

The European Markets in 1962 (pages 2 to 40)

FOREIGN TRADE

DEPARTMENT
OF TRADE AND
COMMERCE
OTTAWA

MARCH 23. 63

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FOREIGN TRADE

MARCH 23, 1963

Vol. 119 No. 6

Established in 1904. Published fortnightly by the Department of Trade and Commerce, The Hon. M. WALLACE McCUTCHEON, Minister.

JAMES A. ROBERTS, Deputy Minister.

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

Price \$2.00 a year in Canada; \$5.00 abroad. Single copies: 20 cents each.

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

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The EEC countries took \$454.8 million of our exports last year, out of total shipments to Europe worth \$668.4 million. Continuing liberalization, especially in Spain and Italy, means that few barriers to trade remain and makes intense competition the foremost problem in selling to Western European markets.

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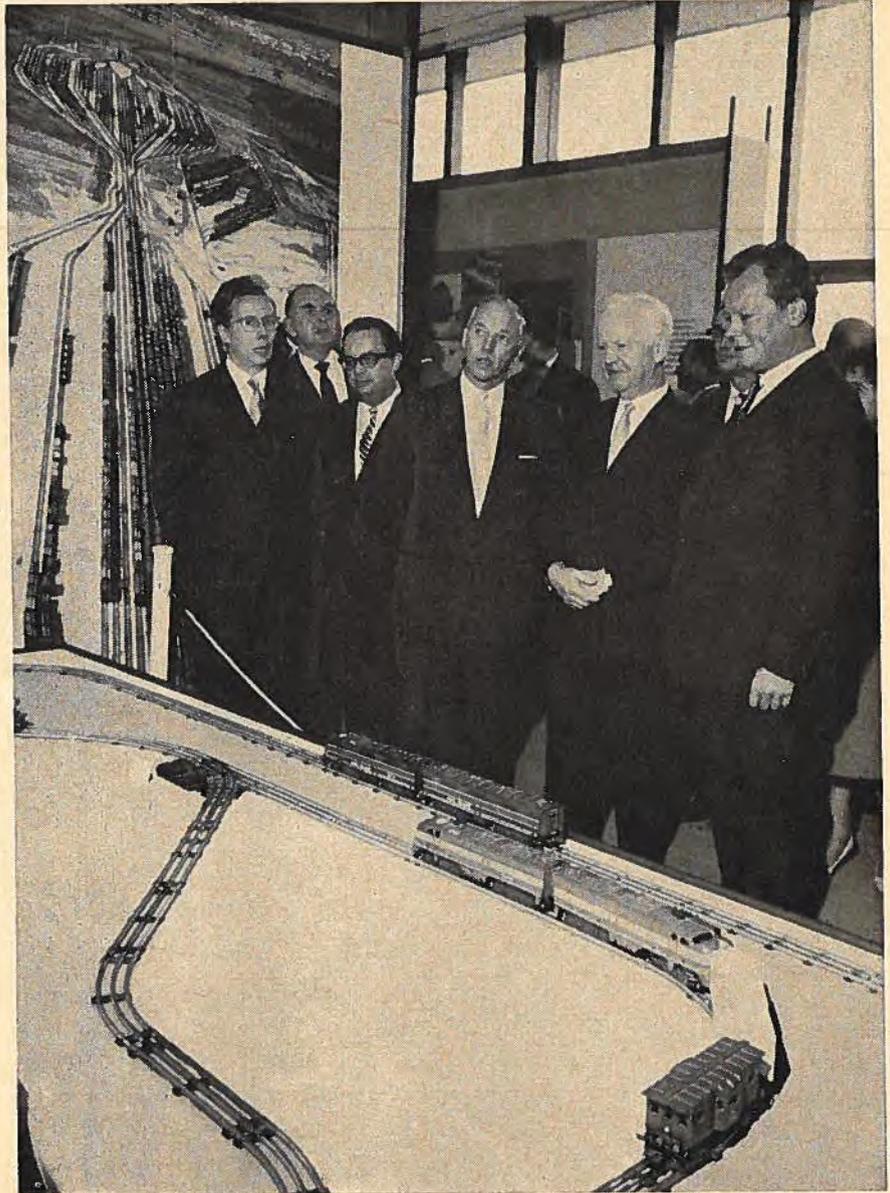
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COMING—CANADA'S TRADE TODAY AND TOMORROW, APRIL 6 ISSUE

One method of promoting Canadian exports to Europe is the sponsoring of exhibits at trade fairs. Here the Commercial Counsellor in Bonn (third from right) explains an exhibit of Canadian electronic control equipment to two distinguished visitors to the German Industries Fair in Berlin—Dr. H. C. Luebke (second from right), President of the Federal Republic of Germany, and Herr Willy Brandt (right) the present Mayor of West Berlin.



