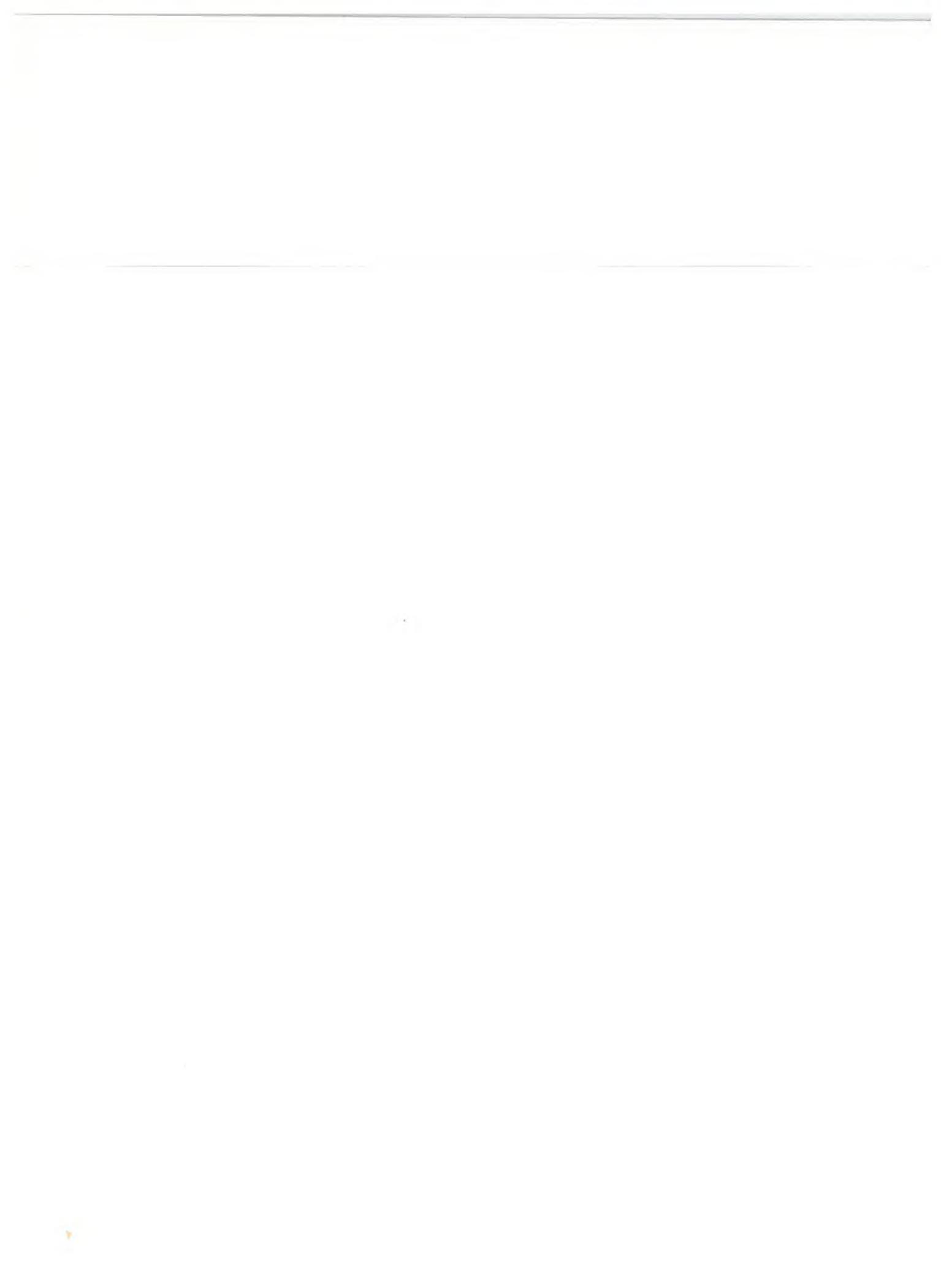


**Markets in the Middle East (pages 2-32)**

# **FOREIGN TRADE**

**DEPARTMENT  
OF TRADE AND  
COMMERCE  
OTTAWA**

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# FOREIGN TRADE

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An eight-man Canadian Forest Products Trade Mission visited the United Arab Republic, Sudan, Saudi Arabia, Lebanon, Syria, Jordan and Iraq in the spring of 1962 to study the needs and preferences, the purchasing and distribution methods in these Middle East markets. Members of the mission are seen here discussing lumber import requirements with Saudi Arabian importers in a lumber yard at Jeddah.



## Markets in the Middle East

Large oil revenues, the emphasis on expanding industry, rising incomes as development proceeds—these add up to good sales prospects, if the exporter makes an individual approach to each market.

J. M. H. DAVISON, *Asia and Middle East Division.*

THE MIDDLE EAST consists of the countries bordering on the eastern Mediterranean, the Red Sea and the Persian Gulf—an area of more than four million square miles, with about 110 million inhabitants.

It is important commercially and economically and its international trade is increasing. In 1960 exports from the Middle East countries were valued at U.S.\$5.5 billion and in 1961 they increased to \$5.6 billion, or 2 per cent. Imports totalled U.S.\$4.8 billion in 1960 and rose to U.S.\$5.1 billion in 1961, or by 1 per cent. Between 1956 and 1961 exports increased 31 per cent and imports 34 per cent. Table I shows

the growth of trade in recent years and is based on International Monetary Fund statistics.

Countries or territories included in the Table I totals are Aden, Cyprus, Ethiopia, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Saudi Arabia, Sudan, Syria, Turkey, United Arab Republic (Egypt) and countries in the Arabian Gulf region.

The main feature of the export trade of the Middle East is that it is concentrated in relatively few commodities. Crude oil is the leading export and this area is the world's second largest crude-oil producer. In 1958 and 1959, its share

of total world oil production was 23.6 per cent and this increased to 25.1 per cent in 1960 and to 25.2 per cent in 1961. In 1960 and 1961 oil output rose substantially in all the Middle Eastern countries except Qatar. The four major producers—Kuwait, Saudi Arabia, Iran and Iraq—maintained their share of total Middle East oil output at approximately 92 per cent—and their positions as producers in the order given above. Total crude oil exports

TABLE I  
TRADE OF THE MIDDLE EAST

Year	Exports (f.o.b.)	Imports (c.i.f.)
(millions of U.S.\$)		
1956	4,245	3,697
1957	4,575	4,017
1958	4,917	4,165
1959	5,015	4,450
1960	5,451	4,848
1961	5,567	5,069

increased substantially—from 176.4 million tons in 1958 to 189.1 million in 1959 and 216.0 million in 1960. Exports in 1960 represented 81.5 per cent of total oil production and 56.6 per cent of total world oil exports. Thus the Middle East continued to be the world's largest exporter of crude oil. Western Europe was, as usual, the leading importer of Middle East oil, followed by the Far East and North America.

### **Agriculture Still Important**

Although crude petroleum is the most important export, the economy still depends chiefly on agriculture. The rural population in each of these countries (except Israel) constitutes 60 to 73 per cent of the total. The dearth of arable land, the insufficient water supply, and fluctuations in agricultural production according to the weather are characteristic of the area. Among its agricultural products are wheat, barley, rice, maize, rye, oats and millet. Cotton production rose last year and tobacco output was maintained. Citrus fruits are also important exports from the Middle East.

The prolonged drought in recent years has forced a number of the

countries that are traditionally exporters of grains to import foodstuffs. Although the region as a whole fared relatively well in the face of the drought, some countries were affected more than others. Those hardest hit by the decline in production of cereals were Jordan and Syria. In Iran, Iraq, Israel and Lebanon production of wheat and barley declined.

In most of these countries, large budgetary sums have been set aside for irrigation and land reclamation projects. Other legislation for improving and developing agriculture has also been passed.

### **Industrial Development**

Industry in the Middle East continues to expand, because there is a general desire to establish and diversify industries in order to offset fluctuations in national income resulting from heavy reliance on agriculture. The rate of industrial growth varies considerably among the countries, depending upon the degree and direction of public participation in industrial growth, the availability of raw materials and of investment funds, and the size of the potential market. Some have paid particular attention to indus-

tries of the import-substitution type or to those processing raw or semi-processed materials formerly exported. Others have concentrated on heavy industries designed to expand the industrial base for future growth. In carrying out this policy, several have taken measures to restrict imports of industrial goods that compete with domestic products but have freed from customs duties imports of raw materials and machinery. More industrial credit has been made available and the terms of borrowing eased.

### **Foreign Trade**

Foreign exchange earnings from oil exports have contributed in large measure to the financing of the constantly rising volume of imports. The percentage share of oil in paying for imports rose from 33 in 1957 to 43 in 1960. At the same time, foreign financing contributed an increasing share of the means of payment, rising from 38 per cent in 1957 to about 43 per cent in 1960. The share of private, official and banking capital, on the other hand, dropped from about 32 per cent in 1957 to 14 per cent in 1960.

A study of the geographical pattern of trade shows that in 1957



*The eleven members of the Canadian Appliances and Commercial Machines and Medical Supplies Trade Mission to the Middle East are shown here during discussions in Cairo with members of the Federation of Industries (similar to our Boards of Trade and adviser to the U.A.R. state trading organization). The mission visited the United Arab Republic, Iran, Iraq and Lebanon last autumn and reported a good potential in these markets for Canadian refrigeration and space-heating equipment.*

**TABLE II**  
**EXPORTS FROM CANADA TO THE MIDDLE EAST**

Country	1958	1959	1960	1961	1961-1962 (January-September)	
					1961	1962
(in Can.\$'000)						
Bahrain	.....*	.....*	112	111	62	126
British Middle East, n.e.s.	3†	8†	115§	165§	128§	117§
Cyprus	.....†	.....†	609	70	18	199
Iran	1,657	2,242	2,499	4,457	3,190	3,076
Iraq	970	4,311	2,425	1,374	1,106	841
Israel	4,641	4,557	6,184	8,747	7,149	5,303
Jordan	159	72	131	308	260	81
Kuwait	*	.....*	1,091	941	715	702
Lebanon	2,242	3,182	3,443	2,484	1,991	1,363
Qatar	*	.....*	55	72	43	74
Saudi Arabia	2,020	2,878	2,905	2,549	1,900	1,911
Sudan	186	367	335	333	140	140
Syria	767	1,066	674	364	303	433
Turkey	1,479	693	2,014	1,943	1,238	501
United Arab Republic (Egypt)	1,207	1,601	2,010	3,025	1,812	1,821
<b>Total exports to Middle East</b>	<b>15,331</b>	<b>20,977</b>	<b>24,602</b>	<b>26,943</b>	<b>20,055</b>	<b>16,688</b>

\*Before 1960, the statistics for Saudi Arabia included Bahrain, Kuwait, Qatar, and the Trucial States.

†Aden only.

§British Middle East, n.e.s., includes Aden and the Trucial States (previously included with Saudi Arabia.)

†Before 1960, trade with Cyprus was included with Malta.

**TABLE III**  
**IMPORTS INTO CANADA FROM THE MIDDLE EAST**

Country	1958	1959	1960	1961	1961-1962 (January-June)	
					1961	1962
(in Can.\$'000)						
Bahrain	.....*	.....*	.....	1	.....	.....
British Middle East, n.e.s.	63†	401†	59	48	25	37
Cyprus	.....†	.....†	180	194	18	8
Iran	920†	11,948†	31,469	21,622	10,022	11,779
Iraq	1,559	1,107	722	846	25	55
Israel	1,812	2,349	2,371	3,106	1,861	2,777
Jordan	5	1	1	3	2	1
Kuwait	*	.....*	22,303	20,225	11,641	7,540
Lebanon	81	4	33	23	1	26
Qatar	*	.....*	8,434	8,724	4,389	2,087
Saudi Arabia	68,023	70,729	37,402	41,393	21,361	19,709
Sudan	80	438	83	76	31	34
Syria	200	183	127	263	90	176
Turkey	529	886	855	859	421	766
United Arab Republic (Egypt)	271	200	846	474	374	171
<b>Total imports from Middle East</b>	<b>73,543</b>	<b>88,246</b>	<b>104,885</b>	<b>97,857</b>	<b>50,261</b>	<b>45,166</b>

\*Before 1960, the statistics for Saudi Arabia included Bahrain, Kuwait, Qatar, and the Trucial States.

†Aden only.

§British Middle East, n.e.s., includes Aden and the Trucial States (previously included with Saudi Arabia.)

†Before 1960, trade with Cyprus was included with Malta.

over 10 per cent of Middle East exports went to and over 14 per cent of imports by value came from countries in the area; in 1960 these percentages declined to 8.5 and 11.9. Exports to the United States,

the United Kingdom and Western Europe by value averaged a relatively stable 54 per cent between 1957 and 1960; imports from these countries increased slightly—from over 60 per cent in 1957 to over

64 per cent in 1960. The value of exports to the Soviet Union and other Eastern European countries declined from 7 per cent of the total in 1957 to 5.8 per cent in 1960, and the value of imports from the same countries rose from 7.4 per cent of total imports in 1957 to 9.4 per cent in 1958, but declined to 6.9 per cent in 1960. The value of exports to and imports from other countries did not change significantly in this period; the average annual percentage was about 31 for exports and 17 for imports.

### Trade with Canada

At \$26.9 million in 1961, Canada's exports to the Middle East rose by 9.5 per cent above the 1960 total of \$24.6 million. Table II shows that sales to our leading markets in the region—Iraq, Israel and the United Arab Republic—increased substantially from 1960 to 1961. Sales to Cyprus declined; it bought over \$500,000 worth of wheat from Canada in 1960 but none in 1961. Principal commodities exported from Canada to the Middle East are wheat, aluminum, asbestos, sheet and strip steel, agricultural implements, drugs and chemicals, motor vehicles and parts. Other consumer goods sold there included domestic electric appliances, radios, tires, and medicinal preparations.

Table III shows Canada's imports from the Middle East; in 1961 they reached \$97.9 million. Crude oil accounted for 92 per cent and it was Canada's only import from Saudi Arabia, Bahrain, Kuwait and Qatar in 1961 and constituted most of the total from Iran. Other leading imports from the Middle East included citrus fruits, dried fruits, nuts, carpets and diamonds.

Canada maintains most-favoured-nation trade relations with most of the countries in the Middle East, including Bahrain, Iran, Iraq, Israel, Kuwait, Lebanon, Qatar, Syria, Turkey and the United Arab Republic (Egypt). In Cyprus we bene-

fit from the British preferential tariff.

### Export Prospects

The Middle East has made considerable economic progress in recent years in spite of political changes. As the various countries implement development plans, their incomes and trade should increase and they should become increasingly important markets for Canadian exporters. The Department of Trade and Commerce is actively assisting Canadian businessmen to develop the potential for their products in this area. Three Canadian trade missions were sent there in 1962: a Forest Products Mission in March-April, a Trade Mission to Israel in March, and an Appliances, Commercial Machines and Medical Supplies Mission in September-October. *Operation World Markets* scheduled for March and April 1963 will provide an important forum for promoting exports to this and other regions and also for reviewing selling methods.

Business opportunities vary considerably from country to country and each market should be treated separately by Canadian exporters. Political relations among some countries in the Middle East are often strained and this is an additional reason for an individual approach. Business opportunities are related not only to the amount of foreign exchange earned by exports but also to the numerous development projects for which foreign capital is obtained from various sources. The demand for goods and services will increase in volume as the economic development of these countries progresses.

The reports in this issue, prepared by the Canadian commercial representatives responsible for the promotion of trade in the Middle East, provide current information on market conditions in the various countries. Canadian businessmen should study them carefully as an aid to developing trade in this area. ●



—USOM.

*Shop-window for the neighbouring Arab countries and entrépot for the area, Beirut with its free zone is the most important trading centre in the Middle East. Lebanon's current development program includes construction of a third pier in Beirut's harbour.*

## Lebanon

- Hydroelectric, roadbuilding projects moving ahead.
- Vigorous export promotion program is succeeding.
- Canadian sales down slightly this year.

L. A. CAMPEAU, *Commercial Counsellor, Beirut.*

THE Lebanese economy is predominantly based on trade and the providing of services. A large percentage of the services are carried out for neighbouring countries, and Lebanon's prosperity is therefore dependent on developments in the area and tension tends to slow down commercial activity and affect imports. A reduction or increase in the number of Arab summer visitors, a tightening or expansion of

instalment buying, competition of other Arab ports with Beirut, and a levelling off or increase in the inflow of Arab oil money are important factors.

The building industry slowed down during the first part of 1962 compared with the same period in 1961 and it was necessary for many sectors to adjust to a slower tempo of business. The Government, however, accelerated its public works

## Successful Exporters to Lebanon . . .

- Choose an agent to cover Lebanon alone, and not the adjacent countries.
- Capitalize on the preference of many Lebanese consumers for North American goods.
- Offer prompt and dependable delivery.
- Visit the country regularly to meet customers and encourage the agent.
- Quote c.i.f. prices and base terms of payment on status of the importer and the product offered.
- Keep prices as low as possible to compete against traditional European suppliers.

program and put greater emphasis on social welfare, which increased economic activity. Most observers see the economy becoming more dependent on the government sector and it may be assumed that the Lebanese Government will continue to play a prominent rôle.

### Development Projects Proceed

The development program is progressing on schedule and during 1962 large credits were opened by the Ministry of Public Works. Projects include the construction of a third pier at the port of Beirut; the contract for this has been awarded to a Greek firm. The four-year Litani water and irrigation scheme, estimated at L.£70 million, is proceeding and L.£40 million has been allocated for the completion of the remaining part. The construction of transmission lines and roads is going ahead and during the year plans were approved for a Beirut slaughterhouse.

The Tripoli refinery is to be expanded and additional equipment installed for the production of high-grade gasoline, aviation turbine fuel and butane gas.

During the year a National Development Bank was set up to grant long-term credits at a low rate

of interest. The UN Special Fund approved two projects in Lebanon: \$816,000 to undertake a survey to assess ground-water potential with a view to improving ground-water supply, and \$2.3 million for a "Flight Safety Center" for the training of airline personnel officials in Lebanon. It is expected that the current Five Year Plan when completed will not meet all the needs of the country and a similar plan to follow it has been proposed. It will probably cover electricity and water supplies as well as road building.

