Chile Faces Up to Financial Problems (page 2)

FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE OTTAWA

JUNE 1. 63

FOREIGN TRADE

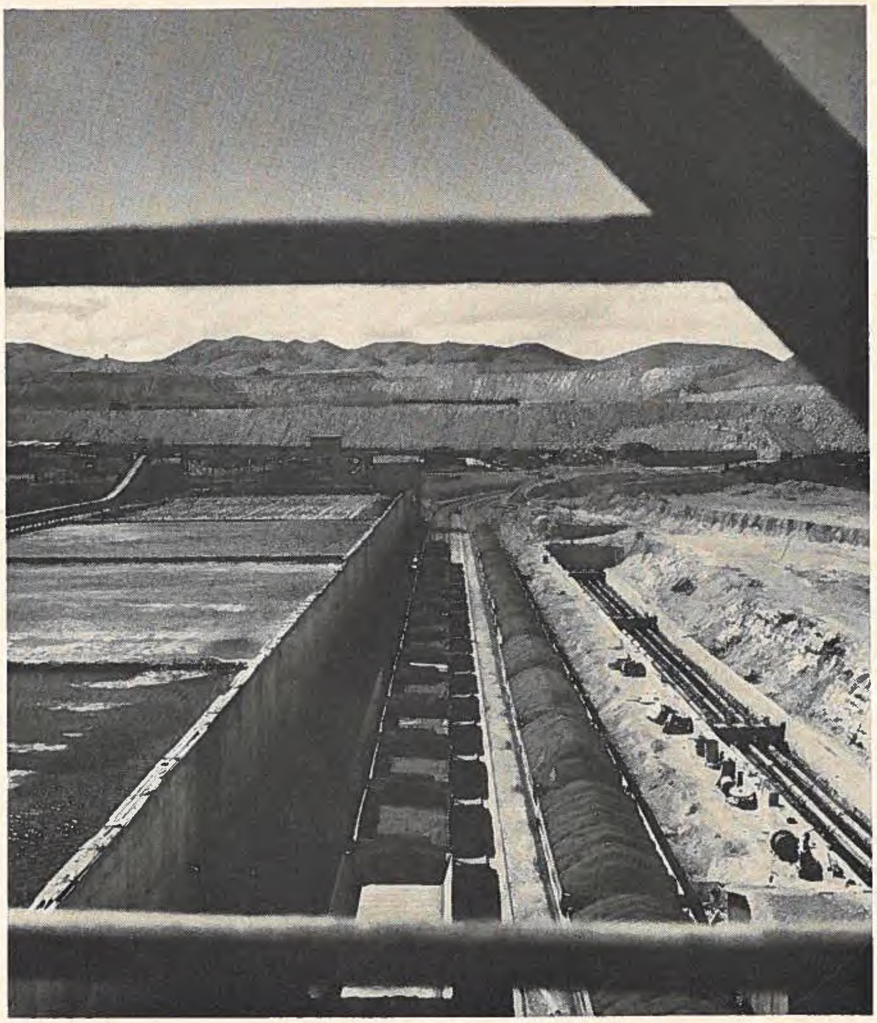
JUNE 1, 1963 Vol. 119 No. 11

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.

COMING——SELLING TO THE NIGERIANS, JUNE 15 ISSUE

65665-2—1

One of the bright spots in the Chilean economy last year was copper. Shipments of this leading export reached a record last year and brought good prices. The picture shows leaching tanks for copper at Chuquicamata mine in Antofagasta.



CHILE

Faces Up to Financial Problems

Sharp drop in exchange reserves and in value of escudo make import restrictions essential. Foreign aid forthcoming to ease fiscal problems, but improvement will be slow. Industrial and mining output good and petroleum production increasing steadily. These advances have brightened general picture.

J. R. MIDWINTER, *Commercial Secretary, Santiago.*

THE year 1962 was a difficult one for Chile but by no means altogether black. It is true that the balance-of-payments position remained difficult during the whole period and that in the last quarter internal prices again climbed. On the other hand, industrial production and construction increased significantly, copper shipments were well maintained, and newer exports —such as iron ore, fish meal and fish oil, wood pulp and newsprint—developed promisingly. Petroleum production too expanded steadily and Chile now provides most of its own fuel needs.

In some ways 1962 was for Chile a preparatory or "talking" rather than a "doing" period. Many projects and, indeed, the whole Ten

Year Economic Development Program marked time, pending decisions on taxes, exchange rates and economic policy. A long-awaited though mild agrarian reform measure became law and Congress is now considering a major tax reform bill intended to end inequities but at the same time to increase government revenues. The "nine wise men" of the *Alliance for Progress* and the World Bank reviewed the Ten Year Plan in detail and approved it after some modifications. The foreign aid necessary to implement the Plan is now expected, after a slow start, to move into the country in substantial volume under the aegis of the *Alliance for Progress.* The United States will be the chief source of funds but the International Development Association, the World Bank and other international agencies will also be important. The World Bank especially is endeavouring to organize a consortium of governments and lending institutions to channel funds into Chile.

The pace of economic activity and development should begin to quicken as a result of the preparatory work now being completed. In the short run, however, the foreign exchange situation remains a critical factor.

Balance-of-Payments Crisis

As is well known, the value of the escudo grew increasingly unrealistic as 1961 wore on and it became apparent to many that the Government could not long sustain its policy of stability and equilibrium. This feeling contributed in turn to the very thing feared. Importers and manufacturers sought to build up inventories before the Government could impose new restrictions or the exchange system could collapse. Similarly, speculators and others with liquid funds endeavoured to transfer their holdings into "stable" dollars as rapidly as possible. On the other side, exporters tried to retain their earnings outside the country and foreign investors held off transferring funds into Chile in anticipation of a change in the exchange rate. In short, in terms of escudos both dollars and imported merchandise were relatively cheap and therefore available at bargain prices.

The loss of foreign exchange during 1961 reached U.S.$135 million, a large figure for Chile. This included a U.S.$77 million adverse trade balance. Exports during 1961 were valued at $508 million, up slightly from 1960's $490 million. Imports, however, jumped from $499 million to $585 million.

Action Taken

By the beginning of 1962, the situation had become so serious that the Government was forced to take sudden and drastic action to prevent a complete collapse. Immediate measures included:

1. Prohibition of imports of luxuries, many other non-essential consumer goods, and a wide range of products available within Chile

2. Marked increases in customs surcharges on many permissible imports

3. Reimposition of the prior deposit system for imports

4. Removal of many import privileges previously enjoyed by Arica and other free ports

5. Holdback of foreign exchange coverage for import shipments until 90 days had elapsed from the date of the respective bill of lading

6. Division of the foreign exchange market into an official rate for commodity and some other transactions and a higher free rate for most noncommercial transfers

7. Close control over many other day-to-day foreign exchange operations.

The new restrictions effectively choked off the flow of consumer goods through Arica, bringing an immediate and sharp commercial recession to that city.

For the country as a whole, however, the total import bill remained surprisingly large. First, large volumes of goods of all kinds on order or in transit when the emergency restrictions were imposed were allowed entry. Second, importers clearly judged that, bad as the situation was, it was likely to become worse and therefore inventory-building should continue. To the end of July 1962, import registrations reached U.S.$344.4 million, compared with U.S.$288.4 million during the first seven months of 1961.

In July, the Central Bank considerably tightened the prior deposit requirements and it was soon evident that imports were being affected. Buyers found it increasingly difficult to obtain the necessary financing or, physically, the special bonds in which prior deposits now had to be made.

Drastic Measures Needed

Outlay still exceeded income, however, and by the end of September the situation had again become critical. In a series of moves, the Government:

1. Drastically increased customs surcharges on most imports, including industrial raw materials and capital goods

2. Stretched out the official postponement of settlement of import transactions from 90 to 120 days (with built-in administrative delays, this meant about five months between shipment of an order and receipt of payment)

3. Freed the official exchange rate, which immediately rose to above escudos 1.4=U.S.$1.00 (previously escudos 1.05=U.S.$1.00) then subsequently to escudos 1.8=U.S. $1.00, where it has since stayed, rather uncertainly

4. Finally introduced its long-awaited measure to deal with payment of import accounts outstanding when the double-exchange system was put into force last January. Importers were given two months to buy from the fiscal authorities five year, 5 per cent dollar bonds with escudos at the official rate of exchange. These bonds will be offered to the foreign exporter who, presumably, since he has no other prospect of being paid, will accept them and then discount them in order to realize the proceeds of his sale.*

It is difficult to see what further restrictions could be introduced. Even essential items (if permitted to be imported) can easily build up a cost to the buyer of three to four times the original f.o.b. price.

The volume of new import orders has almost certainly been reduced and because exports are holding up, the payment situation, in the absence of any new development, should improve slowly—based on acceptance of a devalued escudo. Unfortunately, Chile's short-term obligations so far exceed its income that several months at least must elapse before there can be any significant easing of import and exchange regulations, including the 120-day moratorium on exchange coverage for imports. Extensive balance-of-payments aid from the United States and the International Monetary Fund has been forthcoming but has not materially altered the picture.

Fiscal Problems Serious

Closely related to the balance-of-payments problem is the question of internal inflationary pressures emphasized by fiscal deficits. The Government has long found it difficult to raise enough tax revenue to pay for the social and other expenditures forced upon it by social demand. Extensive borrowings from the Central Bank result.

Latest estimates for fiscal 1962 placed government receipts at escudos 1,233 million, of which escudos 312.9 million represented new indebtedness. Net government borrowings from the Central Bank amounted to escudos 101 million for the first eight months of last year, up from escudos 98 million for 1961. After repayments, net indebtedness, it is estimated, should have increased during fiscal 1962 by escudos 221 million, of which the equivalent of U.S.$82 million represents new net government indebtedness abroad. At the end of August, net international exchange reserves were negative to the extent of about U.S.$265 million and the deterioration for 1962 as a whole is estimated to have reached U.S.$100 million.

For 1962, budget estimates place expenditures on current and capital account at escudos 1,697 million. This is to be financed by escudos 1,240 million of tax and other current receipts and by about escudos 456 million of new indebtedness. This last figure includes capital aid from abroad of U.S.$163 million.

It is clear from the above figures that inflationary pressure against the escudo will continue to be serious and that the demand for foreign exchange will exceed the supply. It is said that U.S.$80 million will be needed merely to satisfy the most pressing demands in the foreign exchange market and to reduce to 90 days the waiting period for the honouring of drafts to pay for import shipments. Much of the Government's efforts will still have to be devoted to control of prices and foreign exchange operations. This means that for the Canadian exporter or investor transactions with Chile will remain subject to complex and variable regulations.

Ten-Year Plan

The major objective of the economic development program is to increase the gross national product by 5.5 per cent per year during the sixties, or about 3 per cent per capita after allowing for population growth of 2.5 per cent per year. Achievement of this target will require an investment estimated at escudos 9,500 million at 1960 prices and at the rate of exchange then prevailing. This is a substantial figure for a country with a current GNP of only U.S.$4,000-5,000 million and which has in recent years more or less stood still on a per capita basis.

Nevertheless, the IBRD and the *Alliance for Progress* co-ordinators have reviewed Chile's program and, with slight modifications, declared it workable. This approval is most important because the program, to succeed, must have substantial injections of capital from abroad.

Estimates place Chile's need for foreign financing at U.S.$253 million per year for 1963-65 and U.S. $200 million per year for 1966-70. Rather more than half of these amounts would be for the public sector. Specific recommendations by the *Alliance for Progress* committee which analyzed Chile's plan call for foreign support of the public sector of U.S.$200 million in 1963 and U.S.$200 and U.S.$150 million in 1964 and 1965. Indications are good that the requirements for 1963 at least will be met.

A new IMF standby credit of U.S.$40 million, plus loans from U.S. private banks and the U.S. Government, should help to overcome the immediate foreign exchange deficit while capital funds begin to flow into long-term projects. As always in such cases, development of projects to the stage where orders can be placed against aid commitments is lagging. It is to be hoped, however, that during the next year the pace will pick up.

There are development projects in several fields due to receive credits from international institutions or which enjoy a high priority under the Plan and therefore will be likely to have government support or preferred access to the foreign exchange market. ●

---

*To understand how these restrictions work in practice, see the article on page 5.

A second article by Mr. Midwinter on Chile as a market will appear in our June 15 issue—Editor.

A Canadian exporter asks: "What is the Chilean customs duty on my product—and what are the import procedures I must follow?" The Commercial Secretary in Santiago puts his answers in the form of a letter. Naturally, it's not addressed to a real Canadian company.

Commercial Secretary's Office,
Santiago, Chile,
April 30, 1963.

Subject: Import Procedures in Chile

Export Manager,
Canadian Tire Repair Company,
Toronto, Ontario,
Canada.

Dear Sir:

In your recent letter you asked me about import procedures in Chile and about the application of customs duties to your products.

I have been unable to find your tire repair material specifically listed in the Chilean Customs Tariff and would therefore have to seek a ruling from the authorities. I should be glad to do this if you need the information but it would take rather a long time to obtain a firm ruling. Fortunately, however, there are a number of basic principles which usually make it unnecessary to seek detailed information before assessing the competitive position of a product.

Tariff is protective

First and foremost, Chile is a high-tariff country and customs revenue is traditionally a major part of the Government's income. The tariff is also highly protective. Generally speaking, if a given article is produced in Chile in sufficient quantity to meet all or most of the domestic demand, import competition is effectively eliminated through extremely high duties or outright prohibition. This does *not* appear to be true of your products because no equivalent is made in Chile. Therefore, even though the imported article may be artificially expensive, there is no cheaper domestic substitute to which buyers can turn.

Some imports permitted

For the past year, the Chilean Government has enforced stringent import and exchange controls to conserve foreign exchange, which is in relatively short supply. This does not mean that Chile is bankrupt but merely that import demand has temporarily outrun foreign exchange income. Restrictions prohibit the import of a large number of luxury and other non-essential consumer goods as well as articles already produced or for which substitutes are available in Chile. Fortunately, your products seem to fit into the "essential" class and, being covered by the following classes in the *List of Permitted Imports*, are therefore importable:

(1) Patches for repairing tires and inner tubes, ready for use, and interchangeable treads with metallic cords for tires.

(2) Material for repairing tubeless tires.

Customs surcharges

Even permitted imports are subject at present to high customs surcharges (in addition to more modest regular duties) and prior deposits to discourage purchase from abroad of all but the most essential items.

In your case, the first item above currently carries a customs surcharge of 5 per cent of the c.i.f. value, plus a prior deposit of 100 per cent; the second, "material for repairing tubeless tires", is subject to a surcharge of 10 per cent and a prior deposit of 100 per cent. Prior deposits must be made in special dollar bonds at the time the import operation is registered. They are held for 90 days. If an importer is not lucky enough to own these bonds himself, he must rent them from a broker at a price equivalent to an interest rate of 30 to 40 per cent per year. Accordingly, a 100 per cent deposit means an extra cost to the importer of 10 to 15 per cent of the c.i.f. value.

The above surcharge and prior deposit requirements are waived on products imported from the members of the Latin American Free Trade Association when these products have been the subject of Chilean tariff concessions. This has not yet happened for your products. Therefore, you do not for the moment face the extra competition of countries receiving preferential tariff treatment.

To sum up, tire repair material can be imported into Chile. Import charges are high but there is no domestic competition to worry you. Nor do competitors in neighbouring countries receive preferential tariff treatment.

Two exchange rates

Exchange controls and the general payment situation do of course create some difficulties. Under current rules, foreign exchange coverage for imports may not be obtained until after 120 days from the date of the bill of lading. With administrative delays, this means that up to five months may elapse after shipment before you receive payment.