Canada's Trade with Europe

Continuing economic expansion, greatest in Spain, France and Italy, has kept demand for imports high; brought further relaxation of import restrictions. Canadians are selling more manufactured goods to Europeans, in addition to raw materials and semi-manufactured products, the traditional large sellers.

C. J. MacCALLUM,
European Division.

EUROPEAN economic expansion is being maintained at a steady pace, although the rate of increase in terms of gross national product in most Western European countries declined slightly in 1962, with the notable exception of France and Spain. Actual G.N.P. increases range from about 2½ per cent in Austria through 4 per cent in Norway, Sweden and Germany, and move up to just under 6 per cent for France and Italy. But in Southern Europe, Spain achieved a remarkable gain of 10 per cent and the Spanish are now making economic strides, following the example set recently by France and Italy.

Exports of goods and services from the European Economic Community, based on available statistics for the first six months of 1962, increased 7 per cent over the same period in 1961. The European Free Trade Association countries experienced a gain of 5 per cent for the first half of 1962. Total Western European exports to all countries (including exports of Yugoslavia, Spain and Finland) reached U.S.\$28.7 billion for the same period, a rise of 6 per cent. European exporters made their most significant gains in North America and Japan; exports to the two together advanced by 15 per cent, followed by an increase in intra-European trade of 11 per cent.

Production and Investment

Although the physical volume of production in all Western European countries continues to expand, demand for investment capital is expected to decline somewhat in 1963, largely as a result of the chronic shortage of skilled labour. On the other hand this shortage—which, incidentally, in some areas is beginning to show some signs of easing—has caused industrialists to take a hard look at rationalization of plant investment in order to meet competition. This is particularly true

in the Netherlands where demand for investment capital, contrary to the general European trend, has remained fairly strong.

On the whole, industrial expansion of countries in the European Economic Community has continued to exceed that of the member countries of the European Free Trade Association. This pattern is repeated in the levels of consumer demand, which during 1962 increased over record 1961 levels by about 6½ per cent in Italy, 6 per cent in France, and 4 per cent in the Netherlands, Norway and Sweden.

Canadian Export Picture

Canada's biggest European customer by a large margin in 1962

was West Germany, which bought \$177 million worth of Canadian products, followed by the Netherlands (\$77 million), Belgium-Luxemburg (\$68 million), and France (\$58 million). With the completion of large sales of wheat to Eastern European countries in 1961, shipments to that area declined. Poland was an exception; our exports to that country remained steady at about \$37 million.

It is particularly noteworthy that sales to Italy, Greece and Spain are showing new strength and although our total exports to France have declined, shipments of certain manufactured items new to that market have increased. The variety of products shipped directly reflects the level of economic activity in the