### Industry Being Encouraged

Lebanon has not in the past pursued a deliberate policy of industrialization. A recent study showed that the industrial sector contributed 12 per cent of the national income and the agricultural sector about 18.6 per cent. The remainder was contributed by services, of which commerce alone accounts for 26.2 per cent of the national income. These figures indicate how much Lebanon relies for its economic activity and prosperity on trade, banking, tourism and allied services.

Industrial expansion is hampered by the smallness of the domestic market, foreign competition, and a

certain lack of industrial skills. The Government, however, has undertaken a number of positive measures to encourage industry, such as a special tax-exemption law, the establishment of an agricultural, industrial, and real estate bank, and the setting up of an Industry Institute to provide integrated services.

One fruit juice plant is in operation using Italian equipment and another fruit juice and canning plant to use U.S. equipment is in the planning stage. The first detergent plant began operating last summer. Currently under construction are white cement, pharmaceutical and insecticide, and hydraulic lime plants.

### Fruit Office Set Up

In the agricultural field, a new law was promulgated widening the functions of the Fruit Office. It is to advise on fixing of prices for agricultural implements, chemicals and fertilizers; specify technical conditions for packing cases; control fruit exports by issuing certificates of quality, and encourage co-operatives through short-term loans. It may also participate directly in private export companies to aid in the marketing, conservation, storage and packing of Lebanese fruits.

Apple production for the 1962-63 season has been estimated by the Fruit Office at 2.65 million cases as against 3.5 million in the previous year. The Office also reports that 65,000 hectares are currently planted in wheat and 10,000 hectares in barley.

### Foreign Trade

Lebanon imports over three times the volume of goods it exports. In the course of 1961\* it imported goods to a total value of about \$485 million (\$387 million in 1960) and exported various products worth \$130 million (\$70 million in 1960). This latter figure indicates that the country's vigorous export promotion program is having some success. The deficit on the

\*1962 statistics not yet available.

trade balance increased from \$317 million in 1960 to \$355 million in 1961. Lebanon has a trade deficit with most countries and consequently has been taking steps to increase its exports, especially to Western European countries. It has succeeded to some degree in reducing trade deficits with Britain and France. A number of official Lebanese economic missions visited Europe during the year to study the possibility of stepping up sales in that area.

The United States is currently Lebanon's leading supplier, followed closely by Britain, West Germany, France and Italy. The main U.S. exports to Lebanon are wheat, wheat flour, cigarettes, lubricating oil, electrical machinery and apparatus, household refrigerators, industrial machinery, air-conditioning equipment, automobiles, trucks, pharmaceuticals, paints and varnishes. Britain's main exports to Lebanon are industrial equipment, chemicals, automobiles, aircraft, and electrical equipment.

For the first nine months of 1962 Canadian exports to Lebanon reached Can.\$1.37 million compared with Can.\$1.99 million in the same period in 1961. During the period Jan.-May 1962 imports from Lebanon increased to Can.\$26,052 from Can.\$520 in the same period of 1961. The drop in Canadian exports to Lebanon in 1961 resulted from the fact that flour shipments to UNRWA in 1960 were not repeated.

The principal Canadian exports to Lebanon are flour, aluminum, asbestos fibres, brake linings, milk preparations, tires and tubes, washing machines, pharmaceuticals, automobiles and automobile tires, lumber and paper products, and household refrigerators.

Lebanon sells only a few commodities to Canada—cotton linters and fibres, seeds, and vegetable food products.

### The Lebanese Market

One of the special characteristics of the Lebanese market is the posi-

tion of Beirut as an entrepôt for the Middle East. Beirut, with its Free Zone, is the most important trading centre in the area. Its importance far exceeds the size of the Lebanese market itself because it is the shop-window for all neighbouring Arab countries. Beirut's entrepôt trade is not limited to shipments through Beirut, because Beirut merchants place orders for Syrian, Jordanian, Iraqi and Kuwaiti merchants for shipment direct through Lattakia (Syria), Aqaba (Jordan), Basrah (Iraq), and Kuwait. It is not possible to establish definitely how much of the trade passing through Beirut represents direct orders from the merchant in Beirut or from the merchant in the country of destination for shipment via Beirut.

Lebanon has no currency controls and almost no import controls; only 50 odd articles require prior import licences. Imports are paid for in foreign exchange bought on the free market (L £ 3.00=U.S.\$1.00) and customs duties are levied at the rate of exchange of L £ 2.19=U.S.\$1.00.

Lebanon buys abroad consumer and luxury goods, some semi-manufactured products, and a few raw materials. It is fundamentally a price market, although quality is not always ignored. Lebanese importers prefer quotations c.i.f. Beirut and terms of payment vary according to the merchandise involved and the status of each importer. However, Lebanese merchants tend to buy in markets where credit terms are easiest. Canadian prices are sometimes non-competitive compared with those of European suppliers. Freight,

labour costs and quality seem to be the main factors in this. Delivery is also important; it should be prompt and dependable.

The best method of selling in Lebanon is through an established agent. It is most important that once an agent has been appointed, the principals take a closer personal interest in their representative. It is becoming increasingly important to have local agents in each market and not depend on one agent in Lebanon covering several states. One factor that influences Beirut transit trade is the present trend in many Arab countries to channel business into the hands of their own nationals.

To succeed in the Lebanese market Canadian businessmen should visit this area regularly, be flexible, and adapt to local market conditions. Canadian exporters who have found Lebanese customers have shown perseverance, alertness and initiative, and have made full use of the facilities offered by the Canadian trade office in Beirut.

### Trade Prospects

Prospects for Canadian sales depend partly on political stability in the area, plus Canadian ability to meet U.S. and European competition in price, credit terms and freight. One factor favourable to Canadian exporters is the preference of many Lebanese consumers for North American goods. This is partly offset, however, by the aggressive sales campaigns and traditional ties between European suppliers and Lebanese merchants.

The fact that there is a program to establish a growing number of industrial plants may offer export opportunities for Canadian suppliers. However, trade opportunities for Canadian exporters in Lebanon generally have been and are expected to continue to be chiefly in selling consumer goods. This bustling country should remain one of the leading Middle East markets for consumption of North American-type goods. ●

TABLE I  
CANADA'S TRADE WITH LEBANON

Period	Exports to	Imports from	Balance of Trade
1960	\$3,442,709	\$32,838	\$3,409,871
1961	2,483,613	22,743	2,460,870
1961 (Jan.-May)	836,072	520	835,552
1962 (Jan.-May)	606,820	26,052	580,768

# Persian Gulf

- **KUWAIT**—imports now total some \$100 million a year.
- **BAHRAIN**—Canada supplied \$111,000 worth of goods in '61.
- **QATAR**—ambitious development program under way.
- **ABU DHABI**—oil strike is bringing prosperity.

E. MAKLOUF, *Commercial Assistant, Beirut.*

OF the 300 million tons of crude petroleum produced in the Middle East in 1962, more than half came from the west coast of the Persian Gulf. This area is virtually desert and less than one million Arabs inhabit it. Yet because of the increasing wealth brought by the oil industry, it continues to thrive and to offer a more attractive market than ever for a wide range of goods.

## KUWAIT

OIL production totalled 85 million tons in 1962. In the neutral zone, it rose from an annual rate of 4 million tons to 10 million, shared equally between Kuwait and Saudi Arabia. Royalties totalled about \$480 million, representing an income of \$1,500 per capita. Kuwait is now the largest oil exporter in the Middle East and the second in the world.

The revenues are injected into the local economy in the form of state expenditures (including free schooling and medical care), industrial development, construction, housing and investment. At the end of the 1962-63 fiscal year, some \$200 million will have been spent on various projects. A Five Year Program is under study and a Planning Council has been created to prepare the budget and supervise its implementation.

A large amount of unused capital remains for which the Government is actively endeavouring to provide outlets. In fact, three important steps have been taken.

1. Creation of the Kuwaiti Arab Development Fund, which has already made loans to the Sudan and to Jordan. It has a capital of 100 million dinars (\$280 million).

2. Establishment of the Kuwait Investment Company which apparently is proving a success.

3. Kuwait's membership subscription to the International Monetary Fund (\$50 million), World Bank (\$66.7 million), International Development Association (\$3.36 million) and International Finance Corporation (\$369 thousand).

Trade has reached a record high. Because the country lacks raw materials, almost everything is purchased from abroad and total imports exceed \$200 million a year.

TABLE I  
CANADA'S MAIN EXPORTS  
TO KUWAIT

	1960	1961	1962
			Jan.-Sept.
	(Can.\$'000)		
Barley	487	....	....
Automobiles	427	648	262
Flour	54	42	59
Nuts	43	7	19
Clocks	18	17	16
Wearing apparel	9	22	28
Washing machines	6	23	20
Refrigerators	....	23	17
Radios and television sets	....	48	....
Prefabricated houses	....	20	....
Copper tubing	....	10	....
Asbestos	....	....	177
Excavating equipment	....	....	34
Paper containers	....	....	15
<b>Total, including all others</b>	<b>1,090</b>	<b>941</b>	<b>701</b>

The United States is the major supplier, followed closely by Britain, Germany and Japan. Other European competitors such as France, Italy and the Netherlands are improving their position. The main products purchased are foodstuffs, construction materials, vehicles, household equipment, machinery, textiles and pharmaceuticals. Import licences are not required and exchange is freely available. Customs duties are 4 per cent ad valorem on all items. (The import of alcoholic beverages is strictly controlled and subject to special permission and to 50 per cent duty.)

Canada's exports to Kuwait totalled \$1.09 million in 1960 but declined slightly to \$941,000 in 1961, though the trade was more diversified. Table I shows the main commodities.

Imports into Canada from Kuwait consisted of crude oil only, valued at \$22 million in 1960, \$20 million in 1961, and \$6 million during the period January-May 1962.

## BAHRAIN

FOR a long time the island of Bahrain was known only for its pearls. Today it is an oil exporter and an important refining centre. Here in 1932 the first oil discovery was made—a discovery that sparked the interest that led to the tapping of one of the world's largest reservoirs of oil.

The Bahrain Petroleum Company, incorporated in Canada, holds the concession. In 1962 crude production totalled 2½ million tons and the refinery treated 10 million tons, chiefly Saudi Arabian oil. This brought a royalty of \$17 million and the company contributed to the economy an additional \$13 million in wages, contracts and local purchases.

Substantial revenue is also obtained from the transit and entrepôt trade, though this trade has diminished because of the tendency of other states to buy direct. Table II indicates the trade pattern. The re-exports went chiefly to Saudi Arabia.

**TABLE II**  
**BAHRAIN'S FOREIGN TRADE**

	1960	1961	1962 Jan.-Aug.
	(millions of dollars)		
Imports	61	63	45
Re-exports	22	24	15

Almost all products used in Bahrain are imported; the chief ones are provisions and foodstuffs, household goods, machinery, wearing apparel, piecegoods and vehicles. The United States, Britain, India, Japan, Germany and the Netherlands are the leading suppliers.

Canada's exports to Bahrain totalled \$111 thousand in 1961 and \$125 thousand during the period January-September 1962. The chief ones were automobiles and trucks, clocks, card-punching machines, and electric motors. Other products included canned goods, flour, washing machines, pharmaceuticals, sleepwear, shirts, in small volume.

Import licences are not required, except for alcoholic drinks. Duties are 5 per cent on foodstuffs and necessities, 10 per cent on non-essentials, and 15 per cent on cigarettes, tobacco and liquor. Foreign exchange is freely available.

## QATAR

QATAR'S royalties from the petroleum industry are in the region of \$60 million a year. They constitute its only revenue and, in proportion to the number of inhabitants (50,000), are nearly as large as in Kuwait. Crude production runs at a steady eight million tons a year and most of it is exported. A small refinery provides for local needs.

A comprehensive development program is under way. The building boom continues and roadbuilding is progressing. Recent undertakings include a gas pipeline, a water distillation plant and a power station. A new airport will be completed in 1963 and a U.S. consulting firm has been appointed to carry out an economic survey. A scheme for a cement factory is being studied.

The policy of the government and the oil companies is to buy their

supplies directly wherever possible and this, coupled with the community's growing interest, has stimulated trade. Imports, traditionally made through the Free Zone of Bahrain, are now mainly brought directly into Qatar.

Except for firearms, alcoholic drinks and dangerous drugs, imports are not subject to licence. Cultured pearls are prohibited. Foreign currency is unrestricted. Rates of duty are 10 per cent ad valorem on tobacco, 15 per cent on beer, gramophones and gramophone records, 30 per cent on wines and spirits, and 2½ per cent on all other classes of goods.

Canada's trade with Qatar is small but slowly growing. Our sales to Qatar totalled \$54,000 in 1960, \$72,000 in 1961, and \$74,000 during the period January-September 1962. Automobiles, clocks, flour, tires and washing machines were the leading exports. Canadian imports from Qatar, consisting of crude oil, totalled \$8 million in 1960, \$9 million in 1961, and \$1.18 million during the period January-May 1962.

## ABU DHABI

FROM the base of Qatar peninsula, Abu Dhabi stretches along the barren mainland of southeast Arabia. It is the largest of seven sheikhdoms usually referred to as the Trucial States and has an area of some 24,000 square miles. Population is 20,000.

Up to a few months ago, little was heard or known of Abu Dhabi, but 1962 marked the formal entry of this state as another major oil producer both on land and out at sea. Extraction has begun and more than one million tons will probably be exported in the next twelve months. The prospecting companies hope to increase this to about 20 million tons a year within two or three years.

Customs export duties are levied on exported goods at the rate of 4.025 per cent. There are no import or exchange control restrictions.

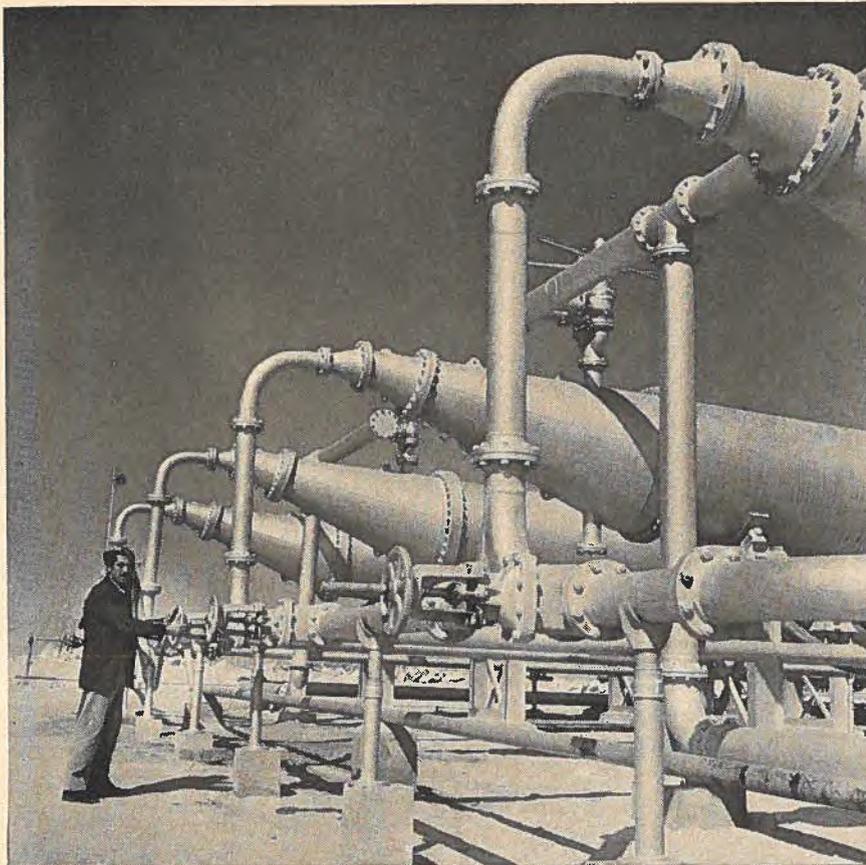
The large oil revenues in future could raise the standard of living in this small community to a level equal to or even higher than that of any country in the Middle East. The neighbouring states, especially Dubai, would no doubt benefit also. Dubai is now the distributing centre for all the Trucial States and has a busy port that has lately been improved at a cost of \$3 million. Trade is therefore expected to flourish.

## Trade Prospects

What are the prospects for exports from Canada in the Persian Gulf area? This question may perhaps be answered partly by these examples of recent Canadian successes:

1. A contract for the design of a waterfront won by a Toronto firm.
2. A tender won by a flour-milling company.
3. The sale of new brands of washing machines and refrigerators.

Opportunities are good not only for Canadian products but for engineering services as well. Imports are rising steadily; so are earnings. The market is free from control and the local importer is at liberty to buy wherever he wishes. The rising standard of living in itself is an incentive for increased purchases of consumer goods, and of the appliances, machinery, equipment and materials that constant development demands. Naturally competition is severe but many Canadian firms can meet it. By appointing a resident businessman as his agent (and this is essential), a Canadian manufacturer has already made a good start. He must, of course, follow the agent's recommendations and meet the local tastes and requisites. Then, if his products are competitive in price, it should be possible to develop a worthwhile business. Several shipping lines are operating a fairly regular service between Canada and the Persian Gulf and this too improves the prospects. ●



*A familiar scene in Iraq where the oil industry dominates the economy. The Government is encouraging development of new industries (many open to international competition) to lessen dependence on oil and agriculture, the other major industry.*

## Iraq

- Oil production up to estimated 53 million tons last year.
- Active development plan calls for imported capital goods.
- Most commercial agencies in hands of Iraqi nationals.

L. A. CAMPEAU, *Commercial Counsellor, Beirut.*

APART from oil, the main industry, Iraq is mainly an agricultural country and over 60 per cent of the population derive their living from agriculture directly or indirectly.

During 1962 there was no major change in market conditions. The

trade deficit was reduced because of a good barley crop but in spite of this, money continued to be tight. Because of the bumper crop, it was not necessary to import cereals. In preceding years, lack of rainfall and sometimes drought had affected agricultural production. As a result,

Iraq was forced to ban traditional exports of agricultural products and instead imported them in large quantities. The completion of irrigation projects and the land distribution reform are expected to improve the position of agriculture.

Oil production in 1962 will probably be greater than in 1961, (when it totalled 46 million tons) possibly exceeding 53 million tons. Last year provision was made for the establishment of an Iraqi national oil company empowered to operate in all phases of the oil industry.

