—leads that engineering firms could follow up. One realistic businessman said he would like to know more about the "basis on which foreign competition takes away Canadian business and why"; another asked for "more information specifically related to Canadian export problems"; a third wanted "more articles relating to the experience of small companies."

Many of these ideas for features and articles seem to us both useful and practical and we hope to make them a reality as the months go by. All of the comments our readers made are receiving the closest attention and those that apply to other branches of the department as well as *Foreign Trade* are being passed along.

This brief review may give you some idea of the wealth of useful information that we obtained from "Operation Survey". Best of all, it gives us a chance to say how grateful we are to those of you who took the time and trouble to fill out the questionnaire—and helped us to take a fresh look at *Foreign Trade* and its value to the Canadian exporter. ●

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

FOREIGN TARIFFS AND TRADE REGULATIONS

Austria

RATE OF EQUALIZATION TAX (SALES TAX) REVISED—The Austrian equalization tax that applied at a uniform rate of 5.25 per cent to the majority of imported goods has been revised. Starting May 1, 1963, a new scale of four different rates—1.8, 5.25, 6.75 and 8.25 per cent—is applicable.

Information on the rate levied on individual imported articles may be obtained from the International Trade Relations Branch, Department of Trade and Commerce.

Dominican Republic

NEW AGENCY LAW—Canadian exporters should note that the Dominican Republic recently altered its legislation governing the changing of import agencies by foreign exporters. The modification in the Republic's regulations is contained in Law No. 6,080 promulgated by the Council of State on October 22, 1962. An English translation of this law may be obtained upon request from either the Canadian Commercial Secretary

in Santo Domingo or the Latin American Division of the Department of Trade and Commerce in Ottawa.

India

IMPORT LICENSING POLICY—On April 22, the Indian Government announced its import trade control policy for the fiscal year ending March 31, 1964. The policy reflects the continuing foreign exchange problem in the context of present emergency conditions and provides for imports of only those items vital for essential as well as defence and export-oriented 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:

The system of annual licensing introduced last year is maintained although a separate announcement in this connection is to be made at a later date.

(1) Emergency cuts imposed previously have been withdrawn by issuing new lower quotas. Established importers have been granted marginal relief and the number of items they may import under quota has been increased from 91 to 170. Additions include: zinc spelter; monel metal; spare parts for diesel and other engines, electric motors, gas and air compressors, machinery, air and oil circuit breakers, and farm tractors and farm implements; safety lamps; alcoholic beverages; exposed cinematographic films; filter paper; garage tools; artificial teeth; watches and parts; sulphate of potash; tractor tires; food colours; sound and projection reproduction equipment and film studio equipment and their spare parts; farm implements; tape and wire recorders; electrical instruments, apparatus and appliances; surveying and mathematical instruments; hearing aids; nickel catalyst; fluorspar and silicon.

(2) In automobile spare parts, nil quotas are established for radiator assembly and shock absorbers; reduced quotas for spark plugs, brake linings, clutch facings, electric horns for which only spare parts are allowed, fuel injection equipment, piston rings and piston assemblies; same quotas as last half year for cylinder liners, filter assembly, thin-walled bearings and valves; slightly enhanced quota for gaskets.

(3) Ban continues on all iron and steel items as in previous six months' period (see *Foreign Trade*, January 12, 1963) and also on files and rasps; electric motors; milk powder; printers' ink; paper, all sorts except filter paper; timepieces; bifocal lens blanks, and refined sulphur. Policy for sulphur other than refined which was restricted to the United States in last policy will be announced later.

(4) Imports of tin blocks and scraps and roller and taper bearings continue to be channelled through the Indian State Trading Corporation. Licences will be issued to actual users, subject to a very strict scrutiny of applications and the availability of foreign exchange. Three more items have been added to the list for actual users: silicon, silica laboratory ware and silica ware equipment for acid plants, and ceramic equipment for chlorine plants. Import of newsprint continues to be restricted to actual users only but scope has been slightly liberalized.

(5) Iron and steel policy provides for a 7½ per cent quota for importers of industrial scrap and mild steel wire of all kinds, excluding commercial quality H.B. wire 16 gauge and thicker, and cycle spoke wire and

umbrella rib wire and 10 per cent quota for tool and alloy steel including high-carbon steel containing carbon 0.95 per cent and above, and also including stainless steel sheets, plates, strips and circles of gauges other than 18 through 25 gauge. Actual users will be given licences for all items, including above-mentioned type, based on recommendations of appropriate sponsoring authorities as hitherto.