CANADIAN TRADE WITH EUROPE

	Exports		Imports		
	1961	1962	1961	1961 (9 mos.)	1962 (9 mos.)
	(millions of dollars)				
European Economic Community					
Belgium-Luxemburg	76.0	68.1	44.8	27.7	35.1
France	71.9	57.6	54.3	37.8	41.2
Italy	67.7	74.5	49.1	32.5	37.2
Netherlands	61.3	76.9	33.5	24.6	27.3
West Germany	188.7	177.7	136.5	97.2	105.4
Total	465.6	454.8	318.2	219.8	246.2
European Free Trade Association (Continental)					
Austria	7.9	7.3	6.6	4.6	5.6
Denmark	4.8	6.1	11.6	8.0	9.3
Finland	6.1	5.2	1.2	0.7	1.5
Norway	69.7	69.0	9.0	3.0	9.7
Portugal	4.7	2.6	4.9	3.4	4.1
Sweden	17.7	18.2	24.2	17.7	19.1
Switzerland	22.4	23.9	26.1	18.2	20.2
Total	133.3	132.3	83.6	55.6	69.5
Eastern Europe					
U.S.S.R.	24.3	3.3	2.7	2.0	1.3
Bulgaria	0.3	0.4	8.4	.....	.....
Rumania	1.0	0.5	0.3	0.2	.....
Hungary	0.6	0.3	0.4	0.3	0.2
Czechoslovakia	32.7	3.5	8.4	5.7	7.0
Poland	36.8	37.4	3.2	2.1	3.1
Total	95.7	45.4	23.4	10.3	11.6
Other Europe					
Greece	5.0	9.2	0.5	0.3	0.8
Ireland	11.6	10.3	3.8	2.4	3.4
Spain	12.8	15.4	8.5	5.3	6.0
Yugoslavia	2.1	1.0	1.7	0.9	1.2
Total	31.5	35.9	14.5	8.9	11.4
Grand total	726.1	668.4	439.7	294.6	338.7

various countries. For example, larger sales to Spain are of the more traditional items, such as raw materials and some semi-manufactured products, while shipments to Italy, which have over the past several years shown phenomenal growth in these same categories, now include a number of sophisticated electronic products and some luxury goods.

Restrictions Are Disappearing

Continued removal of restrictions in Western Europe on imports of all goods, including manufactured products, presents new opportunities to Canadian exporters. A further elimination of restrictions occurred in September 1962, when Italy amalgamated the lists of products admissible from the dollar area and the former OEEC countries. This means that there is no discrimination against Canada in import licensing requirements in the Italian market. Spain has also continued its program of liberalization. Imports into this market may be made in one of the following ways: goods may enter under terms of bilateral trade agreements, subject to requirements of state trading organizations, under global quotas, or under the free list. With the extension of the free list, Spanish imports have jumped by one third during the past year and although there is a trade deficit, this is covered by increasing revenues from the tourist trade in addition to income from invisibles.

Cultivating the Market

To take advantage of the trading opportunities presented in Europe, Canadian exporters participated in seven government-sponsored trade missions in 1962 that explored possibilities in Europe for clothing, heating and builders' supplies, electrical appliances, iron ore, processed fruit and vegetables, timber, and frozen fish. This year similar trade missions are scheduled to examine the market for automotive parts, commercial and institutional equipment, aircraft and parts, and textile fabrics. In addition to the promotion of specific commodity groups, an

industrial investigation mission will tour selected areas in Europe to observe at first hand the production and marketing techniques used in the furniture industry.

The trade mission program will complement the more familiar trade fair program sponsored by the Department of Trade and Commerce, in which Canadian exporters will have an opportunity to display their goods in several fairs in West Germany and France. Information booths are planned for fairs in Spain and Portugal this year. In 1964 Canadian products are to be shown in trade fairs scheduled to take place in Norway, Holland and Italy.

Canadian exporters will have additional opportunities of contacting foreign buyers directly through Operation World Markets that begins with World Markets—Machinery. The National Canadian Samples Show will take place in Toronto April 2 to 4 and the Second Export Trade Promotion Conference will be held in Ottawa from April 16 to May 3. The various phases of this imaginative program are designed to encourage Canadian exporters to take full advantage of sales possibilities in foreign markets. Among world markets for Canadian exports, Western Europe is particularly promising. ●

AUSTRIA: Broader Market

Economic expansion continues, at slower pace; some industries facing problems. Greater purchasing power, progressive liberalization of imports are making this an interesting market for Canadian products of many types—but European competition is keen.

C. J. VAN TIGHEM, *Commercial Counsellor, Vienna.*

THE Austrian economy continues to expand, but at a relatively slow pace. The gross national product for the third quarter of 1962, expressed in terms of 1951 prices, was 2.3 per cent higher than in the same period of 1961 and thus approximated the growth rates in the two preceding quarters. It is assumed that it rose in the fourth quarter of 1962 at the same rate or a slightly higher one than in the third quarter.