### Five Year Plan

Iraq has a Five Year Plan that provides for an expenditure of about U.S.\$1,500 million and includes 248 projects. A notable feature is the large share of funds devoted to housing (19.5 per cent) and to public health (6.3 per cent). The largest category, transport and communications, has been allocated 25.7 per cent of the funds, agriculture is assigned 12.2 per cent, and industry 9.9 per cent. Fifty-six per cent of the program is to be financed from oil revenues. The aim of the Plan is to raise the standard of living, improve the distribution of the national income, and create a diversified economy not as dependent on agriculture and oil as it is at present.

### Industrial Development

Iraq is particularly interested in industrial development. Apart from oil, industry at present consists mainly of cotton and wool spinning and weaving, cigarette and watch manufacture, vegetable oil extraction, brewing and fairly simple steel fabrication. Under the terms of the Iraqi-Soviet Economic and Technical Co-operation Agreements, the Soviet Union has agreed to provide equipment, technical assistance and training facilities for a number of projects. These projects include woollen textile and clothing, glass, steel and fertilizer plants, a canning plant, and a shipyard at Basrah. A similar Czech agreement provides

for hydro-electric stations, an oil refinery in Basrah, a ceramic plant, a tire and carbon black factory, a sugar refinery and a slaughterhouse in Baghdad which is currently under study. In addition, the Hungarians have designed and built a factory for railway ties that also produces poles, pipes and concrete blocks. Poland has delivered railway freight cars to the Iraqi Railways for the Baghdad-Basrah standard-gauge line.

Construction of an opera house in Baghdad is being planned; so are new hospitals. A Swedish firm was awarded the tender for the first stage of the Baghdad University. The new Baghdad civil airport is expected to be completed late in 1963; the contract for the first stage has been awarded to a Bulgarian firm and a British firm won the contract for the complete electrical installation.

The Government has decided to embark on various projects to help mechanize agriculture. An agricultural machinery factory is to be set up with Soviet assistance. The Iraqi General Post Office is undertaking a large program for the development of post, telephone and telegraph services.

The Government is also sponsoring many other industrial projects that are open to international competition and some private industrialists are expanding existing plants. During 1962, licences were granted for a tile factory, factories to produce window frames, water and oil tanks, steel bodies for motor vehicles, underwear, women's and children's clothing, wire fences and wire nets, motor belts, electric motors, rubber pipes, and TV sets.

### **Import Policy**

The Iraqi Government's policy is to restrict imports of non-essentials and of products similar to those made in Iraq, and to facilitate imports of raw materials, tools and machinery needed for development. Local industry is receiving protection, efforts are being made to conserve foreign exchange, and trade

## **Want to Do Business in Iraq?**

The Canadian exporter who wants to win customers here should:

- Appoint a local agent, a national of Iraq.
- Pay regular visits to him to keep him on his toes and to help him sell.
- Remember that this is a price market, even for capital goods.
- Stress style and presentation in selling consumer products.
- Use advertising to win a share of this highly competitive market.
- Make sure that the agent keeps him informed on calls for tender issued for the Government or other agencies.

agreements with other countries are being encouraged. The Government tends to discourage imports from countries not buying Iraqi products.

Import allocations are in effect for most products but allocation figures are not released and remain confidential. There is a list of prohibited imports which includes approximately 62 items, several more than last year. Included are mainly products made by domestic industry in quantities considered sufficient to meet local demand.

All imports into Iraq require prior licences and imports may be made only by established merchants and firms. Licences authorize importers to purchase exchange from the banks at the official rate. The licence is usually issued on a c. & f. value and is valid for one year, during which time the goods must be imported. Import licences issued to government departments, semi-government bodies and registered factories are also valid for twelve months but can normally be extended.

### **Foreign Trade**

Iraq's foreign trade for the first half of 1962—including transit trade, re-exported goods and the imports of the oil companies operating in Iraq—included imports worth

ID62.6 million\* (U.S.\$175 million) and exports worth ID10.5 million (U.S.\$29 million). In 1961, exports totalled ID7.8 million (U.S.\$22 million) and imports ID145.7 million (U.S.\$408 million).

During the first half of 1962, the value of re-exported goods totalled ID1.6 million and of transit trade ID0.6 million. Iraq's principal imports are sugar, coffee, tea, textiles, iron and steel, construction equipment and materials, machinery, automobiles, trucks, lumber, paper, drugs and chemicals.

Britain remains Iraq's principal supplier; British exports to Iraq during the six months under review reached ID11.3 million (U.S.\$33 million). Next in order comes United States, then West Germany.

Apart from oil, Iraqi exports still consist almost entirely of agricultural products: grains (especially barley), dates, raw wool, raw cotton, livestock, seeds, skins and casings.

### **Canada's Trade with Iraq**

During 1960 Canadian exports to Iraq totalled \$2,424,843 but in 1961 they declined to \$1,374,048. (In 1960 Canada sold a large amount of wheat to Iraq because

\*One Iraqi dinar=U.S.\$2.80.

TABLE I  
CANADA'S TRADE WITH IRAQ

	Exports to	Imports from	Balance for Canada
1960	\$2,424,843	\$722,296	\$1,702,547
1961	1,374,048	846,021	528,027
1961 (Jan.-May)	364,873	25,353	339,520
1962 (Jan.-May)	267,347	54,708	202,639

of its poor cereal crops.) During the first nine months of 1962 Canadian exports reached \$840,937 compared with \$1,106,414 during the same period in 1961.

Principal imports from Canada are tires and tubes, milk powder, infant and junior foods, washing machines, refrigerators, automobiles, oil cooking equipment, asbestos, steel sheets and plates, plastics and aluminum. Our imports from Iraq consist principally of wool and dates. During the period January-May 1962, Canada imported \$54,708 worth of goods from Iraq compared with \$25,353 during the same period in 1961. Canada ranks among the top ten countries buying dates from Iraq.

### Doing Business

Exporters who wish to maintain and foster business in Iraq must appoint a local agent. It is also important to maintain regular personal contact with him—or, in other words, it is essential that a representative of the exporter pay regular visits to the territory. These visits not only keep the agent interested but enable the visitor to see for himself how best he can assist the agent in promoting business. A law passed in December 1961 requires that all commercial agencies dealing in either imported or local goods, with certain exceptions, must be in the hands of Iraqi nationals. As a rule, all major contracts are put out to competitive tender. In many instances, only a firm registered by the Chamber of Commerce can bid, which means that for such tenders it is necessary to work through an agent. A new class of commission agent concentrating

mainly on government contracts is appearing in Iraq.

The demand is primarily for capital goods required for the development plans of the Government. The market for consumer products is rather price-conscious although some higher-priced products, particularly those bearing well-known brand names, are finding buyers. As in other markets, style and presentation are very important in selling consumer products. Although quality is of greater consequence in the capital goods field, price is frequently the deciding factor. Advertising is also essential in this highly competitive market.

### Trade Prospects

It is expected that the import program for 1963 will remain about the same as in 1962, that it will be guided by the same considerations, and that it will give priority to imports of essential goods not made in the country.

Some Canadian products should find an expanding market. These include all kinds of refrigeration equipment, canned foodstuffs, second-hand clothing, washing machines, milk powder, automobiles, agricultural machinery and implements, oil cooking equipment, industrial raw materials, drugs and pharmaceuticals.

The development program offers a chance to sell materials and machinery required for the construction industry. Contracts and tenders also offer opportunities to Canadian suppliers of engineering services. Recently the Economic Planning Board announced that no new contracts are to be signed for complementary projects (minor capital works) until priorities have been reviewed. It is probable that this decision will mean some reduction in the amount of civil engineering work, which has reached a considerable volume in Iraq in the last few years. ●

## Syria

- Economic stability, good crops marked 1962.
- Import controls removed, exchange freed for many transactions.
- Merchants interested in new business, but competition keen.

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

THE year 1962 witnessed an upswing in the Syrian economy which even the most optimistic would not have predicted twelve months earlier. Before its break with the United Arab Republic in October 1961, the country had been seriously affected by four successive years of drought and crop failures. Today, however, the economy is in better shape than it has been for some years, thanks mainly to:

- Excellent cereal and cotton crops, exports of which netted \$1.8 million in badly needed foreign exchange.
- A new agreement with Trans-Arabian Pipeline (Tapline) and Iraq Petroleum Company (IPC), whose pipelines across Syrian territory. The agreement called for payment of a \$10 million lump sum representing retroactive royalty increases.

● Loans totalling \$41 million from the United States, West Germany, Italy and the International Monetary Fund, which helped to stabilize the Syrian pound.

With the return of economic stability, the Government has relaxed the import controls imposed in 1961 and has re-established free exchange for a number of transactions. The majority of the restrictions remaining are intended to assist the development of local industry or to prevent too great a strain on Syria's recovering exchange reserves. Domestic consumer goods, particularly electrical appliances, remain subject to strict quotas and television imports continue to be the monopoly of the Government. Commodities for which licences have recently been issued include pharmaceuticals, paper, foodstuffs, and some industrial and agricultural machinery. The list of items that can only be imported through the port of Lattakia remains unchanged.

### Price Is Vital Factor

Because of the easing of restrictions, merchants have more room to manoeuvre and a growing interest in new business is replacing the inactivity of the early months of 1962. With the renewed interest, the competitive conditions inherent in freer trade have returned. The enthusiasm of the merchant is tempered by the remaining controls and he must stretch the purchasing power of his dollar. Price, not quality, is the deciding factor. Canadian firms entering this market for the first time—or, for that matter, those already selling to it—must be prepared to offer their products at the lowest possible prices.

### Dealing with Agents

Syrian traders, in true Arab fashion, like to haggle over a business deal. This in no way detracts from their ability and the most enterprising among them are first-class and excellent to do business with. It has always been advisable to have a Syrian agent but the

Government now makes it imperative by requiring that no commissions be paid to foreign intermediaries and that goods be shipped directly from the country of origin.

Syrian agents, not unlike agents in other countries, appreciate visits from members of firms they represent. Personal contact, with the opportunity to bargain, invariably results in firm orders and more business. Alert businessmen should not overlook the increased profits and useful experience of a selling trip to Syria.

To facilitate the handling of inquiries, this office is in the throes of reappraising potential Syrian agents. One interesting outcome of the preliminary returns is the surprising demand for and interest in seconds and job lots of such things as waxed paper, wrapping paper, used clothing and other products.

### Trading Picture

A glance at Table I shows that in 1961 Canada's exports to Syria consisted mainly of sheet and strip steel, pharmaceutical products and preparations, milk powders, Douglas fir lumber, and textile rags, for a total of \$365 thousand—or less than 1 per cent of Syria's imports.

Syria's main imports in 1961 were agricultural products (18 per cent), machinery (16 per cent), textile fibres (12 per cent), steel and steel products (12 per cent), and chemicals and chemical products (11 per cent). The United States was the major supplier, with 18 per cent of

the market, followed by West Germany (13 per cent), Britain (8 per cent), and France (6 per cent). A large part of agricultural imports in 1961 consisted of cereal grains, but with the end of the drought and the bumper 1962 crops Syria has again become an exporter of these commodities. The exchange saved is now being used for other imports.

One of the ways for Canada to improve its share of the market is to export a wider range of goods to Syria. It is therefore encouraging to note that in the first six months of 1962 Canadian exporters have launched into new fields such as synthetic fibres, plastics and synthetic rubber, and outer garments.

### Development Plans

By far the most important sector of the Syrian economy is agriculture. Drought can spell disaster. The 1962-63 Development Budget has therefore allocated S£156 million to drainage and irrigation projects in an endeavour to lessen agriculture's dependence on the elements. The major undertaking is the Euphrates Dam which Syria hopes West Germany will finance.

S£127 million is earmarked for transportation, communications, and basic industry. Some of the projects scheduled for execution in 1962 include: oil-gathering pipelines, hydroelectric power stations, transmission lines, a caustic soda plant, a TV assembly plant, and a paper mill.

TABLE I  
CANADA'S EXPORTS TO SYRIA

Commodity	1961	Six months	Six months
		1961	1962
(In Can.\$)			
Sheet and strip steel	147,513	66,758	56,250
*Pharmaceuticals	77,511	42,567	38,107
Milk powders	33,427	2,606	11,340
Douglas fir lumber	31,641	31,641	.....
Textile rags	20,655	8,483	56,283
Others	53,471	22,821	106,532
<b>Total</b>	<b>364,218</b>	<b>174,876</b>	<b>268,512</b>

\*Includes: biological preparations for human use, penicillin for human use, vitamins and preparations, medicinal chemicals, medicinal and pharmaceutical products.

These projects offer excellent potential to Canadian consulting engineering firms and capital equipment manufacturers. The competition is no less fierce than in the commodity field and companies must be prepared to pit themselves against strong European, U.S. and Soviet Bloc contenders.

Syria hopes to become virtually self-sufficient in secondary industry in the next ten years and is counting heavily on private investment to attain this goal. To induce investment, the Government discontinued

nationalization and, in fact, denationalized a number of firms in 1962. Confidence is returning and future developments should offer a market for Canadian capital goods and equipment and provide opportunities for the supply of raw and semi-finished materials to the emerging light industries.

### Opportunities

As confidence increases and there is some money to spare after four years of drought and scarcity, Syria's buyers, both private and govern-

ment, are looking forward to replacing machinery and equipment of all kinds as well as buying those consumer goods the import of which is now permitted. All this activity provides a good opportunity for Canadians to expand their sales to this small but promising market.

This bright forecast, however, is founded on Syria's ability to maintain political and economic stability. Based on her 1962 performance, the outlook can be termed promising but not entirely unclouded. ●

## Jordan

- Dependence on foreign aid from many sources continues.
- Development plan offers best clue to possible sales.
- Demand good for foodstuffs, appliances, drugs.

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

THE economic outlook for the small kingdom of Jordan continues to improve as it overcomes the many obstacles which lie between it and economic self-sufficiency. The greater part of the population is engaged in agriculture and normal business activity depends to a large extent on the farmers' ability to buy.

No less important, however, are the foreign financial credits that permit Jordan to balance its budget and push on with development plans.

The sources of Jordanian aid look like a who's who of international lenders. In the course of the last fiscal year, April 1, 1961, to March 31, 1962, Jordan obtained \$40.5 million from the United States and £2 million sterling from Britain. To these amounts should be added:

- \*Jordanian dinars 12 million from the World Bank for different development projects.

\*JD=U.S.\$2.80.

- JD5.9 million from the World Bank for a potash factory near Jericho.

- JD700,000 from the International Development Association, affiliated with the World Bank, for the improvement of the Amman drinking-water supply.

- JD500,000 from Britain for various small development projects.

- JD3 million from the Kuwait Fund for Economic Development of Arab Countries, to develop phosphate and potash resources and carry out agricultural projects.

There have also been a number of private loans tied to specific projects, such as the West German loan of JD1.3 million to finance the second basin of the Port of Aqaba.

All these loans are essential because the returns from agricultural production, mineral exploitation, the tourist trade and the oil pipeline are not enough to make the country

economically self-sufficient. It depends, and in the near future will continue to depend, on foreign aid.

### Development Plans

Any consideration of Jordan as a good potential market for Canadian products and services necessarily hinges on the new Five Year Development Plan. In previous years, development of basic facilities such as roads, airports and a seaport has made progress. Now, in an effort to raise employment 17 per cent, national income 50 per cent and exports 400 per cent in the next five years, the production sectors (agriculture, industry, mining) and tourism will be emphasized as well.

For agriculture, which employs more than one half of the working labour force and in normal crop years accounts for roughly 25 per cent of the GNP, proposed projects include the Yarmuk irrigation project in the Jordan Valley, hill fruit plantations, extensive water development, more agricultural loans, market and extension services, and the planting of 30 million trees in five years.

The industrial sector, including mining, accounts for 10 per cent of Jordan's gross national product and for somewhat less than 10 per cent



*The Canadian Forest Products Trade Mission, which visited seven Middle East countries March 25-April 13, 1962, was welcomed to the Hashemite Kingdom of Jordan by His Majesty King Hussein, shown here fifth from right with the mission members. The Canadians found a large potential market in the Middle East for our lumber products, in spite of severe competition; two orders have since been received from Middle East importers as a direct result of the mission's visit.*

of total employment. Here the program strongly emphasizes the development of private industry. Government projects include increasing phosphate production, full use of Dead Sea potash resources, manufacture of chemical fertilizers and ceramics, and establishment of a variety of light industries now under study.

The third major area for development is tourism. Jordan hopes to treble its tourist income to JD9 million by 1967. Among the steps to be taken are a vigorous advertising and promotion campaign abroad,

major expansion in hotel accommodation, and other physical facilities for the comfort of tourists.

Although the success of the Five Year Plan will by no means solve all of Jordan's economic problems, it will mean a major economic improvement. Possibly the plan will be modified as it is implemented but it at least points out those fields to be stressed in the next five years.

#### **Jordan's Trade**

Jordan has a substantial trade deficit. In 1961 imports totalled almost ten times exports, or JD41

million compared with JD4.2 million. The latest available information indicates that the situation will be similar in 1962, because import licences issued to the end of June totalled JD17 million. Is this then an exporter's paradise? No, because payments are balanced only with the help of foreign grants and the "tied" nature of many of these loans makes it difficult for Canadian companies to secure business.

However, some of the loans are from international agencies and therefore the door is open for Canadian participation—but only to

**TABLE I**

**MAJOR JORDANIAN IMPORTS**

Commodity	1961 (in thousands of dinars)
Agricultural and food products	14,184
Vehicles	2,690
Iron and steel products	2,638
Mineral fuels and oils	2,492
Cotton	1,945
Electrical machines and parts	1,540
Man-made fibres	1,260
Other*	15,160
<b>Total</b>	<b>41,909</b>

\*Includes—pharmaceutical products, wood and articles of wood, rubber and synthetic rubber, wool and other animal hair.

**TABLE II**

**CANADA'S CHIEF EXPORTS TO JORDAN**

Commodity	1961	Six Months	
		1961	1962
		(Can.\$)	
Milk powder	24,799	21,000	.....
*Wheat flour	192,742	.....	864
Lumber, Douglas fir	.....	.....	6,528
Plastics, synthetic rubber	4,824	351	4,975
Laminated plastic materials	18,532	.....	6,030
Passenger autos and chassis	1,836	1,836	7,210
Domestic washing machines	10,300	4,699	9,530
Medicinal and pharmaceutical preparations	8,616	2,913	2,584
Other	46,041	12,861	13,325
<b>Total</b>	<b>307,690</b>	<b>43,660</b>	<b>51,046</b>

\*Includes donations to Palestine refugee relief.