There are two exchange rates: the so-called "banker's" (official) rate for commodity and some commercial invisible transactions, and the "broker's" (free) rate for most capital and invisible trade transfers. The official rate was maintained at escudos 1.053 equal U.S.$1.00 until October 1962, when it was freed to find its own level. It is currently being quoted at about escudos 1.8 equal U.S.$1.00, or one escudo equals about 55 cents. The free rate since it was established in January 1962 has risen steadily and, after a slight drop back, now stands at about 3 escudos equal U.S.$1.00.

Procedures to follow

Your customer may buy foreign exchange at the official rate. He must, however, follow certain procedures.

1. He should obtain from you a *pro forma* invoice giving the c.i.f. value of the merchandise and other details.

2. With this invoice, he registers the import operation at the Central Bank, putting up at the same time a deposit of special dollar bonds equal (for your goods) to the full c.i.f. value. If he does not own the bonds, he must rent them from a broker.

3. The importer may now confirm his order. Upon receipt, you should ensure that this contains evidence that the import order has in fact been registered with the Central Bank.

4. In due course, you will ship the merchandise. You must make certain that you do this in time for the order to reach Chile within 150 days of its registration with the Central Bank. The relevant shipping documents will arrive at a commercial bank here. Assuming the sales terms to be cash against documents, the bank, before the current crisis, would have insisted upon payment in escudos of the documents' face value and then have sent a draft to the exporter. At the same time, the bank would have released the documents and have issued a certificate to the effect that foreign exchange requirements had been covered. With this certificate and the documents, the importer would then have been able to clear his merchandise through Customs.

In January 1962, however, the Central Bank ordered commercial banks not to remit until 90 days from the date of the bill of lading. In September the official waiting period was extended to 120 days. This means that, even on letter of credit or c.a.d. terms, an exporter cannot generally expect settlement until three to four months after arrival of a shipment in a Chilean port, depending on the shipping time.

To avoid accumulation of merchandise in customs houses at the ports, banks were authorized to release documents and to issue exchange certificates without the importer having to deposit escudos for the purchase of foreign exchange. The foreign supplier can insist upon a provisional deposit at the bank of the amount in escudos equivalent to the face value of the shipment in foreign currency. Whether he does so or not depends upon his assessment of the customer's reliability. In practice, banks have been insisting upon provisional deposits in most cases.

Further delays were introduced into the procedure in June 1962, when banks were instructed not to remit funds abroad nor to issue an exchange coverage certificate until the customer presented import clearance papers and proof that he had paid the import duties.

The procedure now is roughly as follows. You ship the order. The customer in due course puts up a provisional deposit in escudos, receives the documents, clears the shipment, pays import duties and then applies for the foreign exchange to pay you.

5. Having received the exchange cover certificate (with or without having made a deposit in escudos), the importer presents this at the Central Bank and after 90 days have elapsed from the date of registration of the import transaction, may receive back his deposited dollar bonds.

Good agent needed

The operation described above is complicated because no one knows exactly what the value of the escudo will be four to five months ahead. Theoretically, for a wide range of foodstuffs and industrial materials the importer is permitted to purchase foreign exchange futures for delivery up to 180 days ahead. The importer, the bank and the foreign supplier could then proceed with the transaction in the firm knowledge of what the foreign exchange value of the escudo would be when payment was actually made. In practice, however, these future operations are effectively restricted to livestock imports from Argentina and a handful of other products of prime importance. Only in exceptional cases is the general exporter able to obtain a letter of credit or other payment in advance of shipment.

Obviously, the complexity of the above procedures and the built-in delays somewhat increase the cost and risk of selling to Chile. You should exercise caution in accepting new accounts and it is desirable that you have a good agent to oversee all stages of a transaction. A diligent agent can be especially valuable in expediting transfers of foreign exchange after all formalities have been complied with and in coping with customers who try to evade or postpone payment by blaming delays on the regulations.

Documentation simple

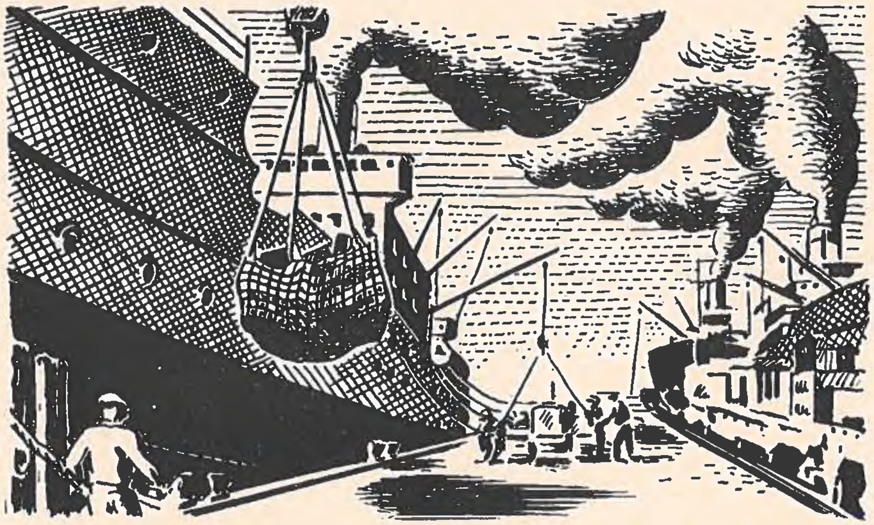
Actual documentation for your products is straightforward. The bill of lading must be in duplicate, one "original" and one "negotiable". Commercial invoices are required in quadruplicate. In addition, a new regulation requires a "supplier's certificate" in duplicate; forms for this can be obtained from a Chilean Consul, or from the International Trade Relations Branch of the Department of Trade and Commerce. *No* certificate of origin is needed provided you indicate on the commercial invoice that the goods are of Canadian origin. No consular invoice is required.

This trading picture is admittedly very complicated. I hope, however, that you will not let it discourage you. The regulations do not mean that Chile is importing less in total than before but only that imports are being more closely restricted to essential items. Other exporters are continuing to sell and there is no reason why you too, with care and by following closely your agent's instructions, should not be able to make profitable sales as well.

I hope that I have answered most of your questions. If there are any points still not clear, please write me again.

Yours very truly,

J. R. Midwinter,
Commercial Secretary, Santiago.



A sales trip to Ireland, carefully planned, can leave you with enough free time to enjoy this beautiful history-haunted country. Not far from Dublin is St. Patrick's Rock, once the seat of the kings of Munster, which rises some 200 feet above the plains of Tipperary.

There's Pleasure and Profit in Eire

Businessmen often overlook Eire when planning their foreign itinerary, yet nowhere in Europe are profits and pleasure so intertwined. The writer gives reasons why.

W. G. BRETT*

I have never met anyone who has not enjoyed a visit to Ireland and since it is a manageable, fruitful market with a rapidly expanding potential, I have often wondered why more business visitors do not make a point of coming, particularly when so many visit Britain. Carrying on business is literally a pleasure and with just a little knowledge of the country, your free time and travel can be spent memorably. I intend to make a few remarks about the size and composition of Ireland as a market and then ramble on at some length through facts, hints, impressions which I hope will induce and accent your visit.

*Mr. Brett, now Trade Commissioner in Bombay, wrote this just after leaving Dublin, where he served as Commercial Secretary.

The Irish Market

There are about three million people in Ireland, with some 600,000 living in and around Dublin and roughly 120,000 in Cork, the second city and port. The economy is based on agriculture but the authorities are carefully cultivating industrial development by offering extremely advantageous terms to prospective investors. This program has been very successful. Even now, the people of Ireland do very well indeed. It is said that the population of the island could be fed by the produce from the untilled land between the road's edge and the walls or hedges! It is a fact that before the famine a century ago, Ireland supported around eight million souls (sinners as they are called in Ireland) compared with 26 million in Britain. Last year, in its approach to the European Economic Community, Ireland could point to one of the yeastiest growth rates in the world.

This growth has been reflected in the surge of Canadian exports to Ireland, which jumped from $7.7 million in 1960 to $11.6 million in 1961. Expressed in terms of a percentage increase, this was Canada's greatest gain in all Western Europe.

Dublin is the administrative, cultural and economic centre of Eire—a graceful, friendly city. Almost invariably you will find the Dublin importer to be mannered, unhurried and patently respectable. The standard of business morality is high.

Many Canadian exporters are unaware that they alone share with Britain preferred access to the Irish market. Generally speaking, anything a Canadian can sell to the British market he can sell in Eire. In fact, an indeterminable amount of Canadian goods enter Eire via Britain. The Irish market responds amazingly to individual treatment and I can think of several specific success stories involving non-traditional items of trade.

The Irish Character

No country has had its "personality" discussed and analyzed as much as Ireland and yet no country has such an illusive identity, subtle but distinctive. Knowing the Irish is a valuable accomplishment but let no one think that this will affect importantly the arithmetic of a business proposition. The Irish mist invariably dispels and Celtic twilight flashes into high noon when it comes to the question of profit margins.

Many things contribute to Ireland's distinctiveness but two of the basic ones are that, unlike the rest of Europe, the island was never influenced by the Roman Empire or the Reformation. Perhaps this is reflected today in the oft-heard advice never to discuss politics or religion in Ireland. This is an overstatement. You would have a gloomy time in Ireland if you avoided these topics altogether, but they should be handled rather delicately. With a working knowledge of these, some snatches of literary sense, and a thorough knowledge of either horses or fishing, you can expect some lively and rewarding talk to brighten your stay in Ireland.

Much — but not enough — has been said of Irish charm. It is composed not only of wit and ebullience but also a native concern and sympathy for the stranger. It suffuses the whole island and the stranger should always be mindful of it because it is so compelling in the Irish that they almost always tell you what you want to hear. If you are a tired-looking traveller, Limerick is only 15 miles ahead instead of the actual 30. Another facet of Irish charm is the bewildering hospitality. People have been known to apply for citizenship after two Irish coffees.

Some Pitfalls

I do not intend to become involved in the twisted threads of the Irish social fabric by listing the markings of gentry, squireens, Dubliners, old Irish, etc. Unless you are there for a while you can never tell the difference anyway. Nor do I intend to skirt the political geography of the place, discussing the subtle differences between the "six counties", "the north", "Ulster", "occupied Eire", all of which refer to the same geographical entity. I only mention both points because they are involved in what I consider to be the main psychological pitfalls threatening most North Americans in their approach to this market.

The special relationship—geographical, historic and emotional—between Eire and Britain leads many exporters to consider the island as "the British Isles". This is valid only in the naked geographical sense and for such auxiliary considerations as common currency value, standards, specifications, etc. In almost every instance the Irish market responds to individual treatment. Incidentally, there is also a tendency for many North Americans to approach Ireland as some lotus land between Shangri-la and Glockamora. This is a charming dream but the reality is a very keen awareness and pursuit of business profits.

In spite of a complex society, there is a single or "net" Irish personality or image. Because of its attractiveness it invites imitation. This may be the mechanism whereby alien groups have become "more Irish than the Irish themselves". These people have a facility for absorbing and converting. Too often North Americans in particular succumb immediately and more or less consciously imitate the Irish accent or term of phrase. This displeases most Irish who detest anything faintly smacking of "stage" Irish. If you must do it, do it properly. I have been in and out of Ireland several times over a number of years and I do not think that I have ever heard "begorrah" and certainly never "sure an' begorrah". In fact I have never heard "sure an' " anything. Even the occasional "bejabers" is quite non-U. It does not do to play with language in one of the world's most cultivated capitals and where one hears the best English in the world. The occasional localism will make you wonder—such a word as "yoke". The only way to express this in English is "a rather large thingamabob".

Some Diversions

About the only anti-diversionary tendency in Ireland is the weather. It rains a lot, particularly in winter. It bothers the visitor but never seems to wet the Irish. You see them standing in the country beside their hedge—it does not matter where along the hedge—in their long coats and caps staring ruminatively ahead through the pelting rain. A day of pelting rain in Ireland is called a "soft day".

One occasion to keep in mind is the August Horse Show, widely held to be the best in the world. If you are interested, you have to book long ahead. It is almost impossible to get any work done during this period except to buy a horse. Then there are the races. If you can possibly take them in—Leopardstown, Phoenix Park, the Curragh, any of these—do so. There is a genuine and unforgettable atmosphere. I have thought that the Irish preoccupation and skill with horses is in some way paid for by their appalling driving. I would rather drive around the Place d'Etoile against the traffic than go the length of O'Connell Street. Luckily, there are usually plenty of cabs and fares are reasonable. Because the business district is quite compact and homogeneous, you do well to take taxis everywhere, including the southern suburbs where there has been considerable industrial development.

There is a continuous background of entertainment of some kind in Ireland so the question of business entertainment really becomes one of just hooking on to whatever is going on at the time. This could be a theatre festival, a new revue, or a race meeting. However, lunch is favoured for business discussions. If you are in any of the main hotels the dining room will be excellent. I suppose the four main hotels are the Shelbourne on St. Stephen's Green—very "county" but a trifle anonymous in the kitchen—the Gresham on O'Connell Street which is good, substantial, quite modern but perhaps a shade impersonal, and the Hibernian and Russell, both of which I think are smaller but have very good food.

In the last few years there has been a positive burgeoning of restaurants in Dublin. Irish meat and produce are doubtless among the best in the world and yet there has been and still is some indifferent cooking throughout the country. However the famous Dolphin Restaurant is still a good place to go for one of your self-selected steaks. Then there is a line-up of fine traditional restaurants with an elegant cuisine. I favour Jammets and the Red Bank. Recently we have had two very good restaurants specializing in Continental food, L'appertif and Bernados. Outside of Dublin, usually the "Great Southern" chain of hotels in the main cities are very good.

There is no problem getting anywhere on the island. You can drive clear across in three hours. For ordinary commercial affairs, it is seldom necessary to leave Dublin.

Fringe Benefits

I am aware that these remarks sound more like *Fielding's Guide to Europe* than a catalogue of hints to businessmen. This is because doing business is so easy in the island and the Canadian has no trouble with the language, weather, mores, health, exotic taboos, etc. There are no visa requirements and no demanding internal travel arrangements, so I feel free to mention some of the fringe benefits that will attend your visit.

First, there is the charm and delight of Dublin with its many tourist attractions, Dublin Castle, the cathedrals, St. Patrick's and Christ Church. South and west of Dublin are the beautiful Wicklow Hills. You can be among them fifteen minutes after leaving Dublin. They are breathtaking. Go to Glendalough, the restored monastic settlement, round tower and all, only about 22 miles from Dublin—unforgettable.

Shopping

Dublin has some exceptional values in linen, glass (Waterford) and china but to me one of the very best purchases are the beautiful hand-woven tweeds from the Gaeltacht, the Irish-speaking west. These are available at Gaeltarra Eirenn, a semi-official marketing agency. There you can also get the handknit Irish sweaters and caps. Records are cheaper than in Britain. If you want to bring some quite evocative music away with you, select at least one of the Percy ffrench recordings.

There are two more "musts" for anybody visiting Dublin—pubs and theatres. You are never out of sight of one or the other. For pubs try David Byrnes (shades of Ulysses), Joe Nearys, all near St. Stephen's Green. For theatres, there's always something good at the Gaiety, Olympia or the Abbey. Make sure you don't book for a play in Irish.

Well, there you have it, exports without pain. If you want any more general background write to the Canadian Commercial Counsellor in Dublin or if you just want a fore-sniff of the atmosphere, read Behan's *Brendan Behan's Island* or Honor Tracey's *Mind You I've Said Nothing*. Anyway, try a visit to the nicest little country in the world. You'll be as welcome as Kennedy hisself. ●

Greece and EEC Regulations

THE Bank of Greece issued early in March detailed regulations covering trade between Greece and the EEC countries.