Full details are available from the Commonwealth Division, International Trade Relations Branch, Department of Trade and Commerce and the Canadian Commercial Counsellors in New Delhi and Bombay.

Nigeria

CHANGES IN CUSTOMS TARIFF—Limited changes in the Nigerian tariff were announced in the Budget Speech by the Minister of Finance on April 2nd. Those changes felt to be of most interest to Canadian suppliers are shown below:

Duty increased on:

Footwear—from a minimum of 2s.6d. to a minimum of 3s.6d. per pair

Biscuits—from 33½ per cent ad valorem to 50 per cent ad valorem

Canned meats and poultry—from 25 per cent ad valorem to 50 per cent ad valorem

Duty reduced on:

Motor buses and coaches and parts thereof imported for assembly by approved manufacturers—from 25 per cent ad valorem to 5 per cent ad valorem

Duty removed on:

Ferro-alloys of manganese and silicon

Fluorspar

Lifting gates and hoists used for water supply, irrigation or sewerage

Alternative duty provided for:

Suitcases and other travel goods imported nested—from 33½ per cent ad valorem to 4s.0d. (60¢) each piece or ad valorem 33½ per cent, whichever is higher.

Full details are available from the Commonwealth Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa, or the Commercial Counsellor, Office of the High Commissioner for Canada, P.O. Box 851, Lagos, Nigeria.

United States

REVISED TARIFF POSTPONED—The United States Treasury Department has announced that the revised tariff schedules that were to come into force on July 1 (see *Foreign Trade*, January 26, 1963) will not be made effective before the end of August at the earliest.

This postponement will enable Canadian exporters who have not yet familiarized themselves with the new nomenclature covering their products to do so, and to discuss any problems it presents with the United States Division of the Department.

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 .929422.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent May 6	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free .....	.007882	126.87	
Australia	Pound .....	.....	2.4096	.4150	
Austria	Schilling .....	.....	.04164	24.01	
Bahamas	Pound .....	.....	3.0120	.3320	
Belgium and Luxembourg	Franc .....	.....	.02159	46.32	
Bermuda	Pound .....	.....	3.0120	.3320	
Bolivia	Peso .....	.....	.....	.....
	Boliviano	Free .....	.09175	10.90	
Brazil	Cruzeiro	Official Free .....	.001764	566.89	
		Special Category	†	†	
Britain	Pound .....	.....	3.0120	.3320	
British Guiana	Dollar .....	.....	.6275	1.59	
British Honduras	Dollar .....	.....	.7530	1.33	
Burma	Kyat .....	.....	.2259	4.43	
Ceylon	Rupee .....	.....	.2259	4.43	
Chile	Escudo	Official .....	.5945	1.68	
Colombia	Peso	Certificate .....	.1195	8.37	
Congo, Republic of	Franc .....	.....	.02159	46.32	
Costa Rica	Colon .....	.....	.1624	6.16	
Cuba	Peso .....	.....	†	†
Czechoslovakia	Koruna .....	.....	.1494	6.69	
Denmark	Krone .....	.....	.1558	6.42	
Dominican Republic	Peso .....	.....	1.0759	.9294	
Ecuador	Sucre	Official .....	.05977	16.73	
		Free .....	.04949	20.21	
El Salvador	Colon .....	.....	.4304	2.32	
Fiji	Pound .....	.....	2.7135	.3685	
Finland	Markka .....	.....	.3362	2.97	
France, Monaco, etc.	Franc .....	.....	.2196	4.55	(1)
Franco-African Republics, etc.	Franc .....	.....	.004392	227.69	(2)
French Pacific	Franc .....	.....	.01208	82.78	(3)
Germany	D Mark .....	.....	.2698	3.71	
Ghana	Pound .....	.....	3.0120	.3320	
Greece	Drachma .....	.....	.03586	27.89	
Guatemala	Quetzal .....	.....	1.0759	.9294	
Haiti	Gourde .....	.....	.2152	4.65	
Honduras	Lempira .....	.....	.5380	1.86	
Hong Kong	Dollar	Free .....	.1862	5.37	
		Official .....	.1883	5.31	*Apr. 12
Iceland	Krona	Official .....	.02502	39.97	(4)
India	Rupee .....	.....	.2259	4.43	

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

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

*Latest available date.