TABLE III  
CANADIAN FOOD\* EXPORTS  
TO JORDAN—1961

	Can.\$
Canned salmon	2,175
Shellfish and products	689
Milk powders	24,799
Cereal products and farinas	577
Apple juice—non-concentrated	74
Canned pears and peaches	293
Jams, jellies and preserves, concentrated	315
Other fruits and products	550
Canned corn	95
Canned peas	362
Canned tomato juice	170
Canned tomatoes	156
Other canned vegetables and vegetable juices	345
Pickles and relishes	52
Sauces and dressings	75
Canned tomato soup	251
Other soups and soup mixes	278
<b>Total</b>	<b>31,256</b>

\*Not including wheat flour.

those firms who can face stiff world-wide competition.

The majority of Jordan's imports naturally come from the same sources as the financial aid. The United States supplied 17 per cent of all imports, followed by Britain (15.9 per cent) and West Germany (9 per cent). Other suppliers are neighbouring Arab countries that provide the bulk of agricultural and food imports.

The major commodities imported in 1961 are shown in Table I.

### Trade with Canada

Canadian exports to Jordan consist of consumer goods and foodstuffs. A list of significant exports is given in Table II.

A closer look at the statistics for 1961 (see Table III) reveals that Jordan imported from Canada some 17 categories of foodstuffs, ranging from soup mixes to canned fruit. When one considers that nearly one-third of all Jordanian imports consist of foodstuffs, the \$31,000 worth Canada sold in 1961 is insignificant and could be increased appreciably.

There is a growing market for consumer goods, particularly electrical home appliances, and al-

though the market is small there are possibilities for Canadian suppliers.

### Trade Regulations

In 1962 the Jordanian Government abolished a decree issued a year earlier which had made the United States the only source of supply for a number of commodities, including cooking and heating stoves, refrigerators, air conditioners, radios, record players and tape recorders. Canadians now may compete in the Jordanian market for these and other goods on the same footing as suppliers from other countries.

Exchange control in Jordan is strict. Importers must possess a valid import licence in order to obtain the necessary foreign currency and to establish documentary credits. All commodities require import licences.

In order to obtain an import licence, merchants must be in possession of a trading permit. The prerequisites for obtaining a permit include proof of Jordanian nationality or residence for three years, trading experience and suitable premises.

Almost all merchants of any standing act as retailers and importers; many are also wholesalers. The larger traders import direct from the supplier and the small ones buy their goods through commission agents. Purchases of capital goods usually are made by government tender and in this sector there usually is stiff U.S., British and European competition.

Canada's trade with Jordan is small and there is little likelihood of it becoming large as long as the country has to rely heavily on foreign aid. There are, however, several fields where Canadian goods can be promoted to advantage—notably foodstuffs, domestic appliances, pharmaceuticals, and consulting engineering services. Canadian businessmen interested in this small but worthwhile market would be wise to concentrate their efforts in these sectors. ●

### Newsprint Agreement Reached

AUSTRALIAN Newsprint Mills Holding Ltd. of Tasmania and Tasman Pulp and Paper Co. Ltd. of New Zealand have entered into an agreement involving the exchange of two million shares and mutual board representation. The two newsprint companies provide the major part of Australian and New Zealand joint annual consumption of 370,000 tons.

The purpose of this agreement as announced by the respective boards of the two companies is to enter into an arrangement for the most orderly development of the manufacture and marketing of their newsprint in Australia and New Zealand and for the future development of other enterprises. Steps have been taken to make this agreement effective as of April 1, 1963.

The principal shareholders in the Australian company are Herald & Weekly Times Ltd., proprietor of the *Herald* and John Fairfax Ltd., proprietor of the *Sydney Morning Herald*. These two groups use more than 60 per cent of the newsprint consumed in Australia and are the two largest customers of Tasman Pulp and Paper Co.

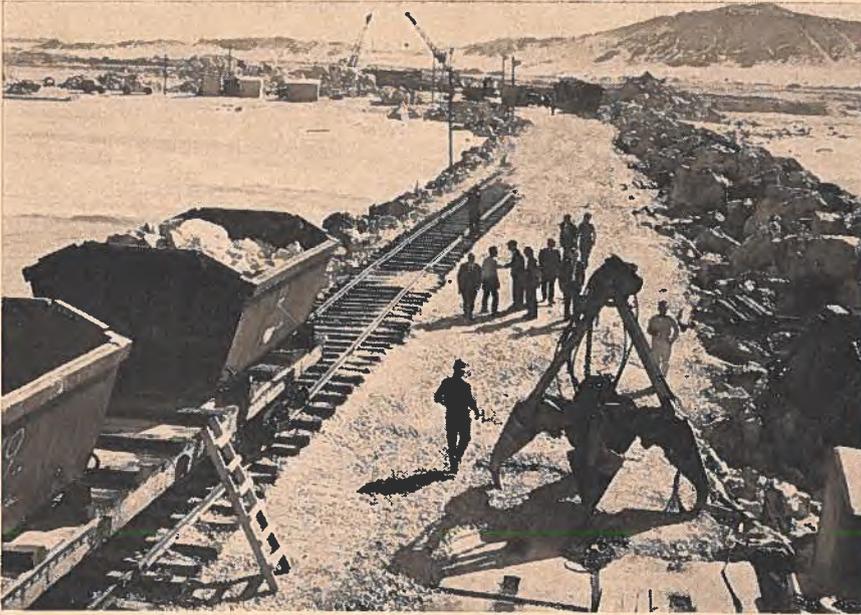
Tasman Pulp and Paper Co.'s issued capital of £NZ7 million is divided between the New Zealand Government (£2 million), Bowater Paper Corporation (£1.5 million), Albert E. Reed (£1.5 million), and Fletcher Trust & Investment (£1 million). The remainder (£1 million) is held by the New Zealand public.

The Directors of Tasman Pulp have stated that they are unanimous in their opinion that the agreement will be of substantial advantage, not only in terms of association with their customers but also in the orderly development of the newsprint industry in New Zealand and Australia. In their view, the new association of interests will be an important step in establishing the pattern of trade between the two countries.

This closer trade relationship between the two important entities, with whom Canada competes for a share in the Australian market for newsprint, will undoubtedly make inroads on Canada's exports of this commodity. Canadian newsprint exports to Australia, which were valued at \$16.6 million in 1961, are likely to drop to an estimated \$15.5 million in 1962 and probably will be cut by more than 50 per cent in 1963 to \$7.0 million.

—H. A. GILBERT

Commercial Counsellor, Melbourne



Construction of the main breakwater at the new Israeli port of Ashdod, on the Mediterranean Sea about halfway between Tel Aviv and Gaza. Work on the new port began three years ago and will take seven or eight more years to complete.

## Israel

- Canadian sales up 35 per cent by end of September.
- Engineering opportunities good as country progresses.
- Recent liberalization improves Canadian opportunities.

B. C. STEERS, *Commercial Secretary, Tel Aviv.*

CANADIAN exports to Israel, excluding wheat, for the first nine months of 1962 rose more than 35 per cent over last year. They totalled Can.\$7.14 million compared with \$5.3 million for the same period of 1961.

Sales of wheat, on the other hand, fell from \$4.2 million to \$1.6 million—not because Israelis have suddenly stopped eating good bread or have decided to buy elsewhere. Purchases of Canadian wheat have remained substantially the same but

took place late in the crop year and so are not reflected in the figures covering this period.

### Leading Purchases

*Wood pulp*—Leading the upward climb in exports is wood pulp, with sales for the first nine months of 1962 at \$623,615 compared with \$129,011 for the same period of 1961. These figures reflect the increasing competitiveness of Canadian pulp producers in the Eastern Mediterranean.

*Asbestos*—A long-time buyer of Canadian asbestos, Israel increased its purchases from \$650,492 to \$898,892 for the comparable periods January-September 1961 and 1962. The people of Haifa, Tel Aviv, Jerusalem and Beersheba are apartment dwellers to an extent unknown in Canada. One has to search hard in the city of Tel Aviv to find a house—any house. Each apartment has a balcony, usually the width of the flat, fitted with asbestos cement louvres. Beach chairs and park benches are also made of asbestos cement. Pipelines—one of the biggest uses for this material—stretch from the north of the country to the desert in the south.

*Aluminum*—Canadian aluminum is in evidence in almost every orange grove in the country—because it is used for lightweight irrigation pipe that can be easily moved from one area to another. The market has been carefully developed by Canadian producers. Good prices, regular visits by company representatives, and first class agents are a combination hard to beat. Results from January to September 1962, with sales up \$125,432 over last year to \$638,935, prove the point.

*Lumber*—Sales of this commodity have declined during the period under review, from \$572,754 for the first nine months of 1961 to \$436,000 for the comparable period of 1962. The reason: sharp Scandinavian and Austrian competition. Israeli lumber dealers demand more than good prices. They want seasoned lumber of uniform thickness and lumber with a thickness exceeding that specified is as unacceptable as undersized wood. Some shipments from Canada contain green unseasoned wood which shrinks after or en route to destination. The Israelis claim this creates problems in cement formwork and woodworking plants.

Recently inquiries have been developing for eastern Canadian spruce lumber. Box shooks for the orange and lemon crates of the

## To succeed in the Israeli market . . .

1. Choose a good agent. Few successful exporters here work without them and the Commercial Secretary will be pleased to help you find one. Once you get a good agent, support him. If volume sale opportunities exist, come to Israel, study the market with your agent, visit your important customers, and when you leave, plan to return whenever necessary.
2. Remember that Israeli buyers know where to buy quality for the lowest price. There is little chance of selling to them unless you are internationally competitive.
3. Realize that Israelis like to buy components and know-how, rather than completed articles. This is particularly true of electronic and electrical products. A deal with a local manufacturer often means entry into a market otherwise closed. Israelis are extremely export conscious and will offer convincing arguments that your deal with them should include export rights. They will cite examples of significant export volume obtained by other firms through their Israeli associates.

Citrus Marketing Board are in great demand and offer a rapidly growing market for competitive Canadian manufacturers. There are also opportunities for hemlock and Douglas fir, in common and select grades. The local plywood industry is well developed and protected and Canadian sales are not possible. Logs come from Africa and Asia.

*Engineering Opportunities*—For the past several years Israel has been

a country that engineers have watched, with good reason. Its 8,000 square miles—Vancouver Island is half as big again—are being transformed by its highly imaginative, energetic and dedicated population. Contracts have been let for two new ports, with foreign consulting engineers at work on both. Foreign contractors are at work on a U.S.\$30 million expansion of the Dead Sea works, financed by the World Bank.

### PRINCIPAL CANADIAN EXPORTS TO ISRAEL

	1960	1961	1962 Jan.-Sept.
	(Can.\$)		
<b>Total exports</b>	<b>\$6,184,215</b>	<b>\$8,747,080</b>	<b>\$5,302,973</b>
Of which:			
Wheat	2,426,081	4,221,319	1,644,950
Asbestos	719,218	1,021,985	897,892
Forest products (including wood pulp and paper)	514,273	1,183,057	1,062,196
Aluminum (including fabricated goods)	368,317	858,336	638,935
Plastics and synthetic rubber	315,553	267,976	119,929
Drugs and chemicals	309,215	97,824	1,963
Communication equipment	271,008	129,563	1,101
Fish and food products	189,582	228,520	99,485
Office equipment	104,558	172,642	88,867
Semi-trailers	.....	.....	170,158

Recently, the World Bank lent U.S.\$22 million to Israel for road-building—U.S.\$500,000 of this for foreign consulting engineering advice. The Department of Highways is now studying offers, several of which are Canadian.

Under review are the transformation of the sea front at Tel Aviv, a subway for the same city, a rail line to the Red Sea, and filtration and sewerage plants for Haifa, Tel Aviv and Jerusalem.

### Import Restrictions Relaxed

In June 1962, Israel introduced an import liberalization scheme. Proceeding carefully, the authorities have announced their intention to liberalize a further broad range of imports when circumstances permit. The program has been developed along two parallel lines—complete liberalization and semi-liberalization.

*Completely Liberalized*—Items that no longer require specific licences are, in the main, products not made in Israel. These goods may now be imported without restriction. Several of them are rather important in Canadian trade with Israel, such as asbestos, aluminum and copper. These products typify the others on the list in that, with a few exceptions, for several years import licences for them have been readily granted. The elimination of import licences therefore does not mean the sudden opening up of a new market, but merely makes it simpler to do business in one already established.

Listed too are several products of interest to Canadians such as wheat which, despite liberalization, continues to be imported exclusively by the Government of Israel. Other products now liberalized include:

- Apples, dried
- Aluminum in primary forms
- Asbestos
- Automotive engines—certain parts not made in Israel
- Automobiles and certain parts
- Bentonite
- Chemicals—a broad range of organic and inorganic chemicals

Copper in most primary forms  
 Fibres—certain manmade fibres  
 Fish fats and oils  
 Graphite  
 Herrings, salted or in brine  
 Iron and steel in primary forms  
 Lead and zinc  
 Machinery, industrial  
 Machinery, electrical, selected items  
 Magnesite  
 Magnesium beryllium  
 Nickel  
 Paper, certain types, not including newsprint  
 Rubber, certain types of synthetic rubber  
 Sulphate, natural barium sulphate  
 Sulphur  
 Tanning—certain tanning and dyeing extracts, tannins and their derivatives, dyes, colours.  
 Tractors  
 Vegetable waxes  
 Wheat  
 Wood, pine, but not other coniferous wood  
 Yarn, manmade, not for retail sale

Cardboard, corrugated, and containers made from it  
 Clocks, alarm  
 Electric bells, blankets, ceramics, food-preparing appliances, kettles, pads, stoves, heating and drying stoves  
 Equipment for underwater fishing  
 Gas fittings  
 Gas stoves  
 Gloves, industrial protective  
 Hand tools, various  
 Leather uppers  
 Linseed oil  
 Nails  
 Pens and refills (ballpoint)  
 Pipes, seamless  
 Plastic household and kitchen articles  
 Printers' ink  
 Refrigerators, household, with compressors  
 Soups

Spools for winding yarn made of paperboard  
 Sports balls  
 Sport and athletic equipment  
 Starches, except potato starch  
 Steel tubes, welded  
 Washing machines

Full details about these items can be obtained from the Asia and Middle East Division of the International Trade Relations Branch.

If your company makes any of these products and your prices are internationally competitive, it could be worth your while to try selling in Israel. Begin by writing to the Commercial Secretary at P.O. Box 20140, Tel Aviv, Israel. Be sure to include brochures and prices. ●

*Semi-Liberalized*—At the same time the Government, moving cautiously, has freed from absolute import restrictions many imports that are competitive with goods made in Israel. Import licences will be granted freely for these goods. In the past, import licences were usually not granted for bringing in these or other items for which an adequate substitute could be obtained locally.

This semi-liberalization has opened up a market here for products that have not been sold in Israel since the state was established. The Government, however, does not intend to permit a free flow of these new imports and has accordingly increased the customs duties to keep purchases moderate. One hundred and two commodities are involved, and these compete with the products turned out by 10 per cent of the country's labour force, with output estimated at \$100,000.

A number of products of interest to Canadian exporters are included in the semi-liberalized list. Among them are:

Aluminum kitchenware  
 Aluminum tubes  
 Bandages, surgical  
 Cardboard containers

## Cyprus

- Easing of import controls has increased opportunities.
- Automobile sales have benefited most.
- Cypriot importers list products Canadians could supply.

B. C. STEERS, *Commercial Secretary, Tel Aviv.*

THE Government of Cyprus has in the past 18 months liberalized most of its import trade. As a result, Canadian exporters may now compete for a much greater share of Cypriot business in machinery and equipment, consumer durables, certain foodstuffs, and a limited number of primary materials.

None the less, some obstacles still confront Canadians wishing to enter this relatively small market. British and other European suppliers, the main competitors, are well entrenched and Canadian brand names are largely unknown. Extremely price-conscious Cypriot importers will rarely pay high prices just for quality. Freight rates from Canada are high and transshipment is usually necessary because of a

lack of direct sailings from Canada to Cyprus.

### What Canada Sells

Last year the island's import bill reached Can.\$120 million. Exports and the tourist trade contributed Can.\$66.6 million towards paying it and most of the remainder came from British expenditures in Cyprus, largely on their bases there. Canadian participation in Cypriot trade has not been large, as the figures in Table I show (see page 20).

During the first half of 1962 Canadian sales consisted, in the main, of the products shown in Table II. By far the biggest single item in recent Canadian exports is passenger automobiles which have been permitted entry for the first

TABLE I  
CANADIAN TRADE WITH CYPRUS

	1960	1961 (Can.\$)	1962 (Jan.-June)
Canadian exports to Cyprus (wheat alone)	608,714 576,199	69,548	160,699
Canadian imports from Cyprus	179,668	194,410	8,000

time since the war. These have been well received but observers do not believe that demand will permit much expansion over present sales.

### What Buyers Want

Following the easing of import controls over dollar goods, inquiries for a substantial range of Canadian products were received from Cypriot importers. These are listed below. A small amount of new business in some of these goods has resulted and there may be opportunities for other exporters of these or related products.

#### *Appliances and Commercial Machinery*

air conditioners  
kerosene irons  
refrigerators  
gas appliances  
oil burners  
oil-fired water and space heaters  
hot plates  
gas stoves

#### *Chemical Products*

detergents  
fertilizers  
insecticides

#### *Forest Products*

box shooks  
facial tissues  
plywood  
chipboard  
flexible wood panels  
sulphite paper  
blockboard  
greaseproof paper

#### *Food Products*

canned fish  
caviar  
general grocery lines  
canned meat  
cornstarch  
soybeans  
canned peanuts  
diabetic flour  
vegetable oils

#### *Metals and Building Materials*

copper tubing  
tinplate

steel pipes  
window fittings  
laminated plastics

#### *Textiles, Toys, Sporting Goods, etc.*

beach sport equipment  
phonograph records  
safety matches  
beverage equipment  
readymade clothing  
toys  
fishing equipment (underwater, shore and sea use)

Canadian sales to Cyprus of wheat, formerly the only important export in dollar value, have not been possible during the past two years, because PL480 wheat was available from the United States. Stocks of this wheat already on hand and supplies from the new Cypriot harvest will make purchases of Canadian wheat in 1963 most unlikely.