The most important of these are related to "Commodity Circulation Certificates", required to enable goods from EEC countries to take advantage of the gradual tariff reductions that Greece began to put into effect on November 1, 1962, in favour of the Common Market countries.

The regulations will apply to products imported from the following countries: Belgium, Luxemburg, West Germany (including West Berlin), France (including the Principality of Monaco, Guadeloupe, Martinique, French Guiana and Reunion), Italy (including the Republic of San Marino), and the Netherlands.

Products that will qualify for the circulation certificates are those produced in EEC countries (a) from local raw materials; (b) from raw materials originating in other member countries; (c) from raw materials originating totally or partially in third countries and which are in free circulation in the EEC countries.

Products produced in third countries will qualify provided they are in free circulation within the EEC area. Products in free circulation within the Community are considered to be those produced in third countries on which all import requirements have been met, and all the relevant import duties and taxes levied on import collected by the EEC member countries and which have not enjoyed any partial or total tax refund or duty drawback.

To ensure that products imported into Greece meet the above requirements as described in the Association Agreement and therefore are entitled to the successive tariff reductions, it is necessary that they be accompanied by a supporting instrument issued by the customs authorities of the EEC member country of origin, known as "certificate of circulation" (certificat de circulation).

The directive issued goes on to describe the data which must appear on the certificate of circulation, pointing out that this replaces the certificate of origin. This means that payment of the import duty on products imported into Greece will be authorized upon presentation of a certificate of circulation or a certificate of origin. Parcel post shipments will be processed as before.

—B. A. MACDONALD,
Commercial Counsellor, Athens.

Shipping to California Your Problem?

How can you compete in the California market when your plant is 3,000 miles away? How can you overcome the handicap of delayed deliveries, keep stock on hand to fill orders? Here is one way that some Eastern U.S. shippers are surmounting these obstacles.

G. F. OSBALDESTON, *Consul and Trade Commissioner, Los Angeles.*

CANADIAN exporters who wish to sell in California despite the handicap of distance might well investigate a service popular with many manufacturers in the Eastern United States who face the same problems. Some 28 of them are making use of the complete branch services provided by California Expediters Inc. —for about half the cost of setting up their own branches in California.

Los Angeles County alone represents the second largest retail market in the country, with 8 per cent of the total population of the United States—fast overtaking the State of New York. Californians buy more than 8 per cent of all goods sold in retail stores in the United States. But the difficulty encountered by both Eastern U.S. manufacturers and Canadian exporters in tapping this lush market is matching the prices and services that Western manufacturers can offer. Frequently, the California buyer concedes that Eastern suppliers offer lower prices and higher quality. But, on the other hand, he points out that Western suppliers offer better service and he often finds it profitable to sacrifice value for service. The practice of buying locally cuts down transportation costs and does away with slow and partial deliveries. It means better stock control, increased turnover, and fewer markdowns.

How It Works

California Expediters can help exporters in the East or in Canada to match these services. Suppose a Canadian sportswear manufacturer becomes one of its clients and sends out a sportswear shipment. When the shipment arrives at the company's warehouse, it is first of all checked for conformity to sizes, colours, etc., for any defects in workmanship, and for short shipment. The garments are then shaken out and hung up on racks according to colour and size. A customer in the area can send in an order to the warehouse using a postal box number; the order is filled and shipped out, and the manufacturer is notified of the sale by stock control cards or copies of invoices. If requested, California Expediters also bills the buyer.

The company occupies a three-storey building in Los Angeles with 121,000 feet of floor space. By June, it will have another 100,000 square feet. Its 56 employees provide 33 separate services, as detailed below. It does not, however, accept any credit risk and its warehouse cannot be used as a showroom or sample room for displaying a manufacturer's line.

Services Provided

PHYSICAL HANDLING

Receiving and processing of goods:

1. Opening incoming merchandise
2. Sorting merchandise
3. Checking and verifying incoming merchandise
4. Stocking shelves
5. Surplus stock storage
6. Order filling
7. Order checking, to insure accuracy
8. Order packing
9. Weighing
10. Routing
11. Shipping
12. Receiving and handling of your customer returns
13. Taking physical inventories

OFFICE AND PAPERWORK

Functions performed:

1. Preparing shipping documents
2. Receiving mail and telephone orders
3. Special processing of "rush" and promotion orders
4. Customer credit file reference
5. Order rewriting
6. Order auditing and processing
7. Customer invoicing
8. Salesmen's mailing
9. Mail to chain disbursement offices
10. Posting sales issues
11. Order and invoice record file

Information supplied:

1. Physical inventory reports
2. IBM stock status reports
3. Stock alert reports
4. Reporting of defective customer returns

5. Copies of orders, invoices and shipping documents
6. Back order reports
7. Discrepancy reports on incoming shipments
8. Freight damage and inspection reports
9. Itemized statements of monthly activity

For its services, California Expediters charges a commission, the rate of which is based on the net dollar value of merchandise inbound from the factories, or on the net dollar value of warehouse shipments outbound. The actual percentage—4 to 6 per cent on the average—depends upon the manufacturer's dollar volume, his special requirements, and the amount of physical handling and office work needed.

"Personalized" Warehouse

When I discussed the services that this company offers with its president, Arthur L. Gordon, he emphasized that he is not in competition with warehousers. His is a more complex operation and he does not even agree to handle a company's merchandise unless the assignment has some degree of complexity. In fact, a client can ask the firm to undertake almost any job and it will at least consider it; the more difficult the request appears, the more interested California Expediters will be. It is the extent of their services that makes the operation unique; you might almost call it a "personalized" warehouse. As Mr. Gordon puts it, "We have to do a better job than a company branch—otherwise we will be fired!"

His firm also offers a special freight service from New York and from Charlotte, North Carolina. Eastern goods are consolidated at these two points and the manufacturer benefits from carload rates. This service is available to Canadian companies which make a connection with California Expediters.

Perhaps this is the answer for the Canadian who has stayed away from the market in California because of a fear that he could not serve customers properly. At least it's worth investigating! ●

How's Business in Guatemala?

GUATEMALA CITY today is tranquil and calm. The streets are full of bustling shoppers and the ports are working at capacity shipping out a record cotton crop. All this proves that the coup d'état by the Guatemalan Army on March 30 has not affected Guatemalan business adversely. Businessmen should not cancel their visits to this area because they fear political disturbances.

Bankers' reports indicate that there has been no flight of capital since the coup d'état and savings deposits have risen 10 per cent since last spring. The foreign exchange reserves have shown an encouraging upswing, mainly because of the exchange control regulations imposed last October but also because of improving business conditions and the coffee and cotton crops that have just been harvested. These reserves rose from a record low of $24.8 million at the end of October last year to $59.3 million at the end of March 1963 ($51 million at the end of March 1962).

The outlook for Central America as a whole brightened during President Kennedy's visit to Costa Rica in March. This visit was followed by a meeting in Managua, where representatives from the United States and Central America made plans to accelerate and bolster Central American integration efforts. The meeting took place several days after the coup d'état and there was some doubt about the nature and extent of Guatemala's participation. However, Guatemala sent two representatives and will undoubtedly continue to play an active rôle in the program.

Nevertheless, economic integration of Central America cannot be expected to solve all of Guatemala's problems. The last three years—marked by street riots, guerilla activity and general unrest—have sapped the country's strength. As Central America's most populous country, richly endowed with natural resources, Guatemala has an opportunity to capture a large share of the new investment that will be attracted by the larger markets created by integration. But a period of relative stability and a return of confidence are needed before many substantial investments will be made. A large sector of the business community believes that Guatemala will soon achieve the prerequisites for restoring confidence and will embark on a period of dynamic economic growth.

Turning from capital investment to the sale of goods, import competition is intensifying. The area is rapidly becoming a regular stop for businessmen visiting Latin American markets. Exchange controls do not present any major difficulties for the exporter and diversification of the economy has helped to insure a regular supply of foreign revenue. In the light of the improving exchange reserves, there is widespread speculation that the exchange regulations may soon be modified and liberalized.

In brief, the business community is viewing the future with optimism. The cotton crop has exceeded forecasts and may reach a value of $38 million for the current crop year. Three other relatively new industries—shrimp, livestock, and sugar—are developing rapidly and the two traditional agricultural exports, coffee and bananas, should continue to be important sources of export revenue. Now is the time for Canadians either to enter the Guatemalan market or to intensify current sales activities.

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

It's Market Week in Chicago

. . . four times a year, for women's wear retailers.

It can be sales week for Canadian manufacturers with quality lines to sell. Next showing for spring lines comes in November.

J. M. KNOWLES, *Vice Consul and Assistant Trade Commissioner, Chicago.*

THE favourable reaction of large numbers of U.S. buyers to the quality Canadian lines shown at the 1962 Canadian Samples Shows in Toronto, Montreal, Winnipeg, and Vancouver made it appear that there is a definite but largely unexploited market in the United States for Canadian-made quality women's wear.

This encouraging indication was confirmed by the enthusiasm shown by buyers who viewed similar displays by no fewer than 62 manufacturers of women's wear at the National Canadian Samples Show, held in Toronto April 2-4 this year. I was, in fact, so impressed with these developments that upon my return to Chicago I undertook to study this market to find out why our merchandising of these lines here has so far been limited largely to a relatively few items in large Chicago stores.

The answer, I found, was simple. Our manufacturers are not yet seriously trying to sell here and we are not reaching the big outlying areas at all. Yet four times a year a week-long ladies' and children's wear market is held in Chicago and attracts thousands of buyers from all over the U.S. Middle West. Although manufacturers from Maine to California consider these market weeks extremely important, so far not a single Canadian manufacturer has taken part in them. Yet during these weeks the most successful salesmen often sell $300,000 to $400,000 worth of goods in a single week. Total business written is impossible to estimate; it certainly runs to millions.

I am not encouraging any Canadian manufacturer of women's clothing to grab a suitcase and head for Chicago. The greatest opportunities lie in the better-quality ladies' ready-to-wear garments, ladies' sportswear, and accessories such as handbags. There is little or no effective demand for Canadian goods at the low end of the line, for two reasons. First, the cheaper clothes stand little chance of surmounting the U.S. customs barrier and competing successfully against the longer production runs of U.S. manufacturers and the lower costs of such areas as Hong Kong and Japan. Second, the buyers who are attracted by these market weeks are small independent retailers and chain stores. In order to survive against the competition of large discount houses, they have had to forsake the cheaper lines and concentrate on the quality retail market for style garments.

The main foreign competition in quality merchandise is from France and Italy, but so far the representatives of French and Italian houses have confined their efforts to the big Chicago stores.

Some Canadians Selling

A few Canadian firms have been making headway in placing their lines with some of the large department store chains and catalogue houses in Chicago and in a few other large U.S. cities. Although these sales are an encouraging portent of future development, Canadian penetration of the hinterland has been minimal so far. About 12,000 individual shops and small retail chains constitute an enormous potential market. These stores are located in all of the prosperous and progressive cities, towns and villages in the populous Midwest.

Four Market Weeks

To achieve maximum penetration of this area, it is almost essential to participate in the market weeks held by Style Exhibitors, Inc., in the Morrison Hotel, 79 East Madison Street, Chicago, Illinois. A word or two about this organization is basic to an understanding of what it is and what it tries to achieve. Founded in 1918, Style Exhibitors, Inc. was the first organization of its kind and it is still the largest and most important in North America. It is basically a co-operative venture of salesmen and manufacturers' representatives who are in the women's and children's apparel field. A permanent full-time staff is maintained in the Morrison Hotel in Chicago where, four times a year, market weeks are held. During the shows, some 440 rooms and suites in the hotel, equivalent to nearly five entire floors, are taken over. Here the 800-odd salesmen members, who represent about 1,000 U.S. garment manufacturers, exhibit their lines. An average of about 4,500 retailers come to see them, from an area stretching from a line 500 miles east of Chicago to another about 900 miles west of Chicago and from somewhat to the south of Kansas City north to the Canadian border. This area embraces the heavily-populated states of Illinois, Indiana, Michigan and Ohio, as well as North Dakota, South Dakota, Nebraska, Kansas, Minnesota, Iowa, Missouri, Wisconsin and Kentucky.

The first of the four market weeks a year is held in either the last week in January or the first week in February, depending upon accommodation in the hotel. Here summer lines are displayed and sold. Winter goods are shown at the next market in the first week in June. In the first week in September, holiday and resort lines are displayed, and at the fourth show, the first week in November, spring lines take over.

Advance Advertising

Before each show, three pieces of literature are mailed to each of approximately 12,000 retailers and potential buyers in the U.S. Middle West. A complete show directory, suitably cross-indexed, is prepared; it gives manufacturers' names, representatives' names, hotel room numbers, and full lines to be displayed by each, complete with information on sizes and price range. The categories into which merchandise is classified are:

- Dresses and costume suits
- Maternity apparel; wedding gowns, bridesmaids' dresses, cocktail dresses and formal wear
- Coats and suits
- Sportswear and beachwear; skirts, blouses, co-ordinates and pants
- Knitwear: knitted suits, dresses, sportswear and sweaters
- Infants', children's, preteen and teen wear
- Lingerie and lounging apparel
- Handbags and jewellery
- Daytime dresses, aprons, uniforms and smocks
- Gloves, hose, belts and handkerchiefs
- Neckwear, scarves, veiling, flowers and millinery
- Raincoats, car coats and umbrellas
- Fixtures and garment covers.

Canadians Can Participate

At present no Canadian firms are represented at these shows, although Style Exhibitors Inc. is affiliated, through the National Association of Women's and Children's Apparel Salesmen, Inc. (NAWCAS), with the National Garment Salesmen's Association of Canada. The latter is a thriving organization which held its ninth annual convention in Toronto.

A manufacturer can use Style Exhibitors, Inc. in one of two ways. If he is already represented in the U.S. Midwest, his representative can join the association and exhibit in the show or shows of interest to him. The cost is not unreasonable in the light of what is offered. There is a one-time initiation fee of $50.00, plus annual dues of $20.00. The salesman may then exhibit in any or all of the four markets for an additional $17.50 each for the first line, plus a charge of $7.50 for each additional line. The cost of the room or suite and any extras (such as refreshments and entertainment) are also borne by the exhibitor, although the show management provides a hospitality suite with free refreshments.

A Canadian manufacturer seriously interested in selling here should, if necessary, be prepared to go part of the way or the whole way in underwriting these necessary expenses for his representative.

If the manufacturer is not represented in this area, he may write to the Consul and Senior Trade Commissioner, Canadian Consulate General, 310 S. Michigan Avenue, Chicago 4, Illinois, or directly to Mr. I. Jerome Harris, President of Style Exhibitors, Inc., who will be happy to recommend suitable representation from among the association's members in line with the products and needs of the principal.

It is not practical for a Canadian manufacturer to send a Canada-based salesman to these shows ex-

At the Canadian Samples Show held in Winnipeg last October, department store buyers from the U.S. examined displays by some 18 Canadian manufacturers of women's and children's wear. Here a buyer (second from right) checks on prices, etc.

cept as an aide to a local man. To be effective, the actual selling must be done by men who already cover the territory in depth, know the area, and are personally acquainted with numbers of retailers and their individual needs. Nevertheless, the Canadian principal must be prepared to visit Chicago from time to time to keep in touch with fashion trends and customer requirements.

Two Types of Buyers

Buyers come in to Chicago for one or more days during the four show weeks and shop the market, either alone or with the aid of a small number of well-established independent commission buyers or resident buying office representatives. It is important to understand the distinction between the two and the respective rôles they play in the market.