Country	Unit	Type of Exchange	Can. dollar equivalent May 6	Units per Canadian dollar	Notes (See below)
Indonesia	Rupiah	Official	.02391	41.82	(4)
Iran	Rial		.01420	70.40	
Iraq	Dinar		3.0126	.3319	
Ireland	Pound		3.0120	.3320	
Israel	Pound		.3586	2.79	
Italy	Lira		.001733	577.03	
Japan	Yen		.002989	334.56	
Lebanon	Pound	Free	.3581	2.79	
Mexico	Peso		.08608	11.62	
Morocco	Dirham		.2152	4.65	
Netherlands	Florin		.2994	3.34	
Netherlands Antilles	Florin		.5705	1.75	
New Zealand	Pound		2.9914	.3343	
Nicaragua	Cordoba		.1537	6.51	
Nigeria	Pound		3.0120	.3320	
Norway	Krone		.1506	6.64	
Pakistan	Rupee		.2259	4.43	
Panama	Balboa		1.0759	.9294	
Paraguay	Guarani	Free	.008721	114.66	
Peru	Sol	Free	.04011	24.93	
Philippines	Peso	Free	.2759	3.62	
Portugal & Colonies	Escudo		.03742	26.72	(5)
Singapore and Malaya	Straits dollar		.3515	2.84	
South Africa	Rand		1.5060	.6640	
Spain and Dependencies	Peseta		.01793	55.77	
Sweden	Krona		.2073	4.82	
Switzerland	Franc		.2486	4.02	
Syria	Pound	Free	.3003	3.33	
Thailand	Baht	Free	.05105	19.59	(4)
Tunisia	Dinar		2.5930	.3856	
Turkey	Lira		.1195	8.37	(4)
United Arab Republic	Pound	Official	2.4747	.4041	
United States	Dollar		1.0759375	.929422	
Uruguay	Peso	Free	.09812	10.19	
Venezuela	Bolivar	Controlled market rate	.3215	3.11	
		Official Free	.2369	4.22	
West Indies	Dollar		.6275	1.59	(6)
	Pound		3.0120	.3320	(7)
Yugoslavia	Dinar	Official	.001435	696.86	

Notes

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



Markets in Brief: ISRAEL

Area: 7,993 square miles.

Population: 2,326,600 (November 1962).

Climate: Mediterranean; mild winters, hot dry summers, rainy season November-March, but wide variation in precipitation between north and south. High evaporation-transpiration rates require extensive irrigation for crop production.

Language: Hebrew, but English, German and French widely used.

Currency: the Israel pound, divided into 100 agorot. Since Feb. 10, 1962—U.S.\$1=I£3. Can.\$1=I£2.86 (for cheques), I£2.80 (for bank notes).

Weights and measures: metric system.

Foreign exchange and import controls: the Government maintains tight control over imports, but in 1962 a program of liberalization began. Essential goods not competitive with local production may now enter without import licences. Certain other goods competing with Israeli production may also be imported, but with import licences. Other products are not permitted entry.

Capital: Jerusalem.

Chief ports: Haifa, Jaffa, Eilat.

Marketing centres: Tel Aviv (population) 387,000, Haifa 182,000, Jerusalem 166,000.

Economy: in the 14 years of its existence, Israel has become an industrial nation; 1962 showed industrial exports of U.S.\$211.5 million, overshadowing agricultural exports at U.S.\$67.7 million.

Total Israel imports: 1962—U.S.\$603 million; 1961—U.S.\$586 million; 1960—U.S.\$500 million.

Chief imports: (per cent) 1962—raw materials for industry and agriculture 57.9, capital equipment for industry and agriculture 27.7, consumer goods 7.8, fuel and lubricants 6.6.

Chief suppliers: (per cent) 1962—United States 32.9, Britain 16.3, West Germany 10.1, France 5.9, Netherlands 4.4, Switzerland 3.1, Italy 2.5.

Value of imports from Canada: 1962 (11 months)—Can.\$6.0 million; 1961—Can.\$8.7 million; 1960—Can.\$6.2 million; 1959—Can.\$4.7 million.