Throughout 1962, however, gross national product has been increasing at less than half the long-term average annual growth rate (5.5 per cent in the period from 1956-1961) and more slowly even than in the worldwide recession year of 1958.

These gains are obviously modest, but nevertheless the Austrian econ-

omy is developing remarkably steadily. The fear derived from the experience of earlier business fluctuations that a slow growth rate might set off a downward trend because it means less than full use of productive capacity has so far proved groundless. As a matter of fact, business gained strength in the second half of 1962. Such important indicators as industrial output, car loadings, power consumption and retail sales all rose more strongly in the last half of 1962 than in the first half. There seems to be an increasing demand for imports and this confirms that domestic demand is reviving.

The slight increase in industrial production in recent months is not reflected in the gross national prod-

uct for the third quarter of 1962, primarily because the harvest, although satisfactory on the whole, fell short of the record crops of 1960 and 1961.

The relatively good fall season must not be over-estimated, however. There is no safe evidence of any sustained current business upswing. Demand is declining or at least stationary in some sections of the economy, but rising fairly briskly in others. Industries enjoying an upsurge in demand frequently cannot expand their output because of manpower shortages and occasionally because of limited capacity. On the other hand, certain industries that face a stagnant or declining demand cannot use their productive capacity to the full and are loath to release labour for fear that they may find themselves shorthanded if and when demand revives.

Capital Investment Declines

A clear distinction should be drawn between the consumer goods and capital goods industries. Real gross investment in the first nine months of 1962 was 3 per cent less than the corresponding figure for 1961. It is true that construction activity increased slightly in the third quarter, but this was offset by a 4 per cent decline in outlays on machinery, vehicles and electrical appliances.

In contrast to the decline in real gross investment, private consumption continues to expand vigorously. Consumer spending in the first nine months of 1962 was approximately 10 per cent higher (at current prices) than in the same period of 1961.

The decline in over-all capital investment is largely the result of smaller earnings in the heavily capitalized basic industries, due in good part to structural factors. The post-war boom in basic materials like iron and steel, magnesite, paper, chemicals and lumber appears to have come to an end and sales difficulties are beginning to affect a considerable portion of domestic production and exports.



Part of the Ringstrasse, encircling the "inner city" of Vienna, with the Parliament Buildings in the foreground and the Gothic tower of the City Hall looming up behind it. Vienna and the rest of Austria draw tourists in great numbers; last year earnings from the tourist trade alone reached an estimated U.S.\$350 million.

Industrial Earnings Down

Only a segment of industrial producers has so far felt the impact of structural maladjustments facing basic industries. Iron and steel production in the first nine months of 1962 was 3 per cent less than in the corresponding period of 1961. The output of the paper industry was almost the same as in the preceding year, but only because production declines in pulp and newsprint were more or less offset by stepped-up output of and demand for high-grade paper. But earnings have been falling noticeably throughout industry and this poses a particular threat to enterprises built up with borrowed capital and heavily in debt.

Export prices have also exhibited a decided down-trend. For example, exports of commercial rolled products were 9 per cent greater in volume in the first nine months of 1962, yet receipts were well below those in the corresponding period of 1961.

The feeling is that Austria's basic industries will not be able to main-

tain their position in the forefront of economic advance and that a gradual redistribution of economic resources, involving shifts in the structure and pattern of production, will be needed.

Austrian labour resources continue to be fully employed and labour shortages constitute a serious problem, particularly in the summer months when construction activity and the tourist trade are at their peak.

Prospects for 1963

No one expects at this time that the Austrian economy will resume early in 1963 the rapid advance of recent years. Over-all output, it is expected, will increase only moderately. Consumer goods will continue to be the mainstay of economic prosperity; production of capital goods and raw materials will probably remain stagnant. The price-wage inflation which was so evident (particularly in the first half of 1962) is not likely to be repeated and the labour situation will probably be less difficult.