The commission buyer offers his clients specialized knowledge of the market and takes the visitor directly to the salesmen best able to supply his needs. He (or, more usually, she) receives his or her commission on any eventual sales from the manufacturer. The independent resident buyer does much the same thing but receives his commission or fee from the customer. Both commission buyers and resident buyers often have a large and faithful following of small retailers and frequently have blanket authority to buy certain categories of merchandise up to specified amounts in a given time.

Their activities are supplemented by resident buying agents or representatives, who are actually the permanent paid local employees of a store or group of stores. Buying authority is usual for such officers.

The importance of commission buyers, independent resident buyers, and buying representatives must be considered in making an approach to selling in Chicago. The resident buyer and the buying representative or agent are potential customers every bit as much as any department store or style shop or chain. In dealing with commission buyers, allowance must be made for remuneration to them when any sale is made to one of their clients; this is over and above the commission normally paid to your salesman.

An average of 4,500 buyers visit each of the four markets—or about 18,000 a year. Over 1,400 lines are shown, representing the output of U.S. manufacturers from coast to coast. It is possible for a retail store or chain to buy its complete yearly requirements under the one roof and many of them do. In this way, smaller organizations are spared the time, trouble and expense of sending buyers to the New York and other markets. Manufacturers from all parts of the country are given access to huge numbers of outlets that they might seldom or never reach through the average travelling salesman.

Locale to Change

From the standpoint of the newcomer, there is one major drawback to the present system of exhibiting in the Morrison Hotel. The buyers must go from room to room and from floor to floor and, generally speaking, are attracted by, and only have time for, the items and lines with which they are already familiar. Traffic is slow and difficult and the visitor can see only a relatively few things in a day, chiefly those to which individual salesmen and resident and commission buyers steer him; under present conditions, potential buyers simply do not look at certain merchandise unless they have a particular reason to visit the room in which it is on display. It is practically impossible for even the most impartial and energetic retailer to cover the whole market thoroughly, and to shop comparatively, in the time available.

Beginning with the show in November 1963, however, this difficulty will disappear. After 44 years in the Morrison Hotel, Style Exhibitors, Inc. will then, and thereafter, hold its market weeks in the great exhibition hall at McCormick Place, Chicago. Merchandise will be exhibited in more or less open booths, as the exhibitor desires. Garments of the same category will be grouped together in sections, each identified by a distinctive colour. This will make possible for the first time intelligent comparative shopping by retailers. There will be maximum exposure and all of the buyers should be able to cover all of the exhibits.

Advantage for Canadians

This change of location seems particularly significant for Canadian manufacturers who may wish to participate in future shows. The rôle of the commission buyer and resident buyers of both types will be much smaller and so (possibly to a lesser extent) will the personal influence of individual salesmen on their following. Retailers will see much more and will be able to compare values more readily. A manufacturer who comes here for the first time will stand a much greater chance of success and on the basis of recent experience, we are confident that a Canadian manufacturer of quality lines will be amply repaid for displaying his wares in these shows. It is not too early to start preparing for next November's market, if you do not yet have representation in this area.

It goes without saying that adequate preparation is a prerequisite to any approach to this market. In these shows the Canadian will be competing solely with U.S. manufacturers and the potential buyers are people from outlying districts who have seldom, if ever, bought anything from a non-U.S. source. However familiar the Canadian firm may be with customs duties and procedures, they are a mystery to these buyers. Accordingly, prices must be worked out in U.S. dollars, landed, with freight and duty paid, f.o.b. Chicago and even, ideally, f.o.b. Minneapolis-St. Paul, Kansas City, Louisville, Indianapolis, St. Louis, and other major Midwestern cities.

Sizing is also extremely important and should conform to United States standards. U.S. labelling regulations must be observed. Delivery is also highly important and, if possible, the firm should have a representative who is able to carry small stocks to fill rush orders.

The Commercial Division of the Canadian Consulate General, 310 S. Michigan Avenue, Chicago 4, Illinois, will be happy to assist Canadians by answering their questions or helping them to introduce their products to the Midwest. ●

COMMODITY NOTES

Almonds

SPAIN—Spain continues to produce 37 per cent of the world's almonds and vies with Italy for first place as the leading producer. At present 41 million trees are producing in Spain, principally in the Balearic Islands, Murcia and Albacete. Unfortunately, the crop varies in size with the weather and at the end of March frost severely damaged almond trees in the Valencia and Albacete provinces.

The 1962 crop is estimated at 22,500 tons (shelled), compared with the bumper crop of 35,000 tons in 1961. Exports last season totalled 30,500 tons valued at $34.2 million, of which Britain bought 8,355 tons, France 7,935, West Germany 4,327, and Canada 1,140. Only 20,000 tons are expected to be available for export this season—Madrid.

Aluminum

AUSTRALIA—The Australian aluminum industry has entered the export market with sales to Britain. Comalco Industries Pty. Ltd., owners of the Bell Bay (Tasmania) plant, recently shipped 300 tons of aluminum to the National Smelting Co. at Bloxwich, Staffordshire, to be used in the preparation of die-casting alloys. Reports indicate that, despite a growing domestic consumption, Australia can continue to develop a useful export trade—an achievement because this country has always been a substantial net importer of aluminum.

The Bell Bay smelter is being expanded and capacity is expected to reach 52,000 tons a year this month, compared with 12,000 tons two years ago—Melbourne.

NEW ZEALAND—Sheet aluminum processed in New Zealand is now being exported to the United States. The first shipment of four tons, worth about £1,500, was bought by the Alumiseal Corporation of New York from Alcan Industries Limited of Auckland—Wellington.

Cashews

INDIA—Exports of cashew kernels from India in 1962 totalled 2.04 million cases of 50 pounds each, an increase of about 12.7 per cent over the 1961 figure of 1.8 million cases. However, the foreign exchange earned was about Rs.2 million (approximately $450,-000) less than 1961's Rs.187 million ($42 million) because prices on international markets dropped—Bombay.

Chemicals

SOUTH AFRICA—A new plant is to be built in South Africa to produce polyethylene beginning in 1965. Initial capacity will be 28,000 tons a year and it is expected that $11 million in foreign exchange will be saved each year when imports are eliminated. Also announced are plans for a phosphoric acid plant to supply a new phosphate fertilizer plant now being built—Johannesburg.

Citrus Fruit

SPAIN—Citrus exports to date (April 26) total approximately 620,000 tons and the total for this season is estimated at over 650,000 tons, 500,000 tons less than last season. This represents a loss to Spain of $50 million in foreign exchange earnings.

Spanish citrus trees on the whole appear to have recovered satisfactorily from the frost damage this season and the 1963-64 crop is estimated at between 1.6 and 1.7 million tons, with over one million available for export, barring bad weather—Madrid.

Diesel Engines

MEXICO—A Danish firm will manufacture marine diesel engines at a new factory near Veracruz. Both components and parts will be made and sold in Mexico and in countries of the Latin American Free Trade Area—Mexico, D.F.

Gin

NEW ZEALAND—Almost 300,000 gallons of domestic gin were sold in New Zealand last year. A total of 360,328.5 imperial gallons at strength of proof were distilled and received into bonded warehouses, of which

283,905.6 gallons were taken out for home consumption, and a further 348.1 gallons exported—Wellington.

Grass

IRELAND—A new variety of cocksfoot grass is now being marketed under the name Ferdia. The result of several years' breeding work by members of the technical staff of the Department of Agriculture, Dublin, this grass has a number of qualities that make it advantageous to farmers: it is more leafy than other varieties of cocksfoot, is more palatable to stock, has better growth in midsummer and gives a more uniform growth. Its quality of flowering late and growing well in autumn makes it suitable for winter grazing. It is persistent, vigorous and productive and still grows well when mixed with other species of grass. This cocksfoot is now being propagated under the Department's seed certification scheme.

The breeding of this grass began in 1953 when technical officers of the Department collected about 1,000 plants from the best permanent pastures they could find. These plants were tested for two years and the best 20 selected and crossbred. Of their progeny, 20 were tested for a further two years and, after comparison with existing bred varieties, the ten best parents were selected and again crossed. The new variety derived from the crossings was not released on the market until it had undergone further critical tests and proved to be of outstanding merit—Dublin.

Oil

AUSTRALIA—A number of oil search companies in Australia have combined to carry out a geophysical survey over an area of more than 90,000 miles and have applied for a Federal Oil Search subsidy. By co-operating, they hope to lower costs, make the best use of equipment, and pool results. Oil Development N.L., Planet Exploration Co. Pty. Ltd., Mid-Eastern Oil N.L., and Sterling Australian Oil Corporation intend to survey 43,000 square miles in the northwest of the state of New South Wales between the Queensland border, Cobar and Menindee. Planet Exploration Co. Pty. Ltd., Woodside (Murray Valley) Oil Co. Pty. Ltd., Woodside (Lakes Entrance) Oil Co. N.L., and Amalgamated Petroleum N.L. will survey 49,000 square miles in the Murray basin of New South Wales between Griffith, Mildura and Horsham. Planet Oil Co. N.L. will be the operating company in both instances.

It has been officially announced that Societe National des Petroles d'Aquitaine (France) has entered into an agreement with the Associated Oil Group to spend A£3 million in the search for oil in Queensland and the Northern Territory in the next three or four years—Sydney.

An extensive gravity survey, costing approximately $1.2 million, has been planned for the Great Victoria Desert in Western Australia to show areas of gravity anomaly that might be related to structural features. If suitable anomalies are found they will be investigated by seismic surveys and drilling. An aeromagnetic survey by Hunt Oil Co. indicated several areas of very thick sediments at about 18,000 feet—Melbourne.

Photographic Equipment

AUSTRALIA—Australian imports of photographic equipment are rising steadily, after a slight decline in the 1961-62 fiscal year when they totalled approximately $16.5 million, $1.4 million less than in 1960-61. Greater use of photographic processes in such fields as medicine, science, television and business is responsible for the upsurge in demand. Camera production in Australia is limited to box cameras using roll film, and a small number of motion picture cameras. The popularity of 35 mm. colour transparencies with amateur photographers can be gauged from the figures for the last fiscal year which show that imports of 35 mm. still cameras reached a value of $1.6 million—Melbourne.

Steel Sheet

NORWAY—A new steel sheet mill owned by the State concern A/S Norsk Jernverk will shortly be in full production. Located in Bergen on the west coast of Norway, the mill has an annual capacity of 70,000 tons of cold-rolled sheet and tinplate. The mill started test production last spring and has already delivered cold-rolled sheets to customers in Norway and abroad. The total cost of the new mill was approximately Norwegian kroner 90 million. A/S Norsk Jernverk is also operating a hot-rolled mill in Bergen, but this mill will shut down operations early this year and not resume them until the market for hot-rolled sheet improves—Oslo.

Tinplate

ITALY—Since 1951, when 59,000 tons were produced, Italy's tinplate output has trebled; it reached 159,000 tons in 1962. Electrolytic tinplate showed the greatest rise—from 1,533 tons in 1957 to 77,686 in 1962. Domestic consumption has risen from 80,607 to 250,000 tons. Exports of tinplate in 1962 amounted to 26,000 tons: imports totalled approximately 100,000 and came mainly from Britain, the United States and France—Rome.

Tobacco

BELGIUM—The tobacco harvest in Belgium in 1961 amounted to 5,612,499 pounds as compared with 4,387,714 pounds in 1960. Last year there were 2,641 growers cultivating 2,466 acres. Average prices varied according to region from 27½ to 34½ cents per pound—Brussels.

The Second Export Trade Promotion Conference opened on April 16. Out to greet the first businessman to arrive at No. 1 Temporary Building, W. R. Parkinson of Kelly, Douglas and Co., Vancouver (right), were the Minister of Trade and Commerce, the Hon. Wallace McCutcheon (centre) and James A. Roberts, the Deputy Minister.

The outgoing Minister of Trade and Commerce, the Hon. Wallace McCutcheon, seized the opportunity that the conference provided to introduce the incoming Minister, the Hon. Mitchell Sharp, to the Trade Commissioners and other officers of the Department in the lounge at No. 1 Temporary Building on April 22.

AT nine o'clock on April 16, the Second Export Tra
Promotion Conference opened its doors to Canad
businessmen. In their offices, grouped by regions, 1
Trade Commissioners stood ready to answer th
visitors' questions and to discuss, in half-hour int
views, export prospects for a variety of products.

When the Conference ended fourteen days later,
May 3, the Trade Commissioners had conferred w
1,478 businessmen from 1,095 firms. In addition
discussing prospects for selling products, they l
briefed their visitors, as appropriate, on political a
economic conditions in their territories, on methods
distribution, import restrictions, tariffs, the choosing
an agent, credit conditions, and other aspects of exp
trade. The businessmen, for their part, had given
Trade Commissioners an insight into the scope of Ca
dian production and its increasing sophistication.

How did this second conference compare with
first? The setting and the organization were the sa
So were many of the participants. But the Trade Co
missioners noted one difference almost at once: h
much Canadian companies had learned about export
in the intervening 27 months. Their questions reflec
this greater knowledge—they were more pointed, m
specific. Many firms had achieved success in sev
markets and came back to ask, "Where next?" Na
rally, there were newcomers too, to be advised on
steps in exporting and on initial ventures.

The number of interviews at the 1963 confere
was up about 10 per cent over 1960—to 11,153 co
pared with 10,500. The number of businessmen w

J. Real Caux, Assistant Commercial Secretary in Lagos, Nigeria, invites into his office R. Harvey Galbraith of Edmonton for the next half-hour interview, as Vernon Yelf of London, Ontario, briefed on the expanding Nigerian market, takes his leave.

Face to face with the Senior Trade Commissioner in New York, Bruce Rankin (right), J. L. Eckbrecht of Arcan Eastern Ltd. explains a scale model of his product as a prelude to discussing possibilities for selling it in the United States market.

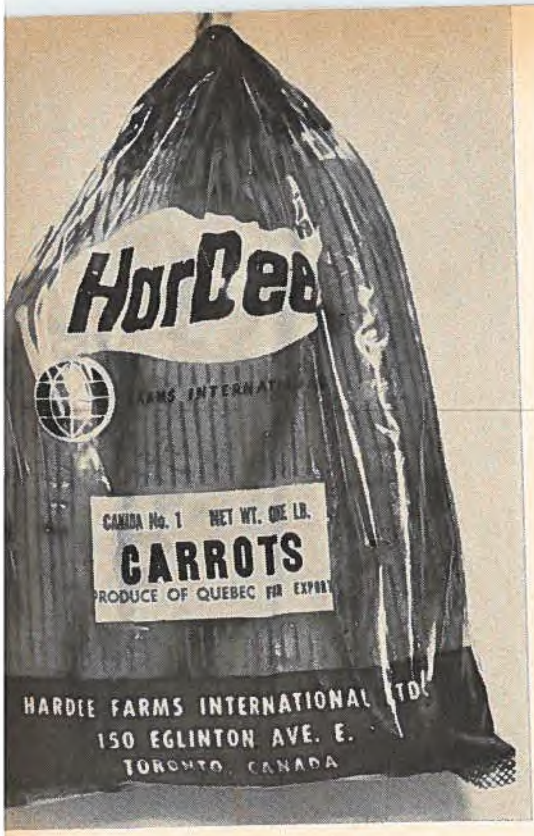
ended increased also—to 1,478 as against 1,365 in 60—and the average number of interviews per firm rked out at 10.1.

Some firms sent only one representative, with a edule of interviews that took two to three days to nplete. Many of the larger companies dispatched ee or four teams representing various divisions who ceeded to canvass opportunities for their products. n what countries were businessmen particularly rested, judging from the number of interviews ked? Not surprisingly, Britain came first, followed Jamaica and Trinidad, Australia, Venezuela and entina. The last officer to complete his interview our Commercial Counsellor in Jamaica.