### Forest Products

Cyprus citrus packers would like to buy Canadian box shooks. The islanders export up to 1½ million boxes of citrus fruit each year to European markets. They have been getting shooks from Portugal and Rumania at attractive prices and Canadian quotations so far have been high. In fact, Canadian lumber in general has tended to be too high-priced for the Cyprus market when quoted c.i.f. Traditionally it obtains its lumber needs in Western Europe but in recent years supplies have been coming from the Soviet Union in exchange for Cypriot raisins.

Canadian newsprint too has proved uncompetitive in price compared with Austrian and Scandinavian supplies. (Cyprus needs about 500 to 600 tons a year.) Some

TABLE II  
PRINCIPAL CANADIAN EXPORTS  
TO CYPRUS

	Jan.-June 1962 (Can.\$)
Passenger autos and chassis (51)	94,645
Road motor vehicle parts, n.e.s.	2,062
Car and bus tires and tubes	2,696
Spark plugs and parts	1,900
Tire and tube repair material	439
Aluminum fabricated materials, n.e.s. (transmission-line cable)	40,255
Canned salmon (coho, sockeyes, pink)	4,213
Mining, oil, gas industrial machinery and parts	2,013
General-purpose industrial machinery and parts	360
Household refrigerators (7)	1,544
Electrical cooking appliances	419
Non-electrical cooking equipment	1,813
Vitamins, biological and other pharmaceutical products and preparations	2,357
Typewriters (4)	519
Non-electrical wiring material	1,225
Leather	278
Douglas fir lumber (4 MBF)	590
Poultry, farm, apiary machinery and parts	486

small sales of certain grades of paper have been made.

### Agriculture and Fisheries

There is a limited market for Canadian canned fish. Cypriot and British buyers regularly buy Canadian canned salmon and Canadian sardines have been requested. Inquiries have been received for canned peanuts; in fact, there is a small demand in Cyprus for nearly every grocery line. The island uses 3,000 to 4,000 tons of soya meal every year; supplies coming in from North America are transhipped at Rotterdam or Trieste, and importers give the cost of shipment as Can. \$30 a ton. Several importers have requested Canadian quotations on refined vegetable oils but any received to date have been too high to permit business.

### Consumer Durables

Importers in Cyprus have expressed strong interest in Canadian

domestic electric appliances, including refrigerators, washing machines, air-conditioners, etc. European suppliers of refrigerators, however, are well established and their prices on small models are extremely low. Canadian opportunities are in the small market for models of over 10 cubic feet. Importers are already calling wringer-type washing machines old-fashioned and want the semi-automatic types. The long hot summers have created a growing demand for domestic air conditioners.

The cheaper grades of lining leathers have been bought by two of the island's four shoe factories

and there is a small trade in pharmaceutical specialties. Demand can be increased for competitively priced items.

The Cypriot authorities would like to expand sales of island products to Canada, especially brandies and grapefruit juice or must. They would also like to introduce their citrus fruit, which is of high quality, into Canada.

### **Engineering Equipment, Services**

The five year development plan begun in August 1961 envisages expenditures of U.S.\$174 million. Opportunities for Canadian equipment and technical services have

not yet arisen, mainly because the foreign loans and other forms of assistance received or offered so far commit Cyprus to certain suppliers. The principal projects included in the plan are electric power, port development, and water supply and irrigation.

Despite this drawback, a number of Canadian construction and consulting engineering firms have made themselves known to the Central Planning Commission, the Cyprus electricity authorities, the Ministry of Public Works, and other services involved in the development program, in the hope of future business. ●

## **Turkey**

- Five year development plan will cost U.S.\$6.6 billion.
- Trade deficits have made rigid import controls necessary.
- Plan may offer some trade or service opportunities.

BRUCE A. MACDONALD, *Commercial Counsellor, Athens.*

THE attention of the Turkish business and official world is focused at present on the Five Year Development Plan. This is the first phase of a 15-year economic development program\* that is intended to blueprint economic and social development from January 1963 on. The general feeling is that it has been prepared with great realism.

The program will undoubtedly have a major influence on the economic, social, political, and business life of Turkey over the next two or three decades, even if it

should prove necessary to modify it in some respects. It is to be supplemented by a more detailed plan for each year; the one for 1963 has just become available. Individual projects may, moreover, require a special act of parliament or government decree before they can be started. *It is important* that foreign firms should not assume that because a project is in the Five Year Plan it will be carried out. It may not materialize or it may be modified. Nevertheless, it is believed that the Plan will be implemented in full if at all possible.

Total expenditure (rounded figures) over the five years 1963/67 will be T£60 billion (U.S.\$6.6 billion) of which an estimated U.S.\$1.5 billion, or \$300 million a year, will be required in foreign exchange. A growth rate of 7 per

cent a year and an annual investment of 18 per cent of the gross national product is envisaged.

The total investment is allocated to ten program sectors, as shown in Table I.

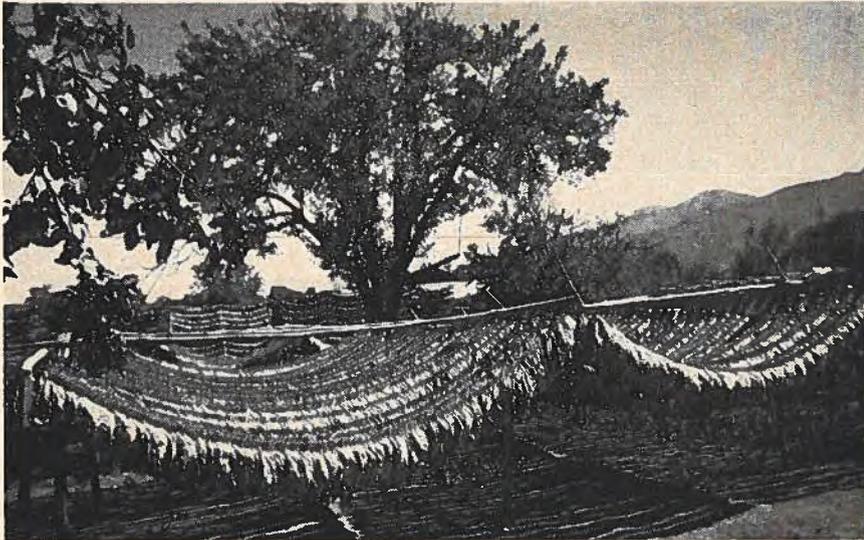
The translation of the text (over 600 pages) proved to be a big problem; it is hoped that mimeographed copies of the official English translation will be available this month or in February.

### **How Plan Prepared**

Preparation of the Plan began shortly after the military revolution in 1960. A State Economic Council was established headed by the Prime Minister and under it a State Planning Organization (SPO) was created. The SPO had at its disposal the co-operation and expertise of all the government ministries, the numerous government industrial corporations and banks, the Union of Chambers of Commerce and Industry, and many private organizations and individuals. It has also been assisted by a number of foreign economic experts.

As a result, the Plan can be regarded not only as the work of the

\*Turkey's first economic plan was drawn up under Kemal Ataturk in the mid-1930's and there were several others subsequently. The present Plan can probably be regarded, however, as more thorough and realistic than any of its predecessors and will, of course, benefit by the experience gained from them.



*Tobacco traditionally has been one of Turkey's leading export products; in 1961 Canada bought 298,213 pounds worth Can.\$226,124. This scene in the Turkish countryside shows how the tobacco leaves are hung up to dry in the hot Asian sun.*

most competent people in the country and of a number of internationally distinguished foreign experts, but also as a harmonization of different interests and views within the country. The Grand National Assembly approved the Plan by 219 votes for to 93 against, with 43 abstentions.

It is reported that the Plan reconciles differences that arose mainly over:

- The size of the sectors to be allocated respectively to state and private enterprise. It is well known that there are, as elsewhere in the world, powerful opposing views on this subject in Turkey.
- Natural rivalry between ministries over division of investment funds.
- The tax reforms required for necessary internal finance; much will depend on the Government's determination and skill in the field of taxation.

#### Foreign Aid Required

The degree to which the Plan can be fully implemented will depend, of course, on the amount of foreign exchange available. The country has been running an increasing deficit

on purely trade account for a number of years, as Table II shows.

Moreover, this trade deficit is considerably increased by invisibles. Turkey at present has no *net* earnings from other activities such as shipping or tourism.

Under the auspices of the Organization for European Co-operation and Development, a consortium has been formed to help Turkey finance its development program. The work of this consortium is still in the early stages and the assistance that Turkey will receive from it is not yet clear.

#### Association with EEC

Turkey wishes to become associated with the European Economic Community on terms somewhat similar to those under which Greece became an associate member on December 1, 1962. However, the present weakness of most of its industries would make the necessary arrangements even more difficult to work out than they were for Greece. It is hoped in some quarters that until agreement on association with the EEC can be reached, some arrangement can be worked out whereby the most important of Turkey's export products at least will be accorded reasonable terms of access to the Common Market.

**TABLE I**  
**INVESTMENT IN FIVE YEAR PLAN**

Sectors	Total Investment (million T£ at 1961 prices)	Percentage of Total Gross Investment
1. Housing	12,180.0	20.5
2. Agriculture, forestry and fisheries	10,548.4	17.7
3. Manufacturing	10,089.2	16.9
4. Transport and communications	8,007.4	13.4
5. Energy	5,134.0	8.6
6. Education and training	4,218.0	7.1
7. Services	4,040.9	6.8
8. Extraction and mining	3,232.1	5.4
9. Public health	1,358.0	2.2
10. Tourism	827.0	1.4
<b>Total</b>	<b>59,635.9</b>	<b>100.0</b>

Note: T£9=U.S.\$1.00.

**TABLE II**  
**TURKEY'S FOREIGN TRADE**

	1957	1958	1959	1960	1961	1962 (estlm.)
	(U.S.\$'000,000)					
Total trade	742.4	562.3	823.8	788.9	856.2	885
Imports	397.1	315.1	470.0	468.2	509.5	560
Exports	345.3	247.2	353.8	320.7	346.7	325
Deficit	- 51.8	- 67.9	-116.2	-147.5	-162.8	-235

Turkey's import control laws and import regulations are complex and detailed. They place a heavy burden on the import community and, indirectly, on foreign suppliers. They are rigidly applied.

It should be understood, however, that they represent a determination on the part of the Turkish finance authorities to cut their coat according to the cloth and to remove any danger of the country's not being able to meet its foreign obligations; this has happened in the past. The Ministry of Finance and the Central Bank have so far met regularly and promptly all of the commitments entered into under the Economic Stabilization Plan of August 1958.

Broadly speaking, all imports require import licences, which carry with them assurance of the necessary foreign exchange to pay the foreign supplier. The licences are issued on the basis of import lists

published at regular half-yearly intervals—i.e., early in January for the first half of the year and early in July for the second half. This has been the practice since 1960.

#### **Tenth Import List**

As this report is being written, publication of the next (10th) import list and regulations is expected within a week or two. A summary of them will appear in *Foreign Trade* as soon after as possible, commenting on the types of goods of special interest to Canada that will be permitted import and explaining, where necessary, the governing regulations.

Meanwhile, it seems probable that the effect of the Plan will be to harden, and perhaps even to extend, the present policy of excluding all luxuries, discouraging all possible consumer goods and non-essentials, and forcing, wherever possible, substitution of domestic for foreign

goods, whether raw materials, components, or finished products.

#### **Future Outlook**

Lacking details of the Plan, of the aid that will be made available from the consortium and from other sources, and of the 10th Import List, it is difficult at the moment to forecast future trade prospects for Canada in Turkey. It does seem clear, nevertheless, that Turkey will offer a market over the next five years for at least \$2 billion worth from all countries of imported raw materials, replacement parts, capital goods, a minimum of essential consumer goods, plus some special services, such as engineering. Within this over-all total, there should be a considerable number of worthwhile opportunities for Canadian producers and manufacturers. These opportunities can be explored at the Export Trade Promotion Conference to be held in Ottawa in April.

## **United Arab Republic**

- Stabilization program, foreign aid has improved prospects.
- Industrial development, socialization process continue.
- Industrial equipment, raw materials lead Canadian sales.

W. GIBSON-SMITH, *Commercial Counsellor, Cairo.*

LIKE Canada (but for different reasons), the United Arab Republic suffered a financial crisis in 1962, and using methods similar to those employed by Canada—loans from Western countries and the International Monetary Fund, together with domestic economic measures—the country weathered the storm. The steps taken to meet the crisis should go some distance towards the establishment of a more orthodox approach to foreign trade.

Egypt had been managing for some years on minimum foreign ex-

change reserves when, in August 1961, 30 per cent of the cotton crop was lost due to infestation. A balance-of-payments crisis was inevitable. With the help of the International Monetary Fund, a stabilization program was worked out in April last year whereby a credit totalling \$42½ million was made available.

In addition, substantial assistance in cash and kind was received during the year from the United States, Britain, West Germany and Italy. Taken together, this assistance

was not sufficient to deal with the whole balance-of-payments deficit, but it certainly alleviated the situation.

On her side, the U.A.R. agreed to set a realistic rate of exchange for the Egyptian pound, discontinue all multiple rates of exchange practices, restrict domestic credit, work towards the abolition of import controls and price controls, and remove discrimination in import procedures. By joining the General Agreement on Tariffs and Trade, she has signified her willingness to accept the responsibilities as well as the benefits of organized rules in conducting international trade.

#### **Emphasis on Industry**

One of Egypt's main problems is the population explosion; the population rose from some 19 million

in 1947 to about 26 million in 1960. The amount of arable land is restricted and the Government is doing what it can to increase it by reclamation projects and large-scale irrigation. Large land-holdings are disappearing as they are split up among smallholders, with the former owners compensated through government bonds bearing moderate rates of interest.

Egypt looks to several large hydroelectric power projects not only to increase irrigation but also to provide power for industry. Largest among these developments is the High Dam at Aswan, construction of which seems to have recovered momentum in spite of many technical difficulties. When it is completed, probably by 1972, it should revolutionize the economic life of Upper Egypt and, indeed, of the whole country. Some irrigation water will be available from it from 1965 on. Other hydroelectric and thermal power stations at points on the Nile and in the Delta are planned.

The emphasis is on creating basic industries in a country that before the revolution ten years ago was largely agricultural except for the important textile industry. This industrialization seems to be succeeding, although it is also causing strains, particularly on the foreign exchange reserves.

Among the products already being made or assembled in Egypt are automobiles, batteries, bicycles, rails, railway cars, refrigerators, rubber tires, and steel furniture. Plants are being built to distill tars and to make calcium carbide, ferrosilicon, dyestuffs, paper and pulp, cellophane, viscose yarn, and wool tops. A petrochemical complex built around the refineries at Suez and Alexandria, which use oil from the Gulf of Suez, is also in the cards. Coal has recently been discovered in the eastern part of the country and iron ore at an oasis about 200 miles southwest of Cairo. A railway is to be built to bring this ore to the steel mill at Helwan, near Cairo,



*The Egyptian Government is continuing its program of socializing most fair-sized businesses and now has at least 50 per cent ownership in most segments of business. This refrigerator factory near Cairo, which opened in 1952, was nationalized recently; the only imported component in the refrigerators made here is the motor.*

which now uses ore from near Aswan. The fertilizer industry is to be expanded substantially.

Production of engineering goods and equipment increased a reported 20 per cent in 1961 over 1960. The Government is hoping that Egypt soon will reach the "take-off" point in the process of building up industry and that ancillary plants will grow up naturally around the

factories currently established or to be built shortly.

#### Foreign Aid Forthcoming

Many of these industrial projects are large and expensive and call for substantial amounts of foreign aid, but the Government is determined to press on with them as quickly as possible. Most of this aid comes from international organizations and

TABLE I  
CANADA'S PRINCIPAL EXPORTS TO EGYPT

	1960	1961	1962 Jan.-Sept.
	(Can.\$)		
<b>Total exports</b>	<b>2,009,944</b>	<b>3,024,703</b>	<b>1,820,899</b>
Of which:			
Asbestos	594,212	760,883	607,940
Radio, TV equipment	.....	2,031	470,470
Aluminum	3,864	1,905	370,486
Wood pulp	36,179	463,133	95,188
Plastics and synthetic rubber	24,964	22,537	41,794
Wheat flour	3,906	300,814	27,720
Medicines and pharmaceuticals	65,453	58,350	14,697
Locomotives and parts	6,490	87,717	10,177
Newsprint	83,586	96,295	5,526
Winter wheat	.....	706,962	.....
Milk powder	211,041	37,247	.....
Sheet and strip steel	59,271	2,702	.....
Textile products	417,191	.....	.....

foreign governments. Private foreign investment is limited to essential projects calling for special technical knowledge.

Soviet assistance with the Aswan Dam and other projects is well known. The World Bank has made some loans and is studying others. Under a three-year agreement negotiated in 1962, the United States Government is providing surplus agricultural commodities to be paid for in local currency under the terms of PL480. The agreement covers shipments valued at U.S.\$390 million, including U.S.\$276 million in wheat and flour, and frozen poultry, powdered milk, vegetable oil, corn and tallow.

The West German Government loaned Egypt a further DM80 million last November and last August Britain provided £3.6 million on loan. Italy too has given financial aid. The Egyptians are also seeking a loan from the Eximbank to buy locomotives.

Despite this aid, hard currency reserves continue to be low. To help bolster them, Egypt is making strenuous efforts to attract more tourists. The Suez Canal, which is now handling some 30 per cent more tonnage than before it was nationalized, makes a major contribution to foreign exchange earnings. Nevertheless, the country will continue to be short of hard currency until its big industrialization plan nears completion some years hence.

### **Business and Trade**

Egypt is proceeding with its program of socializing most businesses of any appreciable size. In fact, there are few segments of business by this time in which the Government does not have at least 50 per cent ownership.

All foreign trade is now in the hands of some 15 government trading corporations, although the large government manufacturing organizations often prefer to import directly. Commission agents are no longer permitted to operate as such

and offers must be made directly to the government corporations. Some former import commission agents are now serving foreign suppliers on salary or retainer, and others are working as sub-agents for government importing firms.