TABLE I
AUSTRIA'S PRINCIPAL TRADING PARTNERS

Customers		
	Nine mos. 1962	Nine mos. 1961
	(In per cent)	
West Germany	27.9	27.7
Italy	15.7	15.7
Switzerland	7.2	5.8
United States	4.1	3.8
Soviet Union	4.0	3.2
Netherlands	3.1	3.1
Britain	2.7	3.0
Czechoslovakia	2.6	2.6
Canada	0.6	0.6

Suppliers		
	Nine mos. 1962	Nine mos. 1961
	(In per cent)	
West Germany	42.1	42.7
Italy	8.5	8.1
United States	5.8	6.1
Britain	5.1	5.1
Switzerland	4.9	4.6
France	3.9	3.9
Soviet Union	3.2	3.4
Netherlands	3.0	3.1
Canada	0.7	0.7

In 1961 Austria's economic prosperity was supported not only by heavy consumer spending within Austria, but also by a buoyant demand for Austrian-made goods abroad. This was not true in 1962 and the Austrian economy will probably not receive any stimulus from abroad in 1963. There is a general fear that trade discrimination, which so far has not been as serious as expected, will be painfully felt in 1963 and in the years to come. On the other hand, net receipts from foreign tourists, which are not affected by trade discrimination, will continue to rise. They will help to ensure against balance-of-payments difficulties, even though net capital imports (hitherto quite important) are expected to decline.

Foreign Trade, Tourists

Foreign trade has been increasing steadily and gives every indication of having achieved a record in 1962. Exports for the first nine months of

the year, at U.S.\$928 million, were up more than 4 per cent from the corresponding period in 1961. At the same time, imports totalled a record U.S.\$1,128 million, 2.4 per cent over the same nine-month period in 1961. With exports increasing more quickly than imports, the trade deficit is being reduced.

Tourist receipts have risen significantly and may reach about U.S.\$350 million for the year, also a new record. With the smaller trade deficit, 1962 is expected to show a surplus on current account transactions. Gold and foreign exchange reserves increased and at the end of November 1962 totalled over \$1 billion (enough to cover average import requirements for eight months) compared with \$829 million on December 31, 1961.

West Germany continues to be Austria's principal supplier and principal market, as Table I shows.

It is interesting to note that the countries in the European Economic Community still absorb about 50 per cent of Austria's exports in spite of the growing tariff discrimination and supply about 60 per cent of total Austrian imports.

Austria reduced import duties on goods originating within the European Free Trade Association (of which she is a member) by 50 per cent effective January 1, 1963. The other EFTA countries, with the exception of Norway, reached this level of reduction earlier. Although Austrian trade with the other member countries of the EFTA increased, no doubt partially as a result of this lowering of tariffs, the increases were not significant. Austrian exports to the other EFTA countries represented about 15 per cent of total exports (as compared with 13 per cent in 1961) and imports from them accounted for about 13 per cent of total Austrian imports (unchanged from 1961).

The division of Europe into competing trade groups has not yet affected appreciably Austria's trade with other Western European countries. The Soviet Bloc countries account for about 10 per cent of total

Austrian imports and 15 per cent of exports.

Trade with Canada

In 1962, Canadian exports to Austria reached Can.\$7.3 million compared with Can.\$7.8 million in 1961 (DBS figures). Wheat continued to be our principal export and sales in 1962 totalled Can.\$2.5 million. The other major exports were asbestos \$2.1 million, nickel \$500,000, synthetic rubber \$500,000, steel sheet and strip \$400,000, business machines \$200,000, and copper scrap \$200,000. Our sales of wood pulp, ice skates and hockey sticks, skim milk powder, whisky, canned lobster and salmon, synthetic fabrics and grass seed dropped during the year.

Austrian exports to Canada during eleven months of 1962 amounted to Can.\$5 million, a 20 per cent drop from the same period of 1961. They included a wide range of products, principally consumer goods such as knitted goods, cotton and synthetic fabrics, shoes, lace, skis and motion picture projectors, and also important amounts of industrial raw materials and components such as magnesia, roller and ball bearings, bars and rods, wire, wire fencing and nails.

The significant expansion of the Austrian economy in recent years and the steady rise in purchasing power and the standard of living make this an increasingly interesting market for Canadian producers and exporters. As a result of the improved economic conditions of the past six years, Austria has been able to make considerable progress in removing quantitative trade restrictions; at present about 93 per cent of imports are liberalized. In addition to the liberalized list, global quotas for a large number of industrial and agricultural products still subject to quantitative import restrictions were established on January 1, 1962. These quotas were increased by 20 per cent on July 1, 1962, by 30 per cent on October 1, 1962, and by an additional 10 per cent on January 1, 1963.