Obviously, businessmen in Canada took full advan- of this second opportunity to make a "world ness tour under one roof". One of them expressed reaction in a letter to the Department:

We attended interviews with a number of your le Commissioners . . . When our services were ained . . . they responded with a clear under- ding of our aims and they were readily able to ate and outline projects in their respective tries in which we might be able to play a useful They also . . . gave us guidance on the method manner of approach which we should adopt to the rent officials in each country . . . The fact that one of the Trade Commissioners was able to s our functions and aims so clearly and intelli- y and the very efficient arrangement of interviews very satisfying indeed." ●

It's not easy to provide the Trade Commissioners with a sample of your product when it's a prefabricated house. Paneloc Buildings of Vancouver solved that problem neatly by erecting one of their houses on part of the Garden of the Provinces, opposite No. 1 Temporary Building where the Export Conference took place.



How to Label Foods for the British Market

Some Canadians selling foods in Britain have narrowly escaped prosecution for minor infringements of the labelling laws. To avoid trouble, exporters should study how these regulations differ from those in effect in Canada.

B. M. FILLMORE, *Office of the Minister (Commercial), London.*

THE Canadian who wishes to sell fresh or processed food products in Britain should give some thought to the labels on them. Labels designed for the Canadian market may not be suitable and should be revised to meet British requirements. To the uninitiated, the regulations in Britain governing the composition and labelling of foods may seem formidable. It is, however, relatively easy for Canadian exporters to comply with these by observing certain simple rules.

The basic information needed on labels is:

1. The name and address of the packer or distributor of the food and the country of origin.

2. The common name of the food and brand name.

3. The declaration of ingredients.

4. The declaration of weight or measure.

The following paragraphs give further information on the legislation governing these four requirements.

Declaration of origin—Merchandise Marks Act, 1926
Name and address of packer—Labelling of Food Order, 1953 (S.I. 1953/536)

These two orders cover the declaration of origin of certain foods and of the name and address of the packer. *The Merchandise Marks Act, 1926,* requires that certain fresh foods—fresh apples, certain dried fruits (currants, raisins and sultanas), eggs, oat products, raw tomatoes, bacon and ham, dead poultry, meat (fresh, frozen and chilled), margarine, malt products, salmon (frozen or chilled), butter and honey must bear a statement of origin when offered for retail sale. For most of these products the outer shipping container must also show the country of origin; this is in addition to the normal Certificate of Origin, Forms 119 and 120, required by H.M. Customs & Excise.*

The specific methods of application to fresh products are given in detail in Notice No. 33c, issued under Section 2 of the Act. The indication of origin must be in the form "Empire", or "Canadian Produce", "Product of Canada", etc. However, canned or processed food products do not officially need a designation of origin on the label unless the Canadian packer labels the product under the name or trademark of a British trader. It is nevertheless sound trade practice to put the origin on the label because it pays to advertise.

The Labelling of Food Order, 1953, states that a label must bear the name and address of the packer or labeller of the food, or a registered trademark (provided it is a registered trademark of a British trader), in close association with the common name of the food. Many Canadian place names have distinctly English connections (such as Edmonton, London, Halifax) and this suggests that the inclusion of "Canada" in the address is essential. From past experience, the effect of these two orders is to make it advisable to include the declaration "Product of Canada" and the word "Canada" in any form of address under any circumstances.

---

*See article "British Customs and Tariff Regulations" in *Foreign Trade,* March 9, 1963.

Ingredients—Labelling of Food Order, 1953

Under this order, foods made from two or more ingredients must bear a statement of the ingredients, listed in descending order of proportion by weight. (There is no need to include water.) The ingredients must be named specifically and not generically. For example, "corn flour", "wheat flour" and not just "flour"; "glyceryl monostearate" and not "emulsifier", and so on. There are certain exceptions to this principle —for example, spices, edible fats, colourings, and flavourings, as defined, may be declared as such. If a product like asparagus or corn on the cob is packed in water or brine, it is advisable to describe the product on the label as ". . . in water" or ". . . in brine".

Composition—Food Standards Orders

Certain foods must comply with a British standard of composition and where the product does not meet the minimum prescribed, inspectors employed by the county health authorities have the power to analyze and prosecute. These foods are baking powders, butter, coffee mixtures and essences, cream, curry powder, gelatine, fish cakes and pastes, ice cream, margarine, meat paste, powdered mustard, preserves (including mincemeat), saccharine tablets, salad cream and mayonnaise, self-raising flour, soft drinks, suet and tomato ketchup.

Standards are also proposed for canned meats and hard and soft cream cheeses but have not yet been approved. Where no standard is prescribed, the general provisions of the *Food and Drugs Act, 1955,* apply and inspectors can prosecute for serious infringement of quality—for example, passing off of one variety of food for another, adulterations of or foreign matter in foods, or a food below the normal commercial quality, —that is, "not of the nature, substance or quality demanded by the purchaser."

Other regulations affecting the ingredients permitted in foods in their various stages of processing are:

1. **The Colouring Matter in Food Regulations, 1957. (S.I. 1066)**—prescribe the permitted colours in foods.
2. **The Preservatives in Food Regulations, 1962. (S.I. 1532)**—prescribe the permitted preservatives and respective tolerances.
3. **The Mineral Oil in Food Regulations, 1949 and 1955**—limit the use of mineral oils in certain foods.
4. **The Lead in Food Regulations, 1961 (S.I. 1931)**—prescribe the tolerances for lead content in foods.
5. **The Arsenic in Food Regulations, 1959 (S.I. 831)**—prescribe the tolerances for arsenic in foods.
6. **The Antioxidant in Food Regulations, 1958 (S.I. 1454)**—prescribe the permitted antioxidants and tolerances in foods.
7. **The Artificial Sweeteners in Food Order, 1953, (S.I. 1311)**—limits the use of artificial sweeteners in food.
8. **The Emulsifiers and Stabilizers in Food Regulations, 1962, (S.I. 720)**—prescribe the permitted emulsifiers and stabilizers in food.
9. **The Fluorine in Food Regulations, 1959 (S.I. 2106)**—limit the use of fluorine in food.

Declaration of Weights or Measure
The Prepacked Food (Weights and Measures: Marking) Regulations, 1957, (S.I. 1880)

These regulations prescribe the precise forms of permitted weight or volume declarations. Any expression in metric terms must be accompanied closely by the equivalent expression in imperial terms. Weight and measure designations may be spelled out in full or abbreviated in a specific manner—for example, "15 fl. oz." and "15 oz." Where a statement of measure is marked on the container itself and not on the label—embossed on a glass jar or marked on a lithographed can, for instance—the statement must be preceded by the words "minimum contents" or "contents". No qualification such as "approximately" or "when packed" is permitted nor is any discrepancy in weight or volume tolerated. The contents of the can must at least equal the amount declared.

Statements of contents for most foods may be given in three forms—one, net weight only; two, fluid measure only; three, both net weight and measure. Many brands of Canadian fruits and vegetables have been shipped to Britain with the fluid content declaration in line with Canadian regulations. This does not actually infringe British regulations but the majority of similar products on the British market are labelled in avoirdupois terms and Canadian suppliers should follow suit. Fluid terms for juices are preferred, but Canadian headspace tolerances are not recognized under British regulations and any small discrepancy in the declared content may result in a prosecution, with adverse publicity. Canadian packers should ensure that their labels give a precise declaration, such as "19 fl. oz." or "46 fl. oz." instead of the standard 20 and 48 oz. declarations.

Regulations Strictly Enforced

All these regulations are framed for Parliamentary approval by the Food Standards Division of the Ministry of Agriculture, Fisheries and Food. They are administered by county health authorities, of which there are several hundreds throughout the country. There is a high degree of uniformity in the interpretation of the regulations but in the event of dispute, the courts are final arbiters. The local authorities not only keep a watchful eye on labelling and packaging but also on the content of the foods as well; the more serious infringements may involve court action, with adverse publicity for the firm. Most local authorities are lenient towards minor or technical infringements and advise the packers on how to conform in future. Port health authorities also check on foods, mainly in bulk, in their areas.

The average British consumer may not appreciate the size and scope of the national organization set up to protect his interests and to ensure that he gets a fair deal. Food processors, for their part, must be fully aware of their responsibilities to the consumer because this is an essential part of the competition they face in the huge British market.

Exporters to Britain who have labelling problems should consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa, or the Agricultural Counsellor for Canada, One Grosvenor Square, London, W.1., England. If they wish to make sure they are complying with the regulations, they should supply samples of their present labels or packages. ●

What's current in commodities?

Pharmaceuticals

Lebanon—Nearly all pharmaceuticals sold here are imported, come in without restrictions, duty-free. Government controls quality and price of drugs; buys them on tender. Canadians could capture more of this business—if they are alert and competitive.

C. E. RUFELDS, *Assistant Commercial Secretary, Beirut.*

THE 1.5 million people of Lebanon enjoy the highest health standards of any Middle Eastern country. This is due not only to the efforts of 1,500 doctors and 250 public and private hospitals but also to the Government's policy of permitting the free import of pharmaceuticals and then regulating their sale to the public at reasonable prices.

The most common diseases for which pharmaceuticals are prescribed are dysentery, liver disorders, diet deficiencies, tuberculosis, tropical ailments and, of course, the common cold. The products most often prescribed are antibiotics, liver extracts, vitamins, cortisone and patent medicines.

The Lebanese is a great believer in doctors and conscientiously follows any advice given. He does, however, question a doctor's prescription if it is given in generic terms and must then be compounded by a druggist. He prefers prepackaged preparations imported from a foreign country. The doctors have bowed to this preference and now prescribe brand-name specialities.

Canadian products currently sold in Lebanon enjoy a good reputation and if a wider range of specialties were introduced, we could undoubtedly increase our present small share of the market.

Market Is Unrestricted

Almost the entire range of pharmaceutical preparations available on the Lebanese market are imported. Foreign exchange is readily available and no import permits are required. In addition, customs duties (formerly 10 per cent ad valorem) were abolished in September 1962 and all that remains is a 3 per cent ad valorem municipal tax. This abolition, plus the Government's pricing policy (both instituted in September 1962) has resulted in a 20 to 25 per cent reduction in the retail selling price of pharmaceuticals and medicines; for some specialties the reduction is as high as 60 per cent. Freight rates are not a major problem either because of the high value of drugs in relation to their weight and volume and this too makes Lebanon a highly competitive market.

An examination of the 1961 import statistics (Table I) shows that Lebanon imported over $5.5 million worth of pharmaceuticals, or approximately $3.50 per person. United States firms have a large share of both the antibiotic (23 per cent) and the manufactured preparations (17 per cent) market, even though their prices tend to be higher. Other leading suppliers are Switzerland, France, Britain, Germany and Italy. Canada does not export antibiotics to Lebanon, but did supply approximately 2 per cent

IMPORTS OF PHARMACEUTICAL PRODUCTS INTO LEBANON, 1961

TABLE I

Antibiotics	Value (Can.$)	Share of Market (per cent)
United States	270,000	23
Italy	232,000	19
Germany	158,000	13
Switzerland	120,000	10
Denmark	97,000	8
France	96,000	8
Britain	90,000	7
Belgium	58,000	5
Others	91,000	
	1,212,000	

Manufactured Drugs and Pharmaceuticals	Value (Can.$)	Share of Market (per cent)
Switzerland	823,000	19
France	758,000	18
United States	724,000	17
Germany	591,000	14
Britain	584,000	13
Italy	298,000	7
Denmark	167,000	4
Netherlands	150,000	3
Canada	86,000	2
Belgium	85,000	2
Others	87,000	....
	4,353,000	

of the manufactured drugs and preparations imported in 1960.

The Government bought $2.5 million worth of medical products in 1961, usually by tender, for the Department of Health and the Army. The bulk of these purchases consisted of vaccines, plasma and serums and are not included in the imports shown in Table I. At the moment there is no government-sponsored socialized medical scheme, but one is under study. Should it become law, government purchases would probably increase sharply.

Local Production Small

The complete lack of protection for the local pharmaceutical industry has hindered its development. At the moment there is only one manufacturer worth mention. He produces patent medicines (such as cough mixtures, ointments, syrups) and packages antibiotics, cod liver oil and vitamins imported in bulk. He hopes to expand his operations and has expressed an interest in licensing Canadian formulas for manufacture.

Construction of the first true laboratory for the manufacture of pharmaceutical products will soon be completed. The venture is financed jointly by a Canadian and a Lebanese firm.

Pharmaceutical Legislation

A number of laws have been passed to protect the public against defective products and exorbitant prices.

A preparation must be registered with the Ministry of Health before it can be imported. The authorized importer must produce a certificate of origin and a certificate of price, with two samples. The certificate of origin is to confirm that the preparation is actually manufactured and retailed in the country of origin. The certificate of price indicates the retail price in the manufacturer's country to serve as a basis for determining the selling price in Lebanon. The cost of registration is about $3.50 and it is usually completed within 15 days.

A Technical Committee of the Ministry of Health sets and scrutinizes selling prices. The final selling price cannot be higher than in the country of origin and is usually arrived at by using this formula: actual cost price x 1.66 equals the retail price. Agents and distributors are allowed a profit of 22 per cent; the pharmacist receives the remainder.

Labelling Requirements

All pharmaceutical products must bear a label giving the name, manufacturer, address, formula, ingredients and contents of the package. For products with a limited life, the expiry date must be clearly shown. All products and packages must be identical with those sold in the country of origin.

Arabic and French are the official languages of the country but English is widely used and labels can be in Arabic, French or English. Labels printed in other languages, plus one or two or all of the three languages, are of course admitted. It is common for the manufacturer to place instructions in Arabic inside the package. Imported samples are exempt from customs duty but must not be sold and the words "not for sale" must be clearly printed on them and on the contents in Arabic and a European language.

Method of Trade

Pharmaceuticals can be sold only in the some 300 licensed drug stores, mostly in Beirut and its suburbs. Each drug store must have a qualified chemist or pharmacist, because prescriptions are necessary for all but certain antibiotics, patent medicines and other products in current use.

The druggists' shelves are well stocked with products from every major international pharmaceutical house in the world. Many of these firms—such as American Cyanamid (Lederle Laboratories), E. R. Squibb & Son (Olin Mathieson), Wyeth, Bayer, and Parke Davis—have regional representatives permanently stationed in Beirut to supervise agents and oversee sales to several Middle East countries.

An agent acts as importer, wholesaler and distributor. An exclusive franchise is usually given to him because the market is too small to support two agents handling the same line.

In 1950 a law was enacted requiring pharmaceutical and drug imports to be made in the name of a licensed chemist or pharmacist. This has proved advantageous to firms anxious to enter the Lebanese market because an importer can quickly and accurately weigh the medical advantages as well as the market possibilities of new products and advise the supplier. Terms of payment granted to the importing agent usually vary from letter of credit to three months; requests for terms over three months should be seriously questioned. Wholesale terms vary from cash to seven months.

Advertising and Promotion

Many agents employ full-time salesmen or detail men who are paid a fixed salary plus a commission varying between 1 and 5 per cent. Other than the brochures and samples left by the detail men, advertising of pharmaceuticals is limited to counter and mass advertising material for dispensaries. Patent medicines, on the other hand, are widely advertised in the press and on T.V. Cinema slides are also used and have proved effective, probably because of the captive audience. Advertising is not permitted on the state-owned radio but other mass media are free from restrictions.