Egypt's big export is, of course, cotton, which makes up 70 per cent of all sales abroad, and until recently well over half of the cotton sold went to Soviet Bloc countries. The Egyptians have not been too happy about this and now are making some progress in selling more cotton for hard currency.

In the past, the U.A.R. has conducted a considerable part of its foreign trade under trade and payments agreements, especially with Soviet countries. This has tended to divert trade towards these countries. Now, however, as a provisional member of GATT, Egypt has undertaken not to discriminate be-

tween supplying countries. In the first half of 1962, trade with the West increased considerably.

### **Trade with Canada**

Canada's exports to Egypt totalled about \$3 million in 1961 and some \$1.8 million in the first three quarters of 1962. The principal commodities sold to Egypt in the last three years are listed in Table I, which also illustrates the changing nature of the trade.

It does not seem probable that Canadian consumer goods will be permitted entry as long as the industrialization program continues with the same momentum. The main possibilities for Canadian exporters will be the supplying of industrial equipment and when such sales are made, they are usually substantial. Suppliers should bear in mind that generous credit terms are essential. ●

## **Sudan**

- Work proceeding on highways, hydro power projects.
- Industrial development increasing, with foreign aid.
- British competition most severe in this market.

W. GIBSON-SMITH, *Commercial Counsellor, Cairo.*

THIS large and partly inaccessible country became a nation only six years ago. Since an Army coup four years ago political conditions have been stable. The economy is based on crops in the north and cattle in the south. Until recently, primitive subsistence agriculture has been the main occupation because of the tribal traditions of the 11 million Sudanese. Now, however, steps are being taken to modernize the country and build up industry. Planning for industry includes feasibility studies which are made before plants are built.

Although the Sudan has had a long-standing relationship with its bigger and more advanced neighbour, Egypt, it has not followed Egypt down the path of socialism. It welcomes foreign capital and is opposed in principle to state trading.

So many new industries have already been started, are under construction, or are definitely planned that President Abboud said recently it would take too long to enumerate them all.

Basic to the industrialization of the country are transport and power. There is no real road even

TABLE I  
CANADA'S EXPORTS TO SUDAN

	1960	1961	Six months 1962
<b>Total exports</b>	<b>\$335,220</b>	<b>\$332,720</b>	<b>\$106,647</b>
Of which:			
Disc harrows	190,150	1,311	.....
Lumber	40,718	.....	.....
Plastics and synthetic rubber	29,896	10,893	.....
Trucks and chassis	29,500	29,611	28,999
Automobiles	17,814	20,200	43,814
Excavating dredging equipment	.....	150,666	3,820
Soil preparation and seeding machines and parts	.....	30,077	.....
Switchgear	.....	19,000	.....

between the country's only port, Port Sudan, on the Red Sea, and the capital, Khartoum. A feasibility study for a road has been completed, however, and it is expected that work will begin soon. Apart from navigable sections of the rivers, the railway system (originally British) has been the only surface means of transport. It is now being extended towards the relatively primitive south. For the first time, with the help of Yugoslavia, the Sudan is acquiring a modest merchant marine. Its airline is working well and flies outside the country.

The first hydroelectric power development was opened at Sennar last November. A second project will be finished in less than a year and a really big one (with a dam reported to be 200 feet high and creating a reservoir 10 miles long) is expected to be completed in 1967 at Roseires, near the Ethiopian border. These dams mean that the present irrigation program can be extended. Not only does the Sudan intend to increase the basic crop of cotton but perhaps more important, to raise more of such products as tea and coffee, which are still imported in substantial quantities.

Plants have been erected for processing sugar, for tanning, and for making cardboard, textiles, flour, and oil from seeds. There also are projects for other industries, such as nitrogenous fertilizers and an oil refinery. The Soviet Union has come to the help of the Sudan with several canning plants and grain elevators.

The Sudan has known deposits of iron, copper, manganese, mica and gypsum and there is reason to believe that oil may be found on the Red Sea coast.

Although the country's financial position appears sound, the suddenness with which all these new developments are springing up has made it necessary to search for financial assistance abroad. Aid has been received from the World Bank, West Germany, Britain, Italy, the United States, and also from certain Soviet Bloc countries.

#### The Trade Picture

Trade is relatively unrestricted. Sudan has traditionally been a member of the sterling area but now feels free to maintain its reserves in other currencies.

Cotton, which constitutes some 70 per cent of exports, has been selling fairly well and Canada is an occasional buyer. The second most important export is gum arabic; the Sudan is the dominant supplier and sells to world-wide markets, including Canada.

Canada's sales to the Sudan reached \$332,720 in 1961 (\$335,220 in 1960) and \$106,647 in the first half of 1962. Table I gives the main commodities in that trade.

#### Selling to Sudan

There is no particular difficulty in obtaining import licences and there is no language barrier. But Canada is confronted with a number of other problems in penetrating the Sudanese market: local un-

familiarity with Canadian goods; the shortage of dollars, which was so acute until the last few years that imports from dollar countries were restricted; the problem of finding qualified distributors to take on Canadian goods, especially if engineering expertise is needed; the need for longer and longer credit terms.

British goods particularly are entrenched in the market and many of the big projects will obviously mean orders going to the countries supplying capital for them. Nevertheless, Sudan is friendly towards Canada, and it now seems clear that it is going to become a much more important market for Western products generally. There is room for many more Canadian exporters to begin selling in this market soon.

#### Export Briefs

A Vancouver firm of consulting engineers, Sandwell and Company Limited, designed a power plant at Hyderabad, capital of Pakistan's Sind Province, several years ago. Now the Pakistan Power Authority has commissioned the firm to undertake the engineering for an extension to this plant, more than doubling its original capacity of 20,000 kilowatts. The plant was completed in 1961. A Pakistan consulting firm will be associated with Sandwell in the field engineering for the new extension.



More fresh lobsters are being sold to European markets, thanks to painstaking research and experiment by Trans-Canada Air Lines, cargo specialists. They discovered that the lobsters travelled well when they are kept at a constant temperature and humidity throughout the journey. Constant testing revealed that the live lobsters survived best when they were packed in cartons filled with seaweed or wood chips dampened with sea water and at temperatures ranging from 38 to 45 degrees. Using this method, only about one-half of 1 per cent of the lobsters failed to survive. Now TCA has set up a weekly program for shipping the lobsters from Maritime producers to European customers; aims at carrying 500,000 pounds between November 1, 1962, and March 31, 1963.

# SHIPPING SERVICES FROM CANADA TO THE MIDDLE EAST

## FROM

TO:	Pacific Coast	Great Lakes	St. Lawrence and Atlantic
<b>Aden</b>	Splosna Plovba Line ( <i>Sea Freight Ltd., Vancouver</i> )		Canada India Pakistan Line ( <i>McLean Kennedy Ltd., Montreal</i> )
<b>Bahrain</b>	Java Pacific and Hoegh Lines ( <i>Dingwall Cotts and Co. Ltd., Vancouver</i> )	Nedlloyd Line ( <i>Montreal Shipping Co., Ltd., Toronto</i> )	Hansa Line ( <i>Watts Watts Shipping Agencies Ltd., Montreal</i> )  Nedlloyd Line ( <i>Montreal Shipping Co. Ltd., Montreal</i> )
<b>Eritrea</b>	Splosna Plovba Line		Crescent Line ( <i>March Shipping Agency Ltd., Montreal</i> )
<b>French Somaliland</b>			Crescent Line
<b>Iran</b>	Java Pacific and Hoegh Lines	Nedlloyd Line	Hansa Line Nedlloyd Line
<b>Iraq</b>	Java Pacific and Hoegh Lines	Hellenic Line ( <i>Furness Withy and Co. Ltd., Toronto</i> )  Nedlloyd Line	Hansa Line Hellenic Line ( <i>Furness Withy and Co. Ltd., Montreal</i> )  Nedlloyd Line
<b>Israel</b>	Zim Line ( <i>North Pacific Shipping Co. Ltd., Vancouver</i> )	Zim Line ( <i>March Shipping Agency Ltd., Toronto</i> )	Zim Line ( <i>March Shipping Agency Ltd., Montreal</i> )
<b>Jordan</b>		Hellenic Line Nedlloyd Line  Orient Mid-East Great Lakes Service ( <i>Hurum Shipping and Trading Co. Ltd., Toronto</i> )	Hansa Line Hellenic Line  Nedlloyd Line Orient Mid East Great Lakes Service ( <i>Hurum Shipping and Trading Co. Ltd., Montreal</i> )
<b>Kuwait</b>	Java Pacific and Hoegh Lines	Nedlloyd Line	Hansa Line Nedlloyd Line
<b>Lebanon</b>	Splosna Plovba Line	Canada Orient Line ( <i>Keel Shipping Ltd., Toronto</i> ) Hellenic Line Nedlloyd Line	Canada Orient Line ( <i>Keel Shipping Ltd., Montreal</i> ) Hellenic Line Nedlloyd Line

**FROM**

<b>TO:</b>	<b>Pacific Coast</b>	<b>Great Lakes</b>	<b>St. Lawrence and Atlantic</b>
<b>Lebanon</b>		Niagara/Concordia Lines <i>(Great Lakes Overseas Shipping, Toronto)</i>	Niagara/Concordia Lines <i>(Canadian Overseas Shipping, Montreal)</i>
		Orient Mid-East Great Lakes Service	Orient Mid East Great Lakes Service
		Watts Watts Line <i>(Watts Watts Shipping Agencies Ltd., Toronto)</i>	Watts Watts Line <i>(Watts Watts Shipping Agencies Ltd., Montreal)</i>
<b>Saudi Arabia</b>	Java Pacific and Hoegh Lines	Hellenic Line Nedlloyd Line Orient Mid-East Great Lakes Service	Canada India Pakistan Line Hansa Line Hellenic Line Nedlloyd Line Orient Mid East Great Lakes Service
<b>Sudan</b>	Splosna Plovba Line		
<b>Syrian Arab Republic</b>		Orient Mid-East Great Lakes Service Watts Watts Line	Orient Mid-East Great Lakes Service Watts Watts Line
<b>Turkey</b>	Zim Line	American Export Lines <i>(American Export Lines, Toronto)</i> Canada Orient Line Hellenic Line Niagara/Concordia Lines Watts Watts Line	American Export Lines <i>(Moore McCormack Lines (Can.) Ltd., Montreal)</i> Canada Orient Line Hellenic Line Niagara/Concordia Lines Watts Watts Line Crescent Line
<b>United Arab Republic</b>		American Export Lines Canada Orient Line Fabre Line <i>(A. O. Minshall Co. Ltd., Toronto)</i> Hellenic Line Niagara/Concordia Lines Orient Mid-East Great Lakes Service Watts Watts Line	American Export Lines Canada India Pakistan Line Canada Orient Line Fabre Line <i>(Saguenay Shipping Ltd., Montreal)</i> Hansa Line Hellenic Line Niagara/Concordia Lines Orient Mid-East Great Lakes Service Watts Watts Line

# Import and Exchange Regulations in the Middle East

The following is a summary of the import and foreign exchange control regulations currently in effect in countries in the Middle East.

J. M. H. DAVISON, *Asia and Middle East Division.*

## BAHRAIN

Import licences are not required and there are no quota restrictions. The import of certain goods such as firearms, alcohol, and ammunition is allowed only by special permission. All imports must be accompanied by a certificate from the manufacturer, producer or exporter that the goods are not of Israeli origin, do not contain Israeli materials, and are not being exported from Israel. All firms wishing to import goods into Bahrain are obliged to register their names and obtain a Trade Registration Number without which Bahrain Customs will not allow goods to be cleared. Exporters should be certain that firms with whom they deal in Bahrain are registered.

There are no exchange restrictions. Importers usually pay dollar drafts only after the merchandise has actually landed on the customs wharf. Dollars may be freely sold to residents of the Arabian Gulf area and customers may use local currency to liquidate dollar drafts drawn on them.

## CYPRUS

Since gaining independence on August 16, 1960, Cyprus has consistently pursued a policy of liberalizing import restrictions and, as far as possible, abolishing discrimination among various sources of supply. During 1961, restrictions were lifted on a great number of imports from the dollar area. In the summer of 1962 a further liberalization took place, and today dollar exchange is available for a wide range of products under Open General Licence. Licences and dollar exchange for products not covered by Open General Licence are subject to ministerial approval.

## ETHIOPIA AND ERITREA

Imports are not subject to licensing but applications for the necessary foreign exchange, accompanied by a pro forma invoice, must be made to the State Bank of Ethiopia before firm orders are placed abroad. Exporters are advised to ask for notification of the number of the exchange control licence before dispatching goods. This licence is usually valid for three months but may be extended. No licence is issued

unless the foreign exchange is available and the method of payment for imports is not restricted.

The State Bank of Ethiopia is the sole authorized dealer in and controller of foreign exchange and transactions must be effected through it. The Bank supervises all payments abroad and normally authorizes them in any convertible currency requested. It is customary for drawees to pay drafts only upon arrival of the merchandise. All foreign exchange received in Ethiopia must be surrendered to the State Bank of Ethiopia.

The number of the exchange control licence and the date of issue should be included in the commercial invoice. Documents received for collection bearing a licence number will be treated promptly by the banks and proceeds remitted.

The exchange control regulations that required prior deposits for certain types of imports have been cancelled and imports of all descriptions are now being authorized without prior deposits. Imports into Ethiopia are in the main financed by letters of credit.

## IRAN

Regulations affecting the import of commodities are issued effective from March 21 of the current year to March 20 of the following year. Under the current regulations, there is a long list of goods import of which is prohibited. All other goods may be imported within the limits of the relevant regulations. Importers are not required to obtain in advance an import permit for goods authorized to be brought in under the general import quota. These licences are issued automatically at the time of release of goods from the Customs. Imported goods must generally be new and unused. The import of goods as gifts without the transfer of foreign exchange does not require an import licence, provided the total value does not exceed 10,000 rials (approximately \$142.30) per person per year and if they are of no commercial value. A number of goods that may be imported are subject to a commercial profits tax, levied either on a specific basis or ad valorem, according to the product.

All imports must be paid for by letters of credit except for essentials such as pharmaceuticals, newsprint, industrial and agricultural equipment, which may be imported on a collection basis. All other imports are considered non-essential. Letters of credit must be used to import non-essentials in conjunction with a 70 per cent minimum deposit. Essential goods may be imported either under letters of credit or documentary bill for collection. The minimum letter-of-credit deposit

required for these goods is 40 per cent, except for imports of industrial and agricultural machinery, which require only 25 per cent.

## **IRAQ**

All imports except commercial samples up to a value of I.D.10 (approximately \$30.19) require import licences from the Ministry of Supply and these must be obtained before orders are confirmed abroad. Exporters are advised to make certain that a valid import licence has been issued, because foreign exchange will not be released without it. For the purpose of import control, goods are classified into one of three categories according to their essentiality: essential commodities such as machinery, with unlimited allocation of official exchange; other essential commodities, with limited allocations within importer's quota, and some 62 commodities import of which is prohibited. Essential goods receive priority. Licences for luxury goods are granted in very small amounts and almost no licences are granted for goods that compete with Iraqi manufactures. All import licences are issued c. and f. and are valid for one year, during which the importer must open the relative letter of credit through an authorized bank.

Licences for imports authorize importers to purchase exchange from the banks at the official rate. Drawees generally pay documentary bills after the merchandise has arrived. Letter-of-credit financing is recommended.

## **ISRAEL**

Import licences issued by the appropriate licensing authorities are required for all imports, except direct government imports, passenger baggage and certain gifts. Import licences are valid for between nine and twelve months. The Director of Customs and Excise may release goods when the relative import licence has expired, if he is satisfied that the goods left the country of origin while the licence was still valid. Merchandise not covered by a valid import licence is subject to confiscation.

The import licence has a special section reserved for the use of the Foreign Exchange Control and containing its sanction of the issue of exchange. Upon presentation of the licence to an authorized bank, the latter provides the foreign exchange. Documentary collections are usually taken up by drawees only after the merchandise has arrived.

Liberalization of imports was introduced effective from June 1, 1962. Import licences are no longer needed for a lengthy schedule of goods required for production, supply or services but not for personal consumption. To import items on the free list, the importer must have an Approved Importer Certificate issued to him yearly by the Government. The certificate enables him to bring in these items without a licence.

## **JORDAN**

An import licence and exchange permit are required for practically all merchandise entering Jordan. Import licences are issued by the Controller of Import Department of the Ministry of National Economy, are usually valid for six months, and may be extended for justifiable reasons. The securing of an import licence assures the importer that foreign exchange will be granted. Goods shipped under a letter of credit must arrive in Jordan not later than one month after the import licence expires.

Imports are divided into two categories: prohibited imports, and essential and other goods for which import licences will be issued in the relevant foreign currency against payment by the importer of an import fee of 4 per cent. Import licences are valid for opening documentary credit up to 45 days from the date of issue of the licence. Application for the necessary exchange may be made after the import licence has been issued. The controller of currency must issue an exchange permit before an importer can purchase exchange at the official rate. Drawees generally postpone action on documentary bills until after the goods arrive.

## **KUWAIT**

Permits are not required for imports into Kuwait and only a few commodities are prohibited entry: alcoholic drinks (unless authorized by the Government), guns and ammunition, opium, poisonous drugs, alcoholic spirits, certain printed matter, false coins, weights and stamps. All shipments to Kuwait must be supported by an authentic certificate showing that the goods are not of Israeli origin and that no Israeli products were used in their manufacture. Without this certificate the goods may be confiscated by the customs authorities.

There are no exchange regulations on imports and exchange is supplied from the official dollar market. The supply of dollars is usually adequate and there is no delay in providing them for payment of imports. Merchants generally await arrival of the goods before making payment.

## **LEBANON**

With the exception of certain listed articles that require a prior import licence, all other goods may be freely imported into Lebanon and do not require a licence. Import licences are valid for six months and may be extended for a further six months if application is made in writing before the licence expires. An importer is given one import licence a year for the total quantity of any particular commodity he wishes to import, and he has the right to import these goods either in one or a number of shipments. Merchandise not cleared through the Customs within eight days has a surtax levied on it; it may remain in Customs for six months before being cleared. If it is not cleared

within that period, it is liable to confiscation or sale at public auction.