Because of these trade liberalization measures, plus the satisfactory growth of the economy, this market can now buy a much wider range of products than only a few years ago. But as the market opportunities

have increased, so has the competition facing Canadian firms. Apart from the decided advantage that neighbouring Western European countries enjoy—such as lower transportation costs, quicker deliveries, familiarity with the lan-

guage and customs, and close contact with Austrian customers—Canadian firms will in future face greater competition from Austria's EFTA partners, whose goods now enter this country with a 50 per cent reduction in the rate of duty. ●

DENMARK: Imports for Industry

Industrial expansion has boosted import demand; market has broadened with progressive removal of restrictions. Foodstuffs, raw materials, some machinery all good sales prospects.

K. NYENHUIS, *Commercial Counsellor, Copenhagen.*

DENMARK'S present standard of living compares favourably with that of most other European countries, even though she has few natural resources. All basic materials for her manufacturing industries—metals, coal, oil, asbestos, rubber, timber, and cotton—must be imported. (The Danish subsoil is reported to contain large deposits of oil and a company is being formed to undertake exploration.) Even agriculture, the mainstay of the economy, has to import large quantities of feedstuffs and fertilizers to maintain output and exports of agricultural commodities.

Manufacturing did not begin in Denmark until about 1870. It developed slowly until the end of the Second World War but since the late 1950's has expanded rapidly. Industrial investment more than doubled each year between 1957 and 1961. Production during this period rose by an estimated 35 per cent and exports increased by 55 per cent.

What Denmark Buys

This industrial expansion meant considerable increases in imports and an unfavourable trade balance. In 1961 the trade deficit reached 2,419 million kroner, 79 per cent larger than in 1957.

Danish imports during the first three quarters of 1962 totalled

10,848 million D.Kr., a rise of 16.8 per cent over the same period in 1961. Table I shows some of the country's chief imports, as well as the principal countries of supply. Imports from Canada are included for purposes of comparison.

West Germany, Britain and Sweden are Denmark's largest suppliers; imports from West Germany account for 22.4 per cent of the total, Britain 17.8 per cent, and Sweden 12.1 per cent. The United States is fourth, with 8.1 per cent of the total.

The principal commodities imported (by groups) are non-electrical machinery, means of transport (mainly motor vehicles), liquid fuels and lubricants, yarns, piece-goods and finished textile products, iron and steel, and electrical machinery and apparatus.

Denmark is a member of the EFTA group of countries, which supplied 38.6 per cent of her imports. The EEC countries supplied 39.2 per cent. At present, customs duties applied to imports from EFTA countries are 50 per cent lower than those on imports from non-EFTA countries.

What Denmark Sells

Danish exports to EFTA countries during the first three quarters of 1962 totalled 3,522 million D.Kr., or 43.6 per cent of the total export

value; exports to the EEC amounted to 2,288.2 D.Kr., or 28.3 per cent of the total. Agricultural exports to Britain largely account for the greater trade with the EFTA group. In general, however, Denmark's agricultural exports (including canned meat and milk products) are less important than they once were. They account today for about 49 per cent of total export values, compared with 71 per cent in 1938 and 88 per cent in 1912.

Trade with Canada

Canadian trade with Denmark has been increasing steadily. Total Canadian agricultural exports, however have decreased slightly over the last few years. In many other sectors, sales have increased substantially however and in 1962 totalled \$6.1 million compared with \$4.8 million in 1961. Table II gives principal Canadian exports to Denmark for the years 1959-1961 and the first nine months of 1962.