Adaptability Needed

The large purchasing power of the Lebanese population, plus the importance of Beirut as a shop window of the Middle East, must be considered in appraising the Lebanese market. In addition, the Government through its various policies has done much to stimulate the market. The potential is there but Canadian manufacturers must adapt themselves to business practices and competitive conditions here if they hope to succeed.

Interested Canadian firms who feel they can compete under these conditions should forward descriptive literature plus the lowest possible prices c.i.f. Beirut to this office. Reliable and aggressive agents are waiting to take up the challenge. ●

Equipment for Ships

Brazil—Government-fostered shipbuilding industry still needs variety of imported equipment, ranging from steel plates to barometers, to complement local material, and also replacement parts.

MALCOLM ROWAN, *Assistant Commercial Secretary, Rio de Janeiro.*

THE last three years has seen the rise of a shipbuilding industry in Brazil that will in 1963 produce 122,000 deadweight tons of shipping from six major shipyards. Up to 1959, the country imported all its oceangoing vessels.

The industry is a government creation, designed to save foreign exchange and promote industrialization. In 1958 the decision was taken to build ships in Brazil and the necessary conditions were established by decree. An Executive Group for the Shipbuilding Industry, (GEICON) was also set up that same year to select the firms that would be allowed to operate shipyards under the favourable conditions the Government provided. By 1961, when the major shipyards were in operation, the activities of GEICON were transferred to the Shipbuilding Industry Executive Group (GEIN) that regulates the shipbuilding program, including repairs and complementary industries, and supervises the shipyards.

To induce private investment, concessions had to be offered. These included financing, exemption from import duties and other customs taxes for equipment and material, premiums for each ship built, and incentive orders. To date, the Merchant Marine Commission has placed 21 incentive orders, paid for mainly by a 5 per cent tax levied on the value of the net maritime freight on both imports and exports. In addition, Petrobras, the national oil monopoly, has ordered six 10,500 d.w.t. tankers from two of the yards, Verolme and Cia. Comercio e Navegacão. These are the first such vessels to be made in Brazil. But the shipyards now must compete among themselves for orders placed by the Merchant Marine Commission and can no longer rely on incentive orders to keep them working at capacity.

To obtain the government concessions and incentives, the shipbuilding companies must comply with certain requirements. One is the use of as much Brazilian content as possible in each ship; this national content is to increase each year. Currently, about 50 to 60 per cent by value of every ship built in Brazil is of Brazilian content. This leaves room for some importing of material and equipment and Canadian manufacturers may be able to participate in this market, though competition is keen.

TABLE I

PRODUCTION CAPACITY OF BRAZILIAN SHIPYARDS (PRESENT AND PLANNED)

	1962	1963	1964	1965	1966
Ishikawajima do Brasil Estaleiros S.A. Antonio Carlos 607, Sobreloja, Rio de Janeiro, Gb.	18,000	40,000	80,000	80,000	80,000
Verolme Estaleiros Reunidos do Brasil Araujo Porto Alegre 36—7° Rio de Janeiro, Gb.	21,000	30,000	75,000	75,000	85,000
Cia. Comercio e Navegação Av. Rio Branco 103—5° Rio de Janeiro, Gb.	9,300	28,600	42,400	52,400	42,400
Engenharia e Maquinas S.A. Visc. de Inhauma 134—19° Rio de Janeiro, Gb.	5,000	13,200	12,000	12,000	12,000
Industrias Reunidas Caneco S.A. Carlos Seidl, 714, Caju Rio de Janeiro, Gb.	3,000	7,200	8,000	10,000	10,000
Estaleiros Só S.A., Porto Alegre, Rio Grande do Sul	....	3,000	5,000	5,000	5,000
Total	**56,300**	**122,000**	**222,400**	**234,400**	**234,400**

Source: Sindicata da Industria da Construção Naval do Rio de Janeiro.

Note: a) The largest vessel so far built in Brazil is of 12,700 d.w.t. (closed hatch).

b) The above production capacities are subject to revision upwards in individual cases as planned additions to the yards are carried out.

Permitted Imports

The list of products of interest to Canadians that the shipyards could still import at the end of 1962 is attached. Some of these will, in the months to come, no doubt be taken off this list as local manufacturers begin production. Steel plates are the best example of this because two steel mills—Usiminas (joint Brazilian-Japanese capital) and Cosipa—are scheduled

Equipment Imported for Vessels of Medium Tonnage*

Propulsion and auxiliary machinery—import of diesel engines will be difficult because Burmeister & Wain, M.A.N. AG. and Sulger Frères S.A. are setting up facilities for partial manufacture in Brazil.

Propeller shafts and gloves—only the shaft connecting with the propeller is still imported.

Propellers and cone templates—built-up type is made in Brazil.

Emergency air compressors including driving motor—driving motor can be made in Brazil and therefore import of it is difficult.

Steel plates for shipbuilding—after June 1963, national production will probably curtail imports.

Structural steel profiles for shipbuilding—special sizes only are imported.

Electrodes, special types—ordinary electrodes manufactured in Brazil.

Steam scavengers—occasionally imported but difficult.

Steering gear—made in Brazil but local price is so high imports are allowed.

Surface logs

Submerged logs

Expansion joints for diesel engine exhaust tubes

Echo sounders

Chronometers

Engineroom telegraph

Rotating "Clear View" screens

Navigation lights

Signalling searchlights

Portable signalling lights M.O.T.

Pressure stats

Air sirens

"Cargocaire" equipment or similars

Gyro compasses

Automatic pilots

Course registers

Radar

Barometers

Holms torpedo torch

Copper tubes over 123 mm. internal dia.

Anti-magnetic steel or structural aluminum—some national production but not yet sufficient for demand.

Steel tubes with wall thickness over 12.7 mm.

Hold water purifiers

Seamless steel tubes under ½" dia.

Refrigeration equipment—not complete, some imported.

Electric rudder angle indicators

Complete main air compressors

Pressure gauges (manometers), of the Crosby type vibration-proof.

Stainless steel

Anchors and anchor chains—probably will soon be made in Brazil.

Morse signal lamps

Automatic self-priming piston pumps.

Low-pressure distilling groups with pumps and accessories

Steam drain trap

*This list is based on the agreement reached between the Merchant Marine Commission and the major national shipyards on June 27, 1962. The actual import of each item, however, is subject to approval of GEIN and CACEX (the Foreign Trade Bureau). Medium tonnage means up to 12,000 d.w.t. closed hatch or 10,500 d.w.t., open hatch.

to start turning out steel plates for ships some time in 1963. Once local production begins, imports will be severely restricted and perhaps eliminated.

When a shipyard wants to import many of its requirements, it presents to the Merchant Marine Commission four or five quotations on the same item received from different suppliers. The Commission then chooses the supplier. This is done for two main reasons. First, the MMC is slowly attempting to standardize equipment on Brazilian-built ships, and second, it checks to see that nothing is imported that can be made locally. Imported parts for the six tankers ordered by Petrobras will, according to the shipyards, be bought by the Petrobras purchasing offices abroad with the assistance of the yards concerned.

Duty Exemptions

Exemptions from customs duties on imported equipment for which there is no national similar are scheduled to expire on April 30, 1963, but there is a possibility that they will be extended before that date. Moreover, exemption from the present foreign exchange requirement that 80 per cent of the value of the import be deposited with the Bank of Brazil for 150 days is also granted. The Merchant Marine Commission, however, maintains a close watch on requests for imports and if a similar product is made in Brazil, import is allowed only in very special cases. The actual import of any item is subject to the approval of GEIN and the Foreign Trade Bureau (CACEX) of the Bank of Brazil.

Local Preference

When there are no national similars and the prices, etc., offered by foreign exporters are equal, suppliers of machinery and equipment are, according to government decree, chosen in the following order of preference:

- firms that have given concrete guarantees that they will make some of the machinery or equipment in Brazil
- firms that are manufacturing spares or components for the machinery or equipment in Brazil
- firms that have technical assistance services for the machinery or equipment in the country
- firms that have branches or subsidiaries in the country
- firms that are represented in the country.

Six Major Shipyards

Of the six major shipbuilding firms, the two largest are subsidiaries of foreign companies—Ishikawajima do Brasil Estaleiros S.A. (Japanese) and Verolme Estaleiros Reunidos do Brasil S.A. (Dutch). These two receive some of their imported material through their parent companies and take advantage of the buying practices and agreements that the parents have established with world suppliers. Imports of steel and diesel engines are the best examples of direct co-operation between these two yards and their parent companies. The Brazilian-owned shipyards are, however, not tied to this type of arrangement and can import from any source they wish, if the Merchant Marine Commission does not over-rule them.

Exporters may approach the shipyards direct or through a local representative; the Brazilian-owned yards prefer the latter. Sales literature should be sent in sufficient quantity and detail to allow the yards to pass copies along to the MMC with the list of material they wish to import, as explained above. (See Table I on page 24 for the shipyards and capacities.)

It will be some time before Brazil can compete on the world shipbuilding market because its prices are currently estimated at 50 per cent higher than the going rate, but with the present rate of devaluation of the cruzeiro, this situation may change. According to one shipyard official, some of the international oil companies are thinking of having tankers built in Brazil. Other factors such as the Latin American Free Trade Area may play a part in Brazil's obtaining shipbuilding orders from its South American neighbours. At a recent meeting of marine technicians held in Montevideo under the auspices of the LAFTA countries, a resolution was approved calling for preference within LAFTA to be given to member countries building cargo ships. Formal acceptance of this resolution is probably a long way off (if it is accepted at all) but Brazil will certainly promote it.

Economic or not, Brazil has a shipbuilding industry which needs business and these shipyards will require some imports to complement local material, though on a limited scale.

In 1961 Brazil had 455 ships, both steam and diesel, registered with Lloyds of London, many of which belong to the two government-owned shipping companies, Loide Brasileiro and Costeira. The majority of these are over 25 years old and in constant need of repair. Some replacement parts have to be imported. Canadian suppliers need an active agent or representative to sell to these two companies because direct approaches from Canada are useless. The Commercial Division of the Embassy in Rio de Janeiro can advise suppliers about appointing an agent and would be pleased to receive inquiries. ●

Trade Prospects

Venezuela

The key to this market is competitive prices. If Canadian offers are competitive, we should be able to equal this year our $42 million sales in 1962—a 20 per cent increase over 1961. What are the most probable best sellers, from present indications?

W. D. WALLACE, *Commercial Counsellor, Caracas.*

THE market in Venezuela this year should reflect the improvement in the country's economy achieved in 1962. This is an election year and although large amounts of money may be injected into the economy, political disturbances could slow down business. Nevertheless, it is expected that many projects—including electric power developments, agricultural programs, waterworks, housing and communications—will be started during 1963 as funds from various loans under the *Alliance for Progress* become available for distribution. The large gains made in production and export of petroleum last year are likely to continue but at a slower pace.

Foreign exchange control will remain in force during 1963 and the free market rate will probably continue close to the present level of Bs.4.54 to the United States dollar. Little change is expected in the list of about 100 controlled items that are eligible for foreign exchange at the official rate of Bs.3.35 to the dollar. The Government's policy of encouraging the growth of new industry through tariff and trade controls and credits will mean a further shift to imports of capital goods, raw materials and semi-finished products.

Canada's exports to Venezuela in 1962 reached a value of $42.3 million, an increase of 20 per cent over '61. Canadian exporters should be able to maintain this volume of sales, provided their prices are competitive.

Agricultural Products—Opportunities for greater sales of Canadian farm products continue to lessen as farm production increases under the impact of agrarian reform and government assistance to large agricultural enterprises. Wheat and whole milk powder should continue to head the wide range of agricultural products Canada sells to Venezuela. Wheat sales may level off after their spectacular increase of more than 100 per cent during 1962; whole milk powder shipments could maintain their 1962 value, perhaps even increase, as the effects of foot and mouth disease reduce milk production throughout Venezuela. Canada should continue to supply Venezuela's seed potato requirements during 1963, but the demand for table potatoes may decline. Market prospects for apples, malt and oats are considered good; for fish (other than canned salmon) they will depend to a great extent on competitive offers. Spot shipments of fresh and frozen pork should continue. A growing interest in Canadian Holstein-Friesians was apparent in the latter part of 1962 and should continue well into '63.

Consumer Goods—No improvement can be expected this year in the market for consumer goods because local production of many commodities is increasing—and so is competition from European and Japanese suppliers. Demand for electric washing machines, refrigerators, freezers and stoves will decline. On the other hand, the demand for outboard marine motors, toys and sporting ammunition will continue strong and sales opportunities for radio, telephone and electronic parts should be steady during the year.

Chemicals—Demand is growing for chemicals and raw materials, including inorganic chemicals, alcohols and their derivatives, organic acids and derivatives, plastic and synthetic rubber not shaped, polyethylene and polystyrene resins, plastic film and sheet, and explosives. Canadian exporters able to offer competitive prices should find market prospects good. This is not an outlet for pharmaceuticals but there is a demand for fine chemicals for the pharmaceutical industry.

Engineering and Equipment—Industrial and agricultural developments will create opportunities for engineering services and equipment in 1963, but Canadian firms who wish to participate will have to associate themselves with Venezuelan engineering and construction firms. Financing may be a determining factor in many of the proposed projects and could severely limit prospects. The major project to be launched this year is the Guri dam and power plant on the Caroni River. Some agricultural equipment will be needed, but on the whole the prospects for Canadian equipment will depend on competitive prices and terms.

Forest Products—The restrictions on imports of lumber and plywood mean few sales oportunities unless there is a large expansion in the construction industry, of which there is no sign at present. Prospects for newsprint will remain good, but demand for fine papers may decline in the latter part of 1963 as local production comes on the market. Demand for wood pulp will remain strong, but again competitive prices will be the governing factor.

Metals and Minerals—The market will continue strong for asbestos fibre, aluminum bars, rods and plate and aluminum fabricated materials; opportunities for copper tubing, bars and rods should increase, and for galvanized sheet and strip steel, and sheet and strip steel n.e.s. should remain steady. ●

Netherlands Antilles

THE Netherlands Antilles comprises six islands in the Caribbean with a total population of 196,000, but most of the people live on the islands of Curacao (128,000) and Aruba (58,000). The economy depends on income from the two large oil refineries in Curacao and Aruba and from the tourist trade. Canada has been selling goods to the islands valued at just over a million dollars during the past few years; in 1962 sales reached $1.8 million. To retain their share of this market, Canadian exporters must be prepared to meet strong competition from Western European countries, Britain and the United States.

Trade prospects for 1963 in this small, limited, but prosperous market (which depends almost entirely on imported goods for its daily needs) are considered fair. The best opportunities for Canadian sales are in agricultural and fisheries products, such as flour, canned vegetables and fruits, apples, potatoes, carrots, onions, canned salmon, sardines, dried salted fish, pickled meats, and whisky. The outlook for lumber is not promising, but the market for newsprint and other papers should remain steady. The demand for consumer goods, including washing machines, marine engines and toys, is not likely to change and the present volume of sales should continue. There are certain opportunities for reasonably priced gas stoves and furniture, and the good demand for explosives, pharmaceuticals and plastic goods should continue to expand. No change is expected in the limited demand for machinery, automobiles, aluminum products, copper tubing, wire and cable. ●

—W. D. WALLACE,
Commercial Counsellor, Caracas.

FOREIGN TARIFFS AND TRADE REGULATIONS

Iraq

IMPORT CONTROLS RELAXED—Effective April 23, 1963, the Iraqi Ministry of Trade announced the relaxation of quantitative restrictions on a list of 132 items that are now free from import control and licensing requirements. As a result of this measure, foreign exchange will be made readily available for imports of the listed items that are in the essential category.