Official exchange is available only for government imports and other imports are paid for in foreign exchange bought in the free market. It is customary for payment to be made after the merchandise arrives, unless the buyer and seller make other arrangements.

## **QATAR**

With the exception of firearms, alcohol and alcoholic drinks, imports are not subject to licence. The import of dangerous drugs and cultured pearls is prohibited. Merchandise imported must be cleared within twenty days; if not, it becomes subject to a fine.

No exchange permission is required and dollar exchange is readily available from banks to pay for imports. Letter-of-credit financing is recommended.

## **SAUDI ARABIA**

Practically all goods may be freely imported into Saudi Arabia, although the import of a few is prohibited. Exchange transactions are absolutely free, including the import and export of banknotes, gold, gold coins and silver. There are no restrictions on the use of foreign currency in payment for merchandise originating in and shipped from countries in Europe. Payment of interest is not allowed and no protest facilities are available. It is customary for drawees to pay documentary drafts only upon arrival of the merchandise. Imports should be financed by documentary draft.

## **SUDAN**

Imports into Sudan are subject to licence issued by the Ministry of Commerce, Industry and Supply. Licences are not valid until endorsed by the Bank of Sudan exchange control and also by an authorized dealer to the effect that the currency already has been released. Import licences are valid for three months, subject to extension for satisfactory reasons. Merchandise arriving in the country and not covered by an import licence is subject to fines or confiscation. An Open General Licence was established in July 1951 for a specific list of commodities and this list is added to periodically. Import licences are not likely to be issued unless the goods are highly essential and cannot be obtained from other sources.

Exchange must be remitted through an authorized dealer and the import licence endorsed to that effect before presentation to the customs authorities for clearance of the goods. Payment for imports may be made in advance, either by letter of credit or otherwise, and such authorization is embodied in the import licence. Transactions should be conducted on letter of credit.

## **SYRIAN ARAB REPUBLIC**

All imports into Syria must be made directly from the country of origin without the intermediary of a

firm conducting an established business outside Syria. All imports over S.£350 (approximately \$105.00) in value are subject to the procurement of an import licence issued by the Ministry of Economy and Commerce. There is also a schedule of prohibited goods and a list of goods for which import licences have been suspended. An import licence is valid for six months and may be extended for three months before the expiry date. The import licence may not be renewed unless the importer can prove that the goods were shipped before the licence expired. Merchandise must be cleared through Customs before the import licence expires. Without an import licence, the goods are prohibited entry. There is a substantial list of goods that must be imported only through the port of Lattakia. A tolerance of 10 per cent in either quality or value is permitted on the quantity of c.i.f. values indicated on the import licence, provided that it does not exceed the amount specified in the import licence. The issue of the licence gives the importer the right to purchase through an approved bank the foreign exchange needed to pay for imports.

By a Decree dated February 4, 1961, all transactions in foreign exchange may take place only through authorized banks and exchange dealers at exchange rates based on the official buying and selling rates. Most proceeds from exports and invisibles from that date are to be surrendered to authorized banks at the official exchange rate within three months from date of shipment. Drafts accompanied by shipping documents must be sent to a bank operating in Syria and settlement of the value must be effected through a bank.

## **TURKEY**

All imports require import licences which are valid for six months and all applications for such licences must be accompanied by a pro forma invoice or offer. Imports may be effected by natural and legal persons who possess an importer's certificate. No importer's certificate is required for imports by industrialists, exporters and mine-owners for use exclusively in their commercial activities. Imports must be effected within the validity period and if a period is granted for manufacturing goods, this may be added to the six months. Import licences are valid only for the tariff headings indicated in the licence and goods must be indicated against said headings in the two lists appended to the regulations—a list of free imports and a list of imports subject to an allocation of foreign exchange or quota. These lists include items to be paid for with ICA funds and this payment must be made only by letters of credit. Applications for goods included in the quota list must not exceed 20 per cent of the quota to which they refer. No time limit is required for goods included in the free import list.

Applications for import licences must be accompanied by a guarantee deposit of 10 per cent of the Turkish lira equivalent of the foreign exchange applied

for; imports by industrialists require no guarantee. Import licences are used for clearing the goods from Customs. When the goods are imported, a photostat or copy of the import licence certified by a notary or authorized bank must accompany the import declaration.

Under the Decree, the exchange of goods between Turkey and foreign countries shall be carried out in accordance with multilateral and bilateral agreements. Payments covering exchanges of goods with countries with which Turkey has concluded agreements shall be made in accordance with the provisions of the agreements in question. Payments covering the exchange of goods with countries with which Turkey has no payments agreement shall be made in U.S. dollars for the dollar currency area and for other areas in U.S. dollars or in currencies convertible into dollars.

#### **UNITED ARAB REPUBLIC (EGYPT)**

Most imports require an import licence. Import licences are valid for two months for the opening of

documentary letters of credit and six months for the arrival of the goods. Importers apply for licences every half-year, in January and July. The import licence bears an annotation as to the method of payment and entitles the importer to buy the necessary foreign exchange. Merchandise must be shipped and arrive in Egypt before the import licence expires. Merchandise arriving in Egypt not covered by an import licence is subject to confiscation or fines. Preference in the issuing of import licences is given to essential goods. The import of certain non-essential products is restricted, regardless of the country of origin and import of certain goods (such as foodstuffs, cement, luxuries, certain chemicals and, generally speaking, articles which are produced locally) is prohibited.

The import licence entitles the importer to buy the necessary foreign exchange. Exporters are required to surrender their export proceeds to and importers must obtain their foreign exchange from the National Bank or authorized banks. All importers pay a uniform premium of 10 per cent on exchange purchased for approved imports. ●

## **FOREIGN TARIFFS**

## **AND TRADE REGULATIONS**

### **Britain**

**PURCHASE TAX REDUCTIONS**—The Chancellor of the Exchequer has reduced from 45 per cent to 25 per cent the rate of purchase tax on all the goods to which the 45 per cent rate applied on December 31, 1962. This reduction came into effect on January 1, 1963.

The principal goods affected by this reduction are: radio and television sets, and valves and loudspeakers suitable for use with them; gramophones and radio-gramophones; gramophone records; perfumery and cosmetics, and certain other toilet and hairdressing goods. The reduction does not affect goods which are already taxable at 25 per cent or at any lower rate. In November 1962, the Chancellor reduced the rate on automobiles from 45 per cent to 25 per cent.

Purchase tax, which corresponds to Canadian sales tax, is levied alike on imported and domestically produced goods, and is charged on the wholesale value of the goods in Britain.

*Further details concerning this reduction may be obtained from the Commonwealth Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa.*

### **Colombia**

**CURRENCY DEVALUATION**—On December 20, 1962, the Colombian Government promulgated a new law which devalued its currency. Under this legislation the official exchange rate, which applied to all imports, was reduced from its former level of 6.7 pesos per U.S. dollar to a new rate of 9.00 pesos per U.S. dollar.

Transitional arrangements provide that exchange cover for imports cleared through customs before September 15, 1962, and not yet paid for will be provided at approximately 8.00 pesos per U.S. dollar. All other imports appear to be subject to the new official exchange rate of 9.00 pesos to the U.S. dollar.

### **Denmark**

**NUMBER OF IMPORT ITEMS LIBERALIZED**—The Danish Ministry of Commerce issued on December 18, 1962, a new list of commodities for which import licences are no longer required as from January 1, 1963. The following items have been liberalized:

Certain flower bulbs and flower buds  
Animal and vegetable oils

Fatty acids  
Margarine  
Meat extracts  
Chewing gum and chocolate for coating in blocks of five kilos or more  
Fully fitted brake tubes  
Solid rubber tires (tubeless tires)  
Certain technical rubber articles  
Packing articles of wood  
Wooden houses; the import liberalization of wooden houses is of no practical value at present in view of the Ministry of Housing's Notification No. 185, of July 6, 1962, which severely restricts building and construction activities  
Certain wooden products for building purposes  
Gold- and silver-plated cutlery  
Slaughtering and baking machinery  
Automatic vending machines  
Rectifiers and rectifying apparatus  
Lorries able to freight 3,000 kilos or more  
Pianos and grand pianos  
Sports balls

*Detailed information as to the customs tariff classification may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.*

## Finland

**FURTHER IMPORT LIBERALIZATION**—The authorities of Finland have informed the GATT Secretariat that, effective December 14, 1962, a further list of imported products has been liberalized, including:

certain fish  
certain preserved and canned fish  
dates  
coconuts  
rice  
seeds for sowing  
specified vegetable and animal oils  
sulphuric acid  
colloidal precious metals and amalgams of precious metals  
benzene  
pyrotechnic articles  
matches  
saddlery and harness  
specified woven fabrics and net fabrics  
various types of felt  
shawls and scarves  
used clothing and clothing accessories  
worked monumental and building stone  
specified articles of cement  
glass mirrors  
bottles  
fireproof tableware and kitchenware  
specified articles of glass  
chains  
anchors  
safes  
filing cabinets  
lamps and lighting fittings  
airplane motors  
vacuum cleaners  
furnaces and ovens  
electric induction and dielectric heating equipment  
specified items of electrical equipment  
specified kinds of toys for children  
lighters, smokers' pipes  
vacuum flasks

## Jamaica

**INCREASE IN TARIFF RATES**—By Resolution published in the *Jamaica Gazette* of November 27, 1962, and effective the same date, the rates of import duty were increased on the following items (former rates are shown in brackets):

		Preferential Tariff	General Tariff
Beer (including, ale, stout and porter and other fermented cereal beverages)	gal.	12s.7d. (10s.7d.)	14s.2½d. (12s.2½d.)
Motor spirit, including gasoline blending agents:			
Aviation spirit	gal.	1s.5d. (Free)	1s.10d. (Free)
Blending agents	gal.	1s.5d. (1s.4d.)	1s.10d. (1s.9d.)
Other	gal.	1s.4½d. (1s.3½d.)	1s.9½d. (1s.8½d.)
Wood furniture and fixtures	ad val.	30% (20%)	35% (25%)
Metal furniture and fixtures (including metal office cabinets)	ad val.	30% (20%)	40% (30%)
Furniture and fixtures, not elsewhere specified (including mattresses and mattress supports of all materials):			
Mattresses of rubber	ad val.	25% (15%)	30% (20%)
Other	ad val.	30% (20%)	40% (30%)

## Japan

**IMPORT DEPOSITS**—On December 13th, the Japanese Government announced a new rate structure on bonds required to be deposited on applications for foreign exchange to import products into Japan. A list of approximately 300 tariff items was published; these are now subject to an import deposit of 1 per cent of the invoice price. All other goods are subject to an import deposit bond of 5 per cent. Raw materials which are imported to be made into export goods and manufactured goods that are imported and re-exported are not subject to the bond provisions nor are goods imported by the Japanese Government.

This new regulation is expected to have a marked effect on the import trade in machinery and other manufactured goods that were previously subject to deposit bond requirements of 35 per cent. Items in this category are now in the 5 per cent bracket and the bond requirements on some production machinery and office equipment have been reduced to 1 per cent.

Cash or sight draft payment is still required for those items which are subject to a 5 per cent import bond, but for those subject to a deposit of 1 per cent the regulations have been changed so that the importer can avoid payment of cash by submitting a guarantee letter from his bank.

Information on deposit requirements and other pertinent matters are available upon request from the Asia and Middle East Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

## Malaya

**TARIFF CHANGES**—In his recent Budget speech, the Finance Minister of the Federation of Malaya announced the following tariff changes:

Product	Old Rate		New Rate	
	Full	Preferential	Full	Preferential
Fish paste and similar preparations except kelachan	25%	25%	nil	nil
Extracts, essences, or concentrates of tea or maté, and preparations with a basis thereof	nil	nil	12 cts. per lb.	10 cts. per lb.
Tobacco, unmanufactured, including tobacco refuse	\$7.60 per lb.	\$7.40 per lb.	\$8.60 per lb.	\$8.40 per lb.
Cigarettes	\$10.50 per lb.	\$10 per lb.	\$11.50 per lb.	\$11 per lb.
Tobacco, manufactured, not packed for retail sale	\$8 per lb.	\$8 per lb.	\$9 per lb.	\$9 per lb.
Wood charcoal, including shell and nut charcoal, including charcoal dust, agglomerated or not	\$5 per ton	\$5 per ton	\$10 per ton	\$10 per ton
Motor spirit, refined, other than aviation spirit, including spirit obtained from natural gas and whether or not containing traces of anti-knock products and anti-oxidants	\$1.20 per gal.	\$1.20 per gal.	\$1.30 per gal.	\$1.30 per gal.
Aviation spirit, 100 octane and above	\$1.20 per gal.	\$1.20 per gal.	\$1.30 per gal.	\$1.30 per gal.
Aviation spirit, other	\$1.20 per gal.	\$1.20 per gal.	\$1.30 per gal.	\$1.30 per gal.
Other petroleum spirit, having flashpoint below 73°F.	\$1.20 per gal.	\$1.20 per gal.	\$1.30 per gal.	\$1.30 per gal.
Fountain pens, ballpoint pens, and propelling pencils, having at least the cap in precious metal	25%	25%	10%	10%
Pen nibs, and nib points of precious metal	25%	25%	10%	10%

### New Items

Product	Rate of Duty	
	Full	Preferential
Rusks and crispbread butry (sic)	5 cts. per lb.	5 cts. per lb.
Sugar not intended for refining in the Federation	\$156.80 per ton	\$112 per ton
Thymol	50%	50%
White lead in oil and aluminium paste	nil	nil
Medicaments for veterinary use	nil	nil
Animal and fish glues	25%	25%
Starch glues and prepared glues, n.e.s.	25%	25%
Wood flour	nil	nil
Cast iron flooring and wall tiles	\$10 per ton	\$8 per ton
Certain footwear	\$12 per doz. prs.	\$7.20 per doz. prs.

NOTE: To qualify for preferential tariff treatment Canadian products must be (1) consigned direct from Canada to the Federation of Malaya,

and (2) accompanied by a certificate of origin in prescribed form given by the manufacturer declaring that they have at least 25 per cent Canadian or Commonwealth content in their factory or works costs.

At December 14, 1962, the Malayan Straits dollar was worth approximately 35 Canadian cents.

Details may be obtained from Commonwealth Division, International Trade Relations Branch of the Department of Trade and Commerce, or from the Canadian Government Trade Commissioner in Singapore, P.O. Box 845, Singapore.

## Paraguay

**REGULATIONS GOVERNING PAYMENT TERMS ALTERED**—The Canadian Commercial Counsellor in Buenos Aires reports that according to Paraguayan Central Bank Resolution No. I of November 14, 1962, Paraguayan importers do not have to obtain prior authorization from the Central Bank for payment terms for imports of up to 180 days from acceptance of documents. Previously the limit was 90 days.

Prior authorization of the Board of Directors of the Central Bank, however, is still required for payment terms exceeding 180 days.

## United States

**EFFECTIVE DATE OF RECLASSIFIED TARIFF SCHEDULES**—Previous notes in *Foreign Trade* have reported the postponement of the bringing into force of the new United States tariff classification, which was originally envisaged as taking effect on January 1, 1963. It is now understood that the reclassified schedules are envisaged as coming into force on July 1, 1963. An article in the June 16 issue of *Foreign Trade* last year outlined the relevant background relating to the U.S. Tariff Classification Act, including the need for exporters to familiarize themselves with the new tariff nomenclature covering particular items of interest to individual exporters. The study volumes referred to in that article have been reprinted by the U.S. authorities.

## Trade Commissioners on Tour

### In Territory

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

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

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

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

# What's current in commodities?

## Blueberries

**Eastern States**—Excellent market for Maritime berries in this area can be maintained and increased only if producers and exporters ship good quality fruit in approved containers.

L. D. R. DYKE, *Consul and Assistant Trade Commissioner, Boston.*

WILD blueberry producers in Eastern Canada should be pleased with their performance this year. Only Newfoundland failed to approximate or improve on last year's crop, because the berries ripened when youngsters already were back in school and production was halved for want of pickers. Nova Scotia enjoyed one of the best seasons on record with a high-quality crop of about 7.4 million pounds, 30 per cent more than in 1961. In New Brunswick production dropped by roughly 500,000 pounds to 4.0 million pounds, but was considered average and of good quality. No figures are available for Quebec, although unofficial estimates place this year's harvest at close to last year's 2.7 million pounds.

The figures, however, probably tell the least important part of this year's marketing story. Cultivated berries moved to eastern United States markets in increased quantities from the Carolinas, New Jersey and as far away as the State of Washington. Buyers hedged, and with a carryover from 1961 and a better-than-average Maine crop of wild and cultivated berries forecast, prices dropped to record lows. In late November, prices continued at 20 to 21 cents a pound delivered Boston for grade 1 berries, cleaned and re-cleaned, in loose-pack 20-pound tins. Accentuating the downward pressure on prices was the dearth of freezing facilities in the Maritimes. Our fresh berries thus had to move to New England on the

heels of the excellent and efficiently handled Maine pack and a heavy crop of competing cherries at all-time low prices.

Several factors loom large for Canadian producers and exporters of blueberries if this export business worth nearly \$1.5 million is to be held and improved. Among these are: production control, cleaning and grading, freezing facilities, and merchandising.

### Production Control

Although the Boston office of the U.S. Food and Drug Administration reports that there were no detentions of Canadian blueberries this year, there is much room for improvement in the quality of Canadian blueberries destined for the discriminating eastern U.S. market. The U.S. Department of Agriculture's *Standards for Blueberries for Processing* specify that:

"U.S. No. 1 shall consist of blueberries which internally are free from worms and are free from other kinds of berries (1), clusters (2), large stems (3), leaves and other foreign material (4), distinctly immature berries (5), and free from damage (6), caused by visible mold and decay, shrivelling (6a), dirt (6b), overmaturity (6c) or by other means."

The following tolerances are permitted for grade defects in a half-pint sample:

"Not more than a total of five leaves and other foreign material; not more than a total of 20 distinctly immature berries, clusters and large stems, and not more than three berries other than blueberries. No tolerance shall be allowed for large pieces of foreign material."

Definitions of the above terms (see numbers) are as follows:

(1) *Other kinds of berries* means bunchberries, cranberries, or any others not of the genus *Vaccinium*.