The Danish Market

Denmark offers a market for a wide range of goods, many of which are still subject to import licensing.* However, imports are gradually being liberalized. Denmark's import business is largely conducted through Danish commission agents. Their number is large and they compete with each other. Canadian exporters wishing to appoint agents

*Exporters who would like to have a list of products subject to import licensing in Denmark should write to the European Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

TABLE I

CHIEF DANISH IMPORTS, JANUARY-SEPTEMBER, 1962

Commodity Group	Total Import Value	West				United States	Canada
		Britain	Germany	Sweden	(million D.Kr.)		
Non-electrical machinery	1,173.3	244.0	409.0	190.4	88.2	4.4	
Means of transport (mainly automobiles)	1,125.9	255.8	405.6	161.6	41.5	0.5	
Liquid fuels, lubricants, etc.	937.2	230.9	80.1	6.5	24.6	0.0	
Yarn, piecegoods and finished textiles (not clothing)	769.5	127.0	125.5	41.0	18.0	2.9	
Iron and steel	704.3	110.9	224.4	71.7	2.3	—	
Electrical machinery, apparatus and accessories	465.2	65.8	157.1	76.3	34.6	0.3	
Grain and grain products	453.0	6.5	21.9	20.3	196.3	—	
Feedstuffs	334.4	0.9	28.1	0.1	56.2	0.3	
Wood, lumber and cork	315.5	0.3	4.9	150.3	3.7	0.4	
Paper, cardboard and products thereof	300.2	11.6	25.3	128.9	9.8	0.0	
Semi-manufactured metal products	242.8	38.9	102.5	44.0	6.2	0.3	
Chemical raw materials and compounds	242.5	28.0	88.4	18.8	20.3	1.5	
Metals other than iron and steel	239.7	30.7	28.9	42.5	14.2	2.0	
Semi-processed fertilizers	233.4	0.1	53.5	0.2	0.0	—	
Coffee, cocoa, chocolate, tea, spices	232.4	8.2	2.9	4.2	0.4	—	
Oilseeds, nuts and kernels	227.1	0.0	0.4	0.0	136.5	—	
Raw and semi-manufactured plastic	204.7	37.8	69.4	16.9	30.1	0.2	
Fruits and vegetables	186.6	1.3	1.9	1.0	27.1	0.0	
Miscellaneous manufactured articles n.e.s.	184.7	25.7	53.6	21.5	11.6	0.2	
Professional, scientific and controlling instruments, photographic and optical goods, watches and clocks	178.4	27.8	70.2	7.5	16.2	0.1	
Spinning materials	162.6	24.7	12.9	6.3	13.4	0.0	
Tobacco	160.4	2.8	0.6	0.8	62.4	1.0	
Manufactures of non-metallic minerals n.e.s.	148.1	17.2	38.4	20.4	4.9	0.1	
Clothing	142.7	12.5	21.9	15.2	5.4	0.1	

TABLE II

PRINCIPAL CANADIAN EXPORTS TO DENMARK

Total	1959	1960	1961	Jan.-Sept. 1962
	5,449,068	4,977,848	4,812,953	4,284,466
Of which:				
Barley	—	435,342	—	—
Wheat	342,613	62,244	—	—
Maple sugar	39,596	42,566	60,620	51,636
Whisky	55,535	50,889	47,998	37,587
Flaxseed	148,274	108,000	—	—
Burley tobacco	1,275	69,003	—	38,717
Bright flue-cured tobacco	6,297	37,596	163,958	54,161
Sea grasses and sea plants	—	55,486	126,745	53,613
Fishery products	8,002	94,250	58,424	78,760
Fishery foods and feeds n.e.s.	—	—	146,352	31,766
Skimmed milk powder	1,377,455	409,420	20,947	80,100
Other milk or cream powder products	31,710	61,424	—	13,537
Commercial twine, fisheries nets, lines and yarns of synthetic fibre	348,124	248,871	369,774	241,309
Douglas fir lumber	36,860	1,347	122,630	5,240
Hemlock lumber	11,940	34,894	117,351	110,009
Aircraft engines and parts	205,124	200,992	1,533	2,209
Office machines and parts	179,298	338,349	271,966	344,396
Industrial machinery and parts, tools, equipment	5,904	18,503	90,587	90,073
Motor vehicles and parts	233,103	190,057	137,435	59,935
Ball roller bearings	2,452	41,283	34,287	3,296
Copper rods, strips, sheets, shapes, etc.	—	261,553	808,472	1,211,994
Lead in pigs, refined lead, etc.	169,781	—	46,835	—
Zinc spelter	84,176	78,508	—	—
Spark plugs	42,184	68,340	17,855	28,696
Asbestos fibres and shorts	1,152,656	873,123	1,161,771	673,821
Chemical products	37,066	129,455	44,971	26,466
Human and veterinary pharmaceutical products	114,715	170,494	50,159	98,438
Plastics, synthetic rubber	—	548,816	451,517	408,622
Aluminum pigs, ingots, slabs etc.	2,169	863	68,441	84,765
Ice skates and sports equipment	—	3,714	22,928	6,741
Textiles, not clothing	230	5,502	58,227	103,248