The new regulations are not expected to affect Canadian trade with Iraq greatly, since in the past import licences and foreign exchange have been freely available for imports of the commodities affected. The relaxation of restrictions, however, should facilitate the conclusion of sales contracts between the Canadian exporter and the Iraqi importer.

Newly freed items of particular interest to Canadian exporters are:

- Drugs and pharmaceuticals
- X-ray equipment
- Boilers, turbines and generators
- Pumps
- Machinery
- Locks and keys
- Electrical equipment and materials
- Steel
- Pipes
- Aluminum
- Copper
- Nickel
- Steel structures
- Refractory bricks
- Lumber

Israel

IMPORT RESTRICTIONS RELAXED—Effective March 1, the Government of Israel announced a further relaxation of import restrictions on approximately 30 items or sub-items of the Israel customs tariff. The goods concerned, including those listed below, are eligible for import licences as a result of this measure:

- Glucose
- Gauze bandages
- Printing ink and certain other inks
- Polyethylene sleeves for packing purposes, printed and unprinted
- Plastic PVC venetian blinds, including single strips
- Bicycle tires
- Various wooden and household articles, including floor or table lamps, caskets, cigarette boxes, trays, fruit bowls
- Jewellery, ornaments
- Corrugated cartons and packing containers
- Sealed compressors for air conditioning and refrigeration, domestic air conditioners, certain types of electric refrigerators
- Rifles
- Parts for underwater fishing equipment
- Advertising films
- Cigarette paper
- Capstan and turret lathes
- Sirens of a kind used for motor vehicles.

The above measure is the second relaxation in restrictions introduced this year by the Israeli authorities. A detailed list of products of apparent interest to Canadian exporters which are affected by these new liberalization measures may be obtained upon request from the Asia and Middle East Division of the International Trade Relations Branch.

Lebanon

IMPORT CONTROLS RELAXED—The Lebanese Ministry of National Economy decreed by Decision No. 271/1 of April 24, 1963, that the following commodities be removed from the list of imports subject to prior licence and thus admitted freely: carpentry and joinery work of wood, gas meters, varnished leather, metallic doors and windows, and halawa (a type of sugar confectionery).

South Africa

IMPORT CONTROLS—The South African Minister of Economic Affairs has released details of the second-round permits to be issued under the Government's import policy for 1963. As reported in the December 15 issue of *Foreign Trade,* the South African Government had announced its intention to increase its total allocation for 1963 to 110 per cent of the average imports for 1959 and 1960 in the case of category A consumer goods, and to 45 per cent of an importer's assessment basis for category B consumer goods. This has now been done by the issuance of second-round permits. Highlights of the announcement are summarized below:

1. Group A Consumer Goods

This group consists primarily of consumer goods that are not manufactured to any appreciable extent in South Africa and includes clocks and watches, vacuum cleaners, air conditioners, hotel kitchen equipment, musical instruments, pens and pencils, and photographic apparatus. First-round permits for 1963 amounted to

60 per cent of an importer's average annual imports during 1959 and 1960. The second-round permit of 50 per cent brings the total allocation for the year to 110 per cent of this figure.

2. Group B Consumer Goods

This group consists principally of consumer goods which are for the most part freely available from domestic sources. In addition to specific items, this group covers all other products not specifically mentioned in other licensing sections. The initial allocation for 1963 was 30 per cent of the importer's assessment basis. The second-round permit of 15 per cent brings the total allocation to 45 per cent of this figure.

3. Textile Piecegoods for merchants

The first-round issue to merchants was sufficient to cover 50 per cent of their average annual imports during 1959 and 1960. A further 25 per cent has now been authorized, bringing 1963's total allocation to 75 per cent.

4. Raw Materials, excluding structural timber and fertilizers

Merchants received an initial allocation of 50 per cent of 1960 imports. They have now been extended on application a further 50 per cent on this assessment basis. Manufacturers' requirements are dealt with on a stock basis as before. Structural timber and fertilizers receive special treatment because of the rapid increase in local availability of supplies.

5. Capital Plant and Equipment

Merchants may apply in writing for reasonable requirements for stock purposes; no percentage has been set.

Information on licensing treatment of specific products may be obtained from the Commonwealth Division, Department of Trade and Commerce, or the Canadian Government Trade Commissioners in Johannesburg or Cape Town.

United States

TOURIST PURCHASES—The United States Bureau of Customs recently announced that the full price of most United States residents' purchases abroad at retail will be reduced by 40 per cent for United States Customs purposes. However, the full price of articles which are especially made to order, such as wearing apparel, is the value which will be used for United States Customs purposes. Cars purchased abroad to be brought back to the United States for personal use will be valued in accordance with special instructions, resulting generally in a substantial reduction from the full retail price. Also excluded from the 40 per cent discount are any items purchased at less than the full retail price. Returning United States residents must declare the full price paid for articles abroad, since only United States Customs officers may deduct the discount.

The announcement means, for example, that a returning United States tourist who wishes to enter $150 worth of articles eligible for the discount ($150 at the full retail price) could calculate that he had approximately $90 worth of imported articles to be included under his United States Customs exemption.

Uruguay

IMPORT SURCHARGES INCREASED—On March 15, Uruguay temporarily prohibited the import of all goods subject to surcharges of 40 or 75 per cent ad valorem while the Government revised its system of surcharges. On April 15, Uruguay lifted this temporary import ban and made the following changes in the Uruguayan surcharge schedule:

1. A minimum ad valorem surcharge of 20 per cent was imposed on all previously surcharge-free imports, with the exception of some 150 essential products specified in the decree.

Among the 150 specified items that may still be imported without surcharges are newsprint, seed potatoes, mechanical pencils and pens including ballpoint, unground and semi-ground lens for eyeglasses, pedigree cattle and certain other breeding stock, certain pharmaceutical products and raw materials, medical equipment, telephonic and telegraphic material, and special tires. Imports of industrial, agricultural and construction machinery may also be exempted from the minimum surcharge at the recommendation of the Special Advisory Committee on Surcharges.

2. The surcharges on items previously subject to surcharges of 40 and 75 per cent have been increased to 60 and 100 per cent ad valorem respectively.

3. Credit terms for imports subject to surcharges of more than 20 per cent (60, 100 and 300 per cent categories) are restricted to no more than 120 days from date of shipment.

Trade Commissioners on Tour

In Territory

R. H. M. CATHCART, Assistant Commercial Secretary in Kingston, Jamaica, will visit British Honduras July 9-19. Businessmen who would like Mr. Cathcart to undertake assignments should write to him at Kingston as soon as possible.

GENERAL NOTES

Angola

BALANCE OF TRADE—Trade returns for the province of Angola for the period January to November (inclusive) 1962 showed a surplus of 302 million escudos, compared with 647 million in the same period of 1961. Exports were valued at 3,643 millions escudos and imports at 3,341 million—Lisbon.

British Honduras

NEW INLAND CAPITAL—Preliminary plans for construction of a new inland capital 60 miles from the present capital of Belize have been completed. Using £1½ million given by Britain through the Colonial Office, the Government plans to begin construction this year. The completed plan, with a model of the new city, will be ready by the end of April.

In view of the urgency of the project and the size of the initial program, both the Government and its consultants agreed that the main contract will be put out for international tender as soon as working drawings and specifications for this phase of the plan are completed.

The first part of the plan calls for a city to accommodate between 5,000 to 8,000 people. When completed, it should accommodate some 30,000.

Interested firms should contact the Minister of Labour and Housing, Belize, British Honduras—Kingston.

Denmark

SELF-SERVICE STORES—During the last five years the number of self-service stores in Denmark has been growing rapidly and there are now 900. Of these, 400 belong to private grocers, 150 are private chain stores and 350 co-operative stores. Three years ago there were only 350 self-service stores. There are also 147 supermarkets in Denmark today, of which 19 belong to private grocers, 27 are private chain stores and 101 co-operative stores—Copenhagen.

Ecuador

DEVELOPMENT FINANCE— The Banco Nacional de Fomento, Quito, and a provisional bank planned for each provincial capital are to be the main sources of development capital in Ecuador. They will grant loans for agricultural development and finance the import of agricultural machinery and livestock. The basis of these credits is a loan for U.S.$6 million, payable over 15 years, obtained at the end of last year, and an additional U.S.$4 million to be available later. The major portion of this credit will be used for pyrethrum cultivation. It appears that there will be limited opportunities for Canadian engineering work on these projects but interested firms may write directly to the General Secretary, Banco de Fomento, Quito—Bogotá.

New Zealand

POWER PROJECT—The Manapouri power schemc, abandoned last year by Comalco, has now been taken over by the Government and a 750-foot deep exploration shaft is being pumped dry so that prospective tenderers may inspect it. The project involves excavation for a powerhouse and driving a tail-race tunnel six and a half miles to the sea.

The Government expected to let a tender for the £32 million project ($96 million) in May. This will be the largest power scheme in New Zealand and present government plans call for it to be completed in record time and be in production in 1968—Wellington.

Philippines

BUSINESS MAIL—We would like to point out again the importance of sending business letters to the Philippines by airmail. Letters from Canadian businessmen are still arriving here six weeks to two months after they have been posted in Canada because they were sent seamail—and some of them even carry insufficient postage. This means that the recipient must pay 6 or 7 centavos postage due. The ordinary letter rate is six cents for the first ounce and four cents for each additional ounce. The airmail rate is 25 cents per half ounce—Manila.

South Africa

GOVERNMENT PURCHASES—A new system of granting local manufacturers preference on tenders issued by South African government departments has been announced. They will receive a 1 per cent preference margin for every 10 per cent of local content in the goods they offer, up to a maximum of 10 per cent for 80 per cent or higher South African content—Johannesburg.

Venezuela

TELEPHONE LINES—The National Telephone Company of Venezuela has announced that its plans for 1963 include the installation of 47,000 new telephone lines in metropolitan Caracas. As well, additional service will be provided in outlying centres to augment the present service in 32 localities—Caracas.

Foreign Commercial Representatives in Canada

ARGENTINA
Ottawa—Economic Counsellor, Argentine Embassy, 211 Stewart Street.

AUSTRALIA
Ottawa—Commercial Counsellor, Australian High Commission, 90 Sparks Street.
Montreal—Australian Government Trade Commissioner, 1255 Phillips Square.
Vancouver—Australian Government Trade Commissioner, Suite 608, Burrard Bldg.

AUSTRIA
Ottawa—Embassy of Austria, Suite 401, 85 Range Road.
Calgary—Consulate of Austria, 700 Lancaster Bldg., 300 8th Avenue S. W.
Halifax—Consulate of Austria, 6 Young Avenue.
Montreal—Consulate General of Austria, Suite 815-817 Castle Bldg., 1410 Stanley Street.
Toronto—Austrian Trade Delegate, Suite 616, 62 Richmond Street West.
Vancouver—Austrian Trade Delegate, 525 Seymour Street.
Winnipeg—Consulate of Austria, 54 Harrow Street.

BAHAMAS
Toronto—Trade Commissioner of the Bahamas, Room 707, Victory Bldg., 80 Richmond Street West.

BELGIUM
Ottawa—First Secretary, Belgian Embassy, 168 Laurier Avenue East.
Montreal—Consul General of Belgium, 913 Royal Bank of Canada Bldg.
Toronto—Consul General of Belgium, Room 303, 11 Adelaide Street West.
Vancouver—Consul General of Belgium, Room 1432, 355 Burrard Street.

BOLIVIA
Montreal—Consul-in-Charge, Consulate General of Bolivia, 5559 Canterbury Avenue.

BRAZIL
Ottawa—Brazilian Embassy, 305 Stewart Street.
Montreal—Brazilian Government Trade Bureau, Suite 960, 615 Dorchester Boulevard West.

BRITAIN
Ottawa—The Senior British Trade Commissioner in Canada and Economic Adviser to the High Commissioner, 56 Sparks Street.
Edmonton—The British Trade Commissioner in Alberta, Imperial Bank Bldg., Jasper Avenue.
Halifax—The British Trade Commissioner in the Atlantic Provinces, 5425 Spring Garden Road.
Montreal—The Principal British Trade Commissioner in the Province of Quebec, 635 Dorchester Boulevard West.
Regina—The Assistant British Trade Commissioner in Saskatchewan, Room 207, Derrick Bldg., 2431 11th Avenue.
Toronto—The Principal British Trade Commissioner in Ontario, 119 Adelaide Street West.
Vancouver—The Principal British Trade Commissioner in British Columbia, Bank of Nova Scotia Bldg., 602 West Hastings Street.
Winnipeg—The British Trade Commissioner in Manitoba and Saskatchewan, 402 Monarch Lift Bldg., 333 Broadway Avenue.

CHILE
Ottawa—Embassy of Chile, 56 Sparks Street.
Montreal—Consulate of Chile, Suite 73, 84 Notre Dame Street West.
Vancouver—Consul of Chile, 1575 West Sixth Avenue.

CHINA
Ottawa—Counsellor, Embassy of the Republic of China, 201 Wurtemberg Street.
Vancouver—Consul General of China, 510 Hastings Street West.

COLOMBIA
Ottawa—First Secretary and Consul, Embassy of Colombia, Suite 33, Roxborough Apts.
Montreal—Consul General of Colombia, 1500 Stanley Street.
Toronto—Consul of Colombia, 67 Yonge Street.
Vancouver—Consul of Colombia, 1575 West Sixth Avenue.

COSTA RICA
Montreal—Consul General of Costa Rica, 4753 Lacombe Avenue.

CUBA
Montreal—Cuban Trade Commissioner, Suite 1150, 1435 Saint Alexandre Street.

CZECHOSLOVAKIA
Montreal—Commercial Section, Czechoslovak Consulate General, 640 Cathcart Street.

DENMARK
Ottawa—Royal Danish Embassy, 446 Daly Avenue.
Montreal—Royal Danish Consulate General, Suite 1525, 1245 Sherbrooke Street West.
Toronto—Royal Danish Consulate, 118 Danforth Avenue.

DOMINICAN REPUBLIC
Ottawa—Consul General of the Dominican Republic, 20 Bower Street.
Montreal—Consul General of the Dominican Republic, 3865 Lacombe Avenue.

ECUADOR
Montreal—Consul General of Ecuador, Room 708, 1410 Stanley Street.
Vancouver—Consul of Ecuador, 3532 West 32nd Avenue.

EL SALVADOR
Montreal—Consul General, Room 136, 300 St. Sacrement Street.

FINLAND
Ottawa—Attaché, Embassy of Finland, 85 Range Road.

FRANCE

Ottawa—Commercial Counsellor to the French Embassy, 484 Wilbrod Street.
Montreal—Commercial Counsellor of France, 2080 Mackay Street.
Toronto—Commercial Counsellor of France, 185 Bay Street.
Vancouver—French Trade Commissioner, 789 West Pender Street

GERMANY

Ottawa—Commercial Counsellor, Embassy of the Federal Republic of Germany, 1 Waverley Street.
Edmonton—Consulate of the Federal Republic of Germany, 11618 100th Avenue.
Montreal—Consulate General of the Federal Republic of Germany, 1501 McGregor Street.
Toronto—Consulate General of the Federal Republic of Germany, 77 Admiral Road.
Vancouver—Consulate of the Federal Republic of Germany, National Trust Bldg., 325 Howe Street.
Winnipeg—Consulate of the Federal Republic of Germany, 424 Wellington Crescent.

GHANA

Ottawa—First Secretary, Office of the High Commissioner for Ghana, Suite 606, The Fuller Bldg., 75 Albert Street.

GREECE

Ottawa—Commercial Attaché, Royal Greek Embassy, Suite 110, Chateau Laurier.

GUATEMALA

Montreal—Consul General of Guatemala, 3487 Wilson Avenue.