(2) *Clusters* means three or more cap-stems, with or without berries, attached to a main stem. Cap-stems are the small stems that attach the individual berry to the main stem.

(3) *Large stems* means stems other than cap-stems that are over a quarter-inch long.

(4) *Other foreign material* means sticks, stones, moss or other extraneous material, except dirt and leaves.

(5) *Distinctly immature berries* means that the berries are green or whitish because of immaturity.

(6) *Damage* means any injury or defect which materially affects the appearance or the processing quality of the blueberries. It includes:

(a) *Shrivelling*, when more than one-fourth of the blueberries in any lot, by volume, are badly wilted, withered or shrivelled.

(b) *Dirt*, when it cannot be removed from the blueberries in the ordinary washing process.

(c) *Overmaturity*, when the appearance and processing quality are

materially affected by berries which have a dull look or are sticky.

### **Cleaning and Grading**

Maine packers take pains to meet the U.S. No. 1 standard and cultivated berries are finding increasing acceptance among institutional users because of virtually guaranteed quality. Canadian producers must therefore strive vigorously for better production control. Spraying is important in maggot control; insecticides (dust or spray) applied properly as specified by the manufacturer to prevent maggots will not leave a residue. Heavier application than suggested does not increase effectiveness and makes the berries inedible because insecticide residues are generally not water soluble. As for the regulations on leaves and foreign matter, it is worth noting that some New England processors are extremely wary of Canadian berries because of past injury claims. Obviously, considerable attention must be paid to inspection of the berries as they come from the field and are field cleaned, and at the time of freezing.

### **Freezing Facilities**

The essence of freezing, like that of any other means of preservation, is timing. Although it is important that berries be free from foreign matter, infestation and insecticide residues, it is imperative that they be frozen before the bloom is lost. Inherent in this are problems of labour, transportation and handling. The adequacy of and access to freezing facilities are problems that are only now being overcome in the Maritimes. With indications that the 1963 season will further test our ability to market blueberries competitively on the quality-conscious Eastern Seaboard, the new freezing facilities, plus Maritime resourcefulness and ability to adapt to new and more challenging conditions, will be given a real trial. There is little doubt in the trade that an ever-increasing percentage of blueberries will be reaching pro-

cessors frozen. The frozen form in which they will be acceptable leads us to our final point.

### **Merchandising the Berries**

Over the years, the experience of Eastern U.S. blueberry processors has shown that a certain type of container and pack is ideally suited to their needs. This is the 20-pound can, loose pack (sometimes referred to as IQF, individually quick frozen, although the berries may have been box frozen then tumble recleaned and loose packed). Other types of containers are used and sold, but the trade is paying 21 cents a pound for the pack it wants and it will not pay the same price for cartons or polyethylene bags, which it does not like. This appears to be one of the biggest problems that the independent and smaller Canadian growers face. If it cannot be met through co-operatives or joint marketing ventures, Canadian profits will decline as U.S. buyers offer sub-market prices for odd lots and U.S. interests move directly to the source with the efficient handling and type of packing they must have.

The challenge to Canadian producers was more forceful this season than last. Next year it will be

stronger still. Canadian blueberries are small and of delicate flavour. Most institutional users still prefer them. They give better dispersion in the product and have a better taste. Can they hold their own against a consistently high-quality domestic product that is efficiently and aggressively merchandised? That is the question being asked in New England and in the Maritimes. It calls for a strong affirmative answer.

For more detailed information on markets and contacts in the blueberry trade, interested growers or exporters should write to:

Plant Products Division  
Agriculture and Fisheries Branch  
Department of Trade and  
Commerce  
Ottawa

Consul and Trade Commissioner  
Canadian Consulate General  
607 Boylston Street  
Boston 16, Massachusetts

Deputy Consul General  
(Commercial)  
Canadian Consulate General  
680 Fifth Avenue  
New York City, N.Y.

## **Road and Railroad Equipment**

**Israel**—Five-year roadbuilding plan offers opportunities to sell heavy equipment, engineering services. If new railway is built, rails, diesel locomotives, freight cars, etc., will also be needed.

B. C. STEERS, *Commercial Secretary, Tel Aviv.*

VISITORS to Israel regularly express their astonishment at the volume of new construction all over the country. Every few months new business buildings, factories, new suburbs and, indeed, whole new towns, appear and the maps of Israel are quickly outdated. Outdated, too, are the roads. The transport system for people and goods

has lagged behind other developments and now presents a serious problem, all the way from the main port, Haifa, in the north to the southern outlet, Eilat, on the Red Sea. Most roads are too narrow or too old or simply do not exist.

The answer is, of course, to build highways. To do this, engineering services and equipment must be

imported from abroad. Canadians can supply both, if they can meet the competition.

### New Roads Needed

Local authorities estimate that the roads carry 90 per cent of all traffic inside Israel. More than 40,000 cars, 2,739 buses (plying 700 routes) 2,479 taxis, 26,949 commercial vehicles, approximately 26,000 motorcycles and motor scooters, plus 1,300 special motor vehicles, jockey for space on 4,700 miles of roads of all kinds. There are only three stretches of four-lane highway—two ten-mile bits from Tel Aviv to its suburbs, and one leading out of Haifa for a few miles.

World Bank experts recently completed an evaluation of Israel's proposed five year plan for road construction, to cost U.S.\$60 million. Part of the plan was approved and described as ready for immediate implementation. At the beginning of October, the press reported that the World Bank had approved a loan of U.S.\$22 million to help finance this roadbuilding. Israel is continuing its surveys covering the remaining part of the plan.

Over five years, 545 miles of main highways and 150 miles of feeder roads must be built, or widened and resurfaced. Included will be superhighways fanning out from Tel Aviv to Jerusalem, Eilat, Lod and Ashdod. A six-lane express highway will run from Haifa to Tel Aviv.

### Heavy Equipment Needed

A full range of heavy equipment for building highways must be imported. Israel will be in the market for road graders, shovel excavators, crushing plants, scrapers, road rollers and pavers.

The roadbuilding proposals accepted in principle by the World Bank include U.S.\$500,000 for the engineering and planning work on those roads requiring over- or under-passes, tunnels or embankments, and cloverleaves. Because this specialized knowledge is not available in

Israel, a foreign engineering firm will be awarded the contract.

### Rail Line Discussed

A rail line to Eilat, the port on the Red Sea, is being seriously debated and widely discussed in Israel. Recommended by the management of the Israel Railways and recently (in public) by the Minister of Transport, the plan has powerful opponents who hold that goods can be transported to and from Eilat without the expense of new railway construction. To settle the issue, the United Nations has been asked to appoint a commission to prepare a feasibility study. The UN has not yet selected the consulting engineers to carry out this study.

Plans call for a line to stretch from Beersheba, the ancient caravan station at the entrance of the Negev, southward through the desert to Eilat. Also planned is a branch line that will run eastward from Beersheba to Sodom on the Dead Sea. Engineers estimate total trackage required at 220 miles.

The total import-export volume through the port of Eilat by 1965 is forecast at 500,000 tons a year. The main commodities would be 300,000 tons of potassium chloride, 25,000 tons magnesium, 130,000 tons phosphates and 19,000 tons sulphur. In addition, the following commodities will have to be transported within the triangle Beersheba—Sodom—Eilat, destined for the north or internal use: 340,000 tons potassium chloride, 50,000 tons bromine, 55,000 tons flint clay, 135,000 tons salt, magnesium, sand and general cargo, and 320,000 tons phosphates. The volume of traffic would total 1.4 to 1.5 million tons a year. By 1967, it is estimated, 350,000 to 500,000 tons of building materials and food will have to be transported to the Negev.

The authorities here envisage the purchase of 100-pound rails and a microwave system for signalling and communications. The number of diesel locomotives will gradually reach eight mainline and four to five shunting. Axle loadings speci-

fied are 21 tons and horsepower 1425/1310. Some 150 to 200 specialized freight cars for minerals will be needed by the second year of operation. This equipment must, of course, be imported. Though some business in creosoted ties may open up, the Ministry of Transport plans to equip rail lines here entirely with concrete ties. In recent years, equipment purchases have been made in West Germany under the Reparation Agreement and in the United States through development loans. Competitive long-term credit will be essential.

### More Export Briefs

De Havilland Aircraft of Canada recently was awarded a \$28 million contract by the United States Army. It covers 48 *Caribou* CV-2B STOL transport aircraft, to be delivered to the Army beginning in December 1963. To date, the firm reports, 178 *Caribous* are on order or have been delivered. Value of these aircraft totals \$107 million and 97 per cent represents export business. The STOL feature (short take-off and landing) makes these planes particularly useful in military air transport.



A Toronto-based firm, Damas and Smith Limited, has been awarded the contract for the design of a one-million-dollar bridge to span the Sitalakhya River in East Pakistan. The Canadian consulting engineers were able to show the Government of East Pakistan how large savings of dollar currency could result if a prestressed concrete bridge was designed rather than the conventional steel structure usually adopted for this type of crossing.

The bridge will be 1,000 feet long and will have a centre span of 320 feet—exceptionally long for a prestressed concrete span. Damas and Smith was well known to Pakistan engineers because the firm has provided postgraduate training in design techniques using prestressed concrete for Asian engineers under the Colombo Plan. The contract, however, was won against international competition.

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 .927536.

## Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 14	Units per Canadian dollar	Notes (See below)
Argentina .....	Peso .....	Free .....	.008155	122.62	
Australia .....	Pound .....	.....	2.4205	.4131	
Austria .....	Schilling .....	.....	.04177	23.95	
Bahamas .....	Pound .....	.....	3.0256	.3305	
Belgium and Luxembourg .....	Franc .....	.....	.02165	46.19	
Bermuda .....	Pound .....	.....	3.0256	.3305	
Bolivia .....	boliviano .....	Free .....	.09083	11.01	
Brazil .....	Cruzeiro .....	Official Free .....	.002306	433.65	
		Special Category .....	†	†	
Britain .....	Pound .....	.....	3.0256	.3305	
British Guiana .....	Dollar .....	.....	.6303	1.59	
British Honduras .....	Dollar .....	.....	.7529	1.33	
Burma .....	Kyat .....	.....	.2264	4.42	
Ceylon .....	Rupee .....	.....	.2269	4.41	
Chile .....	Escudo .....	Free .....	.4187	2.39	
Colombia .....	Peso .....	Certificate .....	.1198	8.35	
Congo, Republic of .....	Franc .....	.....	.02165	46.19	
Costa Rica .....	Colon .....	Free .....	.1627	6.15	
Cuba .....	Peso .....	.....	†	†	
Czechoslovakia .....	Koruna .....	.....	.1497	6.69	
Denmark .....	Krone .....	.....	.1562	6.40	
Dominican Republic .....	Peso .....	.....	1.07813	.9275	
Ecuador .....	Sucre .....	Official .....	.05990	16.69	
		Free .....	.04959	20.16	
El Salvador .....	Colon .....	.....	.4313	2.32	
Fiji .....	Pound .....	.....	2.7258	.3669	
Finland .....	Markka .....	.....	.3369	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 .....	.....	.2690	3.72	
Ghana .....	Pound .....	.....	3.0256	.3305	
Greece .....	Drachma .....	.....	.3593	2.78	
Guatemala .....	Quetzal .....	.....	1.07813	.9275	
Haiti .....	Gourde .....	.....	.2156	4.66	
Honduras .....	Lempira .....	.....	.5391	1.85	
Hong Kong .....	Dollar .....	Free .....	.1887	5.30	*Jan. 4
		Official .....	.1891	5.29	
Iceland .....	Krona .....	Official .....	.02507	39.89	(4)
India .....	Rupee .....	.....	.2269	4.41	
Indonesia .....	Rupiah .....	Official .....	.2396	41.74	(4)
Iran .....	Rial .....	.....	.01423	70.26	

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

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

\*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 14	Units per Canadian dollar	Notes (See below)
Iraq .....	Dinar .....	.....	3.0188	.3312	
Ireland .....	Pound .....	.....	3.0256	.3305	
Israel .....	Pound .....	.....	.3594	2.78	
Italy .....	Lira .....	.....	.001737	575.70	
Japan .....	Yen .....	.....	.002995	333.89	
Lebanon .....	Pound .....	Free .....	.3587	2.79	
Mexico .....	Peso .....	.....	.08625	11.59	
Morocco .....	Dirham .....	.....	.2156	4.64	
Netherlands .....	Florin .....	.....	.2995	3.34	
Netherlands Antilles .....	Florin .....	.....	.5717	1.75	
New Zealand .....	Pound .....	.....	3.0049	.3328	
Nicaragua .....	Cordoba .....	.....	.1540	6.49	
Nigeria .....	Pound .....	.....	3.0256	.3305	
Norway .....	Krone .....	.....	.1510	6.62	
Pakistan .....	Rupee .....	.....	.2269	4.41	
Panama .....	Balboa .....	.....	1.07813	.9275	
Paraguay .....	Guarani .....	Free .....	.008739	114.43	
Peru .....	Sol .....	Free .....	.04019	24.88	
Philippines .....	Peso .....	Free .....	.2768	3.61	
Portugal & Colonies	Escudo .....	.....	.03750	26.67	(5)
Singapore and Malaya .....	Straits dollar	.....	.3522	2.84	
South Africa	Rand .....	.....	1.5128	.6610	
Spain and Dependencies ...	Peseta .....	.....	.01797	55.65	
Sweden .....	Krona .....	.....	.2080	4.81	
Switzerland .....	Franc .....	.....	.2490	4.02	
Syria .....	Pound .....	Free .....	.3012	3.32	
Thailand .....	Baht .....	Free .....	.05116	19.55	(4)
Tunisia .....	Dinar .....	.....	2.5983	.3849	
Turkey .....	Lira .....	.....	.1198	8.35	(4)
United Arab Republic .....	Pound .....	Official .....	2.4797	.4033	
United States .....	Dollar .....	.....	1.078125	.927536	
Uruguay .....	Peso .....	Free .....	.09832	10.17	
Venezuela .....	Bolivar .....	Controlled market rate ..	.3215	3.11	
		Official Free .....	.2375	4.21	
West Indies .....	Dollar .....	.....	.6303	1.59	(6)
	Pound .....	.....	3.0256	.3305	(7)
Yugoslavia .....	Dinar .....	Official .....	.001438	695.41	

## 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: TURKEY

**Area:** 300,000 square miles (97 per cent in Asia, 3 per cent in Europe).

**Population:** 29 million (1961); yearly increase of 3 per cent, one of highest in world.

**Climate:** dry and clear in Central Anatolian plateau, moderate in coastal regions, severe winters and relatively short summers in extreme east; the Black Sea area receives more rain.

**Topography:** high mountain ranges and wide plateaus in north and east, fertile coastal strips in Aegean and Black Sea areas.

**Language:** Turkish; English, French and German used by business community.

**Currency:** lira; one lira=100 kurus=Can.\$0.1198.

**Weights and measures:** metric system.

**Capital:** Ankara.

**Chief ports:** Istanbul (handles 75 per cent of imports), Izmir (handles 50 per cent of exports), Mersin, Iskenderum, Samsun, Trabson.

**Marketing centres:** Istanbul (population in thousands) 1,600, Adana 230, Bursa 160, Samsun 70, Mersin 55, Trabson 45, Iskenderum 30.

**Economy:** primarily agricultural—cereals, tobacco, dried fruit and nuts, livestock, industrial crops (cotton and sugar beet), pulses, citrus and other fresh fruits. Industry (mainly state-owned)—iron and steel, pulp and paper, cement, textiles, leather, secondary and food processing, alcoholic beverages, three oil refineries. Five Year Development Program for 1963-67 (now in draft) expected to call for reorganization, modernization and expansion of agriculture and industry, with emphasis on irrigation and electric power projects.

**Total Turkish imports:** 1961—U.S.\$506 million (per capita U.S.\$18); 1960—U.S.\$456 million.

**Chief imports:** (per cent) 1961—machinery, apparatus and electrical supplies 20.8; transportation equipment 16.6; liquid fuels 10.3; iron and steel mill products 7.8; pharmaceuticals, paints, dyestuffs 5.6; textiles, yarns, etc., 5.1; chemical fertilizers 1.0.

**Chief suppliers:** (per cent) 1961—United States 28.1, West Germany 16.8, Britain 13.2, Italy 8.5, France 3.4, Japan 2.6, Canada (DBS figure) 0.381.

**Value of imports from Canada:** 1961—Can.\$1,943,023; 1960—Can.\$2,014,414 (DBS figures).

**Chief imports from Canada:** (per cent) 1961—zinc in pigs, block, slabs 21.0; pipes and tubes, non-steel, 14.3; telephone apparatus and parts 14.2; sheet and strip steel 7.5; newsprint 7.5; industrial machinery and parts 6.7; agricultural machinery and parts (including tractors) 3.8.

**Total Turkish exports:** 1961—U.S.\$347 million; 1960—U.S.\$321 million.

**Chief exports:** (per cent) 1961—tobacco 25.1; dried fruits and nuts 20.8; cotton 16.3; minerals 7.6; mohair, raw wool, hair 4.8; livestock 4.3.

**Chief markets:** (per cent) 1961—United States 18.8, West Germany 14.7, Italy 9.9, Britain 8.6, France .9, Canada (DBS figure) 0.24.

**Value of Canadian purchases:** 1961—Can.\$859,095; 1960—Can.\$855,459 (DBS figures).

**Chief Canadian purchases:** (per cent) 1961—filberts (hazelnuts) 32.5, tobacco 26.3, cotton linters and fibers 25.5, walnuts 7.5, dried figs and fig paste 5.3.

**Dollar exchange:** freely available for commodities on free list and quota list of the import programs issued by the Government in January and July each year. A number of products on the quota list are generally financed by the Agency for International Development and are restricted to U.S.-approved suppliers.

**Prices:** quote in U.S. or Canadian dollars, c.i.f. Istanbul.

**Samples:** dutiable only if of commercial value; travellers' samples admitted under deposit that is refundable on re-export.

**Trade agreements:** Canada and Turkey accord each other most-favoured-nation treatment under an exchange of Notes dated March 15, 1948, and also under GATT, to which both countries are signatories.

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

**Correspondence:** airmail only; letters 15 cents per half-ounce.

**For detailed information on this market write to:**

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

or

Commercial Counsellor  
Canadian Embassy  
31 Vassilissis Sophias Avenue  
Athens, Greece



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