Chief imports from Canada: (Can.\$) 1962 (11 months)—asbestos 899,000, aluminum 639,000, wood pulp 623,741, lumber 436,419, flaxseed 199,734, trailers and prefab buildings 183,180, wheat 164,495, plastics and synthetic rubber 160,100.

Total Israel exports: 1962—U.S.\$279 million; 1961—U.S.\$239 million; 1960—U.S.\$220 million.

Chief exports: (U.S.\$ million) 1962—diamonds 89.3, citrus fruit 49.2, textiles 29.9, manufactured foods 18.1.

Chief markets: (per cent) 1962—United States 15.1, Britain 13.7, West Germany 9.8, Switzerland 6.5, Netherlands 5.0.

Value of Canadian purchases: 1961—Can.\$3.1 million; 1960—Can.\$2.4 million; 1959—Can.\$2.3 million; 1958—Can.\$1.8 million.

Chief Canadian purchases: (U.S.\$'000) 1962—diamonds 1,924, cotton yarn 1,577, oranges 548, plywood 370, knitted woollen outerwear 183, bathing suits 119.

Dollar exchange: readily obtainable for liberalized imports and for products imported under licence. Local currency is not convertible.

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

Usual terms of payment: letter of credit terms common.

Samples: exempt from duty if of no commercial value; subject to import duties if of any commercial value.

Visas: no visa required for holder of passport. Visitors should note that they cannot enter Arab countries if Israeli visa is included in passport.

Trade agreements: Under the terms of the Canada-U.K. Trade Agreement of 1937, Canada accorded most-favoured-nation treatment to Palestine. The same treatment is extended by Canada to Israel.

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

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

For detailed information on this market write to:

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

or

Commercial Secretary for Canada
P.O. Box 20140
Tel Aviv, Israel

the proof of the pudding . . .

to the Canadian Trade Commissioner,
Paris, France.

"I am writing you because of your interesting article in the December 16, 1961, FOREIGN TRADE issue. We are able to export a good line of canned fruits, vegetables, hams, poultry, jams, jellies, and some canned salmon. Would you be able to suggest an import agent who would be interested in importing some of these lines?"

from a Canadian import/export/manufacturers' agent*

to the Executive Director,
Trade Commissioner Service,
Department of Trade and Commerce,
Ottawa.

"We have for acknowledgement your letter of the 20th instant . . . We have been aware of the situation described for some time . . . we circularized all of our branches asking them to bring the matter to the attention of any of their customers who are exporters of merchandise of any kind. As a matter of fact it was the article in FOREIGN TRADE ("Check Credit Standings") that caused us to initiate investigation leading to the issuing of the circular . . ."

from a Canadian bank in Toronto*

to the Canadian Trade Commissioner,
Bombay, India.

"Through the magazine FOREIGN TRADE published by the Department of Trade and Commerce and at the suggestion of an article therein by the Chief of the Engineering and Equipment Division, this letter is addressed to you to bring to your attention our services as consulting mining engineers . . . We are interested in enlarging the scope of our affairs and would ask you to refer to us any suitable opportunities which may come to your attention for the use of our services . . ."

from a Canadian Mining Consultants
company*

to the Commercial Counsellor,
Canadian Embassy,
Lisbon, Portugal.

" . . . The information which you so kindly supplied . . . is now entered in the large world market survey which we have compiled to promote our machine . . . We find the magazine FOREIGN TRADE to be very useful in backing up the market information which we already possess . . ."

from a Canadian manufacturer*

to a Commodity Officer,
Consumer Goods Division,
Department of Trade and Commerce,
Ottawa.

"Many thanks for the issue of FOREIGN TRADE containing an article on the Dutch plastics industry. I expect to bring this to the attention of a meeting of plastics men later this week . . . It seems quite remarkable that figures should be available as to installed equipment, employment and the like in the industry. . ."

from the Executive Secretary of a Canadian Association*

. . . is in the eating

and it seems that our recipe for "Foreign Trade" is a good one. Why don't you dip in . . . you too may pull out a plum.

FOREIGN TRADE is published every second Saturday by the Department of Trade and Commerce, Ottawa.

Price: \$5.00 a year in Canada; \$7.00 a year outside Canada.

Order your subscription from: Supervisor of Government Publications, The Queen's Printer, Ottawa, Canada. Please enclose your cheque or money order made out to the Receiver General of Canada.