HAITI

Ottawa—Consul General, Embassy of Haiti, Apt. 111, 150 Driveway.
Halifax—Honorary Consul of Haiti, 6070 Quinpool Road.
Montreal—Consul General of Haiti, 4350 Decarie Boulevard.

HONDURAS

Montreal—Consul General, Consulate General of the Republic of Honduras, 4753 Lacombe Avenue.

INDIA

Ottawa—Second Secretary (Commercial), Office of the High Commissioner for India, 200 MacLaren Street.
Vancouver—Trade Commissioner for India, Suite 804, Standard Bldg., 510 West Hastings Street.

INDONESIA

Ottawa—Second Secretary (Economic Affairs), Indonesian Embassy, 275 MacLaren Street.

IRAN

Ottawa—Counsellor, Imperial Embassy of Iran, Apt. 502, Sandringham Apartments.

IRAQ

Washington—First Secretary (Commercial), Embassy of the Republic of Iraq, 1801 P. Street, N.W.

IRELAND

Montreal—Irish Trade Representative (Irish Export Board), 2100 Drummond Street.

ISRAEL

Montreal—Consul and Trade Commissioner of Israel, 1555 McGregor Street.
Toronto—Consul of Israel for Economic Affairs, Suite 828, 159 Bay Street.

ITALY

Ottawa—Commercial Counsellor and Senior Trade Commissioner, Embassy of Italy, 172 MacLaren Street.
Montreal—Vice Consul and Trade Commissioner, 1595 McGregor Avenue.
Toronto—Italian Trade Commissioner, Suite 510, 100 University Avenue.
Vancouver—Italian Trade Commissioner, 640 Hastings Street West.

JAPAN

Ottawa—First Secretary (Commercial), Embassy of Japan, 75 Albert Street.
Montreal—Consulate General of Japan, Suite 2505, 1155 Dorchester Boulevard West.
Toronto—Consulate of Japan, Imperial Life Tower, 4th Floor, 44 Victoria Street.
Vancouver—Consulate of Japan, Room 1401, Standard Building, 510 West Hastings Street.
Winnipeg—Consulate of Japan, 301 Tribune Bldg.

LEBANON

Ottawa—Embassy of Lebanon, Roxborough Apartments, Apt. 3, Laurier Avenue West.

LUXEMBOURG

Montreal—Consul General of the Grand-Duchy of Luxembourg, 4832 Western Avenue.

MEXICO

Ottawa—Embassy of Mexico, Room 706, 88 Metcalfe Street.
Montreal—Consulate General of Mexico, Suite 1730, 1245 Sherbrooke Street West; Trade Commissioner of Mexico, Suite 1118, Windsor Hotel.
Quebec—Consulate of Mexico ad honorem, 2040 Terrasse Stuart, Sillery.
Toronto—Consulate of Mexico, Room 309, 20 Carlton Street.
Vancouver—Consulate of Mexico, Room 607, Burrard Bldg., 1030 W. Georgia Street.
Winnipeg—Consulate of Mexico ad honorem, 906-908 Confederation Bldg.

MONACO

Montreal—Consul of Monaco, Suite 700, 60 St. James Street West.

NETHERLANDS

Ottawa—Commercial Secretary, Embassy of the Netherlands, 12 Marlborough Avenue.
Edmonton—Netherlands Consulate, Merit Bldg., 10008 106th Street.
Montreal—Netherlands Consulate General, Room 1736, Place Ville Marie.
Toronto—Netherlands Consulate General, 159 Bay Street.
Vancouver—Netherlands Consulate General, 475 Howe Street.

NEW ZEALAND

Montreal—New Zealand Government Trade Commissioner, Room 708, Prudential Assurance Bldg., 635 Dorchester Street West.
Vancouver—New Zealand Government Trade Commissioner, Suite 615, United Kingdom Bldg., 409 Granville Street.

NICARAGUA
Montreal—Consul General, Consulate General of Nicaragua, 3601 Decarie Boulevard.

NORWAY
Ottawa—Secretary, Royal Norwegian Embassy, Suite 700, 140 Wellington Street.
Montreal—Consul General of Norway, Royal Norwegian Consulate General, 2007 Imperial Bank of Commerce Bldg., 1155 Dorchester Boulevard West.
Vancouver—Consul of Norway, Royal Norwegian Consulate, 837 West Hastings Street.

PAKISTAN
Montreal—Trade Commissioner for Pakistan, Suite 606, 1230 McGregor Street.

PANAMA
Montreal—Consul General, Consulate General of Panama, 3553 Girouard Avenue.

PERU
Ottawa—First Secretary, Embassy of Peru, 539 Island Park Drive.

PHILIPPINES
Vancouver—Trade Commissioner, Philippines Consulate General, 525 Seymour Street.

POLAND
Ottawa—Commercial Counsellor to the Polish Embassy, Apt. 58, 255 Stewart Street.
Montreal—Commercial Section, Polish Consulate General, 1500 Stanley Street, Suite 525.

PORTUGAL
Ottawa—Embassy of Portugal, 285 Harmer Avenue.
Halifax—Consulate of Portugal, P.O. Box 355.
Montreal—Consulate of Portugal, 4135 Sherbrooke Street West.
North Sydney—Consulate of Portugal, P.O. Box 769.
Saint John—Consulate of Portugal, 4 North Wharf.
St. John's—Consulate of Portugal, King's Bridge Court, Apartment 2E.
Toronto—Consulate of Portugal, 159 Bay Street.
Vancouver—Consulate of Portugal, 1929 West Broadway.

REPUBLIC OF SOUTH AFRICA
Ottawa—Commercial Secretary, South African Embassy, 15 Sussex Drive.

SPAIN
Ottawa—Commercial Counsellor to the Spanish Embassy, 162 Daly Avenue.

SWEDEN
Ottawa—Secretary, Royal Embassy of Sweden, Suite 704, 140 Wellington Street.
Montreal—Royal Consulate General of Sweden, 2055 Bishop Street.
Toronto—Trade Commissioner for Sweden, 1057 Bay Street.
Vancouver—Trade Commissioner for Sweden, Dominion Bank Bldg., Room 914, 207 West Hastings Street.

SWITZERLAND
Ottawa—Counsellor of Embassy, Swiss Embassy, 5 Marlborough Avenue.
Montreal—Consul General of Switzerland, 1572 McGregor Street.
Toronto—Consul of Switzerland, 100 University Avenue.
Vancouver—Consul of Switzerland, 402 West Pender Street.
Winnipeg—Consul of Switzerland, 200 Bradburn Bldg., 269 Kennedy Street.

THAILAND
Toronto—Consul of Thailand, Suite 600, 199 Bay Street.
Vancouver—Consul of Thailand, 1495 Marpole Street.

TURKEY
New York—Commercial Counsellor, Turkish Embassy, Empire State Bldg., 350 Fifth Avenue.

UNION OF SOVIET SOCIALIST REPUBLICS
Ottawa—Commercial Counsellor, Embassy of the U.S.S.R., 24 Blackburn Avenue.

UNITED ARAB REPUBLIC
Ottawa—Commercial Secretary, Embassy of the United Arab Republic, Roxborough Apts., Apt. 62.

UNITED STATES
Ottawa—Commercial Attaché, Embassy of the United States, 100 Wellington Street.
Calgary—Consul of the United States, 315-8th Avenue, S.W.
Edmonton—Consul of the United States, Toronto-Dominion Bank Bldg., Suite 200.
Halifax—Consul General of the United States, Bank of Nova Scotia Bldg.
Montreal—Consul General of the United States, 1558 McGregor Avenue.
Quebec—Consul of the United States, 1 Ste. Genevieve Avenue.
Saint John—Consul of the United States, 206 Union Street.
St. John's—Consul General of the United States, King's Bridge Road.
Toronto—Consul General of the United States, 360 University Avenue.
Vancouver—Consul General of the United States, Burrard Bldg., 1030 W. Georgia Street.
Windsor—Consul of the United States, Canada Trust Bldg.
Winnipeg—Consul General of the United States, 402 Tribune Bldg.

URUGUAY
Uruguay—Chargé d'Affaires a.i., Apt. 59, Roxborough Apts.

VENEZUELA
Halifax—Consul of Venezuela, Roy Bldg., Barrington Street.
Montreal—Consul General of Venezuela, Room 270, 1980 Sherbrooke Street West.
Vancouver—Consul of Venezuela, 525 Seymour Street.

YUGOSLAVIA
Ottawa—Embassy of the Federal People's Republic of Yugoslavia, 17 Blackburn Avenue.
Montreal—Trade Representative for Yugoslavia, Interprogress Company Ltd., 445 Jean Talon Street West.
Toronto—Consul General of the FPR of Yugoslavia, 377 Spadina Road.

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

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

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

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

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

For conversion to United States dollar equivalent multiply by .927805.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent May 17	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.007844	127.48	
Australia	Pound		2.4140	.4142	
Austria	Schilling		.04172	23.97	
Bahamas	Pound		3.0175	.3314	
Belgium and Luxembourg	Franc		.02162	46.25	
Bermuda	Pound		3.0175	.3314	
Bolivia	Peso Boliviano	Free	.09191	10.88	
Brazil	Cruzeiro	Official Free	.001767	565.93	
		Special Category	†	†	
Britain	Pound		3.0175	.3314	
British Guiana	Dollar		.6286	1.59	
British Honduras	Dollar		.7544	1.32	
Burma	Kyat		.2263	4.42	
Ceylon	Rupee		.2263	4.42	
Chile	Escudo	Bank rate	.5921	1.69	
		Free	.3494	2.86	
Colombia	Peso	Certificate	.1198	8.35	
Congo, Republic of	Franc		.02162	46.25	
Costa Rica	Colon		.1627	6.15	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1497	6.68	
Denmark	Krone		.1559	6.41	
Dominican Republic	Peso		1.0778	.9278	
Ecuador	Sucre	Official	.05988	16.70	
		Free	.05012	19.95	
El Salvador	Colon		.4311	2.32	
Fiji	Pound		2.7185	.3678	
Finland	Markka		.3368	2.97	
France, Monaco, etc.	Franc		.2200	4.54	(1)
Franco-African Republics, etc.	Franc		.004400	227.27	(2)
French Pacific	Franc		.01210	82.64	(3)
Germany	D Mark		.2706	3.69	
Ghana	Pound		3.0175	.3314	
Greece	Drachma		.03592	27.84	
Guatemala	Quetzal		1.0778	.9278	
Haiti	Gourde		.2156	4.64	
Honduras	Lempira		.5389	1.85	
Hong Kong	Dollar	Free	.1869	5.35	*May 3
		Official	.1886	5.30	
Iceland	Krona	Official	.02507	39.89	(4)

†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 17	Units per Canadian dollar	Notes (See below)
India	Rupee		.2263	4.42	
Indonesia	Rupiah	Official	.02395	41.75	(4)
Iran	Rial		.01423	70.28	
Iraq	Dinar		3.0179	.3313	
Ireland	Pound		3.0175	.3314	
Israel	Pound		.3593	2.78	
Italy	Lira		.001735	576.37	
Japan	Yen		.002994	334.00	
Lebanon	Pound	Free	.3587	2.79	
Mexico	Peso		.08623	11.60	
Morocco	Dirham		.2183	4.58	
Netherlands	Florin		.2998	3.33	
Netherlands Antilles	Florin		.5715	1.75	
New Zealand	Pound		2.9969	.3337	
Nicaragua	Cordoba		.1540	6.49	
Nigeria	Pound		3.0175	.3314	
Norway	Krone		.1508	6.63	
Pakistan	Rupee		.2263	4.42	
Panama	Balboa		1.0778	.9278	
Paraguay	Guarani	Free	.008736	114.47	
Peru	Sol	Free	.04018	24.89	
Philippines	Peso	Free	.2767	3.61	
Portugal & Colonies	Escudo		.03749	26.67	(5)
Singapore and Malaya	Straits dollar		.3521	2.84	
South Africa	Rand		1.5088	.6628	
Spain and Dependencies	Peseta		.01796	55.68	
Sweden	Krona		.2077	4.81	
Switzerland	Franc		.2494	4.01	
Syria	Pound	Free	.3012	3.32	
Thailand	Baht	Free	.05114	19.55	(4)
Tunisia	Dinar		2.6083	.3834	
Turkey	Lira		.1198	8.35	(4)
United Arab Republic	Pound	Official	2.4790	.4034	
United States	Dollar		1.0778125	.927805	
Uruguay	Peso	Free	.07867	12.71	
Venezuela	Bolivar	Controlled market rate	.3215	3.11	
		Official Free	.2373	4.21	
West Indies	Dollar		.6286	1.59	(6)
	Pound		3.0175	.3314	(7)
Yugoslavia	Dinar	Official	.001437	695.89	

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: IRAQ

Area: 170,000 square miles, half desert.

Population: 7 million.

Climate: hot from May to September, pleasant from October to April; from December to March, nights are usually cold enough to require some form of heating. Dry in most inland areas; humidity is high in Basra.

Language: Arabic; English spoken to some extent.

Currency: Iraqi dinar=1,000 fils=£1=Can.$2.80 official rate.

Foreign exchange and import controls: a licence issued by the central government and an exchange permit obtained through the Central Bank or an authorized dealer is required for all imports.

Weights and measures: metric system.

Capital: Bagdad.

Chief ports: Basra, Um-Qasr (under construction).

Marketing centres: Bagdad (population) 1 million, Basra 160,000, Mosul 160,000, Kirkuk 120,000.

Economy: agriculture (wheat, barley, cotton, rice); livestock (sheep and cattle exported to neighbouring countries); dates (Iraq is world's largest exporter); industry (cotton ginning, spinning and weaving, bricks, cement, leather); oil 1961 production 48 million tons). New industries are being established.

Total Iraqi imports: 1961—U.S.$408 million; 1960—U.S.$390 million.

Chief imports: 1961 (per cent)—iron and steel 12, machines 11, electrical equipment 8, automobiles 7, sugar 6, cereals 6, coffee and tea 6, manmade fibres 4, cotton 3.

Chief suppliers: 1961 (per cent)—Britain 22, United States 11, Germany 10, Belgium 5, Ceylon 5, U.S.S.R. 5, Japan 5, Australia 4.

Value of imports from Canada: 1962—Can.$1,343,373; 1961—Can.$1,374,048.

Chief imports from Canada: (Can.$'000) 1962—asbestos milled fibres 342, refrigerators 272.7, aluminum 190.9, infant foods 78.8, washing machines 78.1, steel 39.4.

Total Iraqi exports (including oil): 1961—U.S.$646 million; 1960—U.S.$645 million.

Chief exports: (per cent) 1961—oil 96, dates 1.

Chief markets: (per cent) 1961—Lebanon 14.46, India 9.66, U.S.S.R. 9.31, United States 7.29, Saudi Arabia 6.61, Communist China 6.59, Denmark 3.2, Czechoslovakia 3.06, Britain 2.96.

Value of Canadian purchases: 1962—Can.$703,559; 1961—Can.$846,021.

Chief Canadian purchases: (Can.$'000) 1962—dates 668.4, wool 35.1.

Dollar and foreign exchange: under control; foreign currency can be obtained from the authorized banks in Iraq provided the importer has an import licence.

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

Usual terms of payment: from sight up to 180 days.

Samples: free if of no commercial value; subject to customs duty when of commercial value.

Visas: required.

Trade agreements: none between Iraq and Canada. Normal tariff for all countries; special reduction for Arab states.

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

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

For detailed information on this market write to:

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

or

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

Roger Duhamel
QUEEN'S PRINTER

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

DO as you would be done by

or you will be undone

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

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

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

* By airmail naturally.