are advised to consult the Canadian Commercial Counsellor in Copenhagen, providing full details, and quoting prices c.i.f. Copenhagen or f.o.b. Canadian port. It is vital that correspondence be answered promptly. The value of personal contacts cannot be over-emphasized and Canadian exporters visiting Britain or the continent should include Denmark in their itineraries.

Denmark's proximity to Britain, West Germany and Sweden and to other European countries means that these countries have the advantages of fast deliveries, low freight costs and easier personal contacts. Canadian exporters, how-

ever, are on the same footing as those from the United States. (See Table I.)

It cannot be stressed too often that to obtain satisfactory sales in this market it is not enough to appoint an agent and supply him with price lists and descriptive literature. Practically all reputable agency firms represent several manufacturers and products, and unless sales are vigorously and continuously pursued by Canadian exporters, their products may be neglected in favour of those of other manufacturers who show a more active interest in the market. It is not easy to find the right agent or distributor and Canadians should

not expect quick or spectacular results. Danish businessmen as a rule are conservative and cautious and not anxious to switch from traditional sources of supply. Solid sales can normally be made only by exercising perseverance and patience.

Payments normally are effected on sight draft or cash against documents. In the early stages of business relations and where major Danish companies are not concerned, payment by letter of credit is advisable although this tends to discourage business. With few exceptions, there are no Danish consular requirements; Canadian exporters must provide the Danish

importer with commercial invoices and ocean bills of lading in duplicate and where customs duties are

levied ad valorem, with insurance certificates. Detailed information on Danish shipping documentation and

customs regulations may be obtained from the Department of Trade and Commerce, Ottawa. ●

FINLAND: Expanding Demand

Boom has subsided, but trade is still expanding and import demand remains strong. Curbs imposed on commercial credit may affect sales in 1963, but opportunities good, especially in consumer goods.

G. A. BROWNE, *Commercial Counsellor, Stockholm.*

THE boom conditions that have prevailed in Finland since 1959 reached their turning point in the third quarter of 1962, when the marked rate of growth was stabilized at a high level. Indications are that the increase in gross national product in 1962 will equal about 4 per cent, compared with 7 per cent in 1961. Although credit stringency is likely to curtail new investment in 1963 and agricultural income is down as a result of the unfavourable 1962 season, domestic demand, particularly for consumer goods, is expected to remain lively.

Trade and Industry

The growth in domestic trade continues, with the expanding demand for consumer goods one of the most striking features of the present Finnish situation. Although this demand is one of the main factors in the steady economic growth, it has also led to the tightening of commercial credit.

Preliminary figures for 1962 show a substantial rise in exports of about 12 per cent and in imports of about 11 per cent over the previous year. The chief increase in Finnish imports was in products from the EEC countries, 24 per cent, but imports from EFTA countries also expanded by about 14 per cent. Finnish purchases from two of her major trade partners—West Germany and Sweden—went up sharply.

Postwar industrial production in Finland compares favourably with development in other countries and

only Italy among the Western European countries has matched the rate of industrial expansion. The volume of Finnish industrial production rose by 9 per cent in 1959, by 13 per cent in 1960, and by 8 per cent in 1961. Production growth in the first half of 1962 was close to 7 per cent.

Although the forest industries form the basis of the economy (eight new paper machines were put into use in 1962) the metals industry has come up fast in the last few years. It accounted for 25 per cent of industrial production in 1960, challenging the forest industries for front rank. About 10 per cent of all the new postwar paper machines in the world have been supplied by Finnish engineering works, which have been in the forefront of modern paper-machine design. Similarly, production in the electro-technical industries has expanded by just over 50 per cent since 1958.

Gross volume of production in the electrical industries is estimated at approximately \$135 million, and exports in this field at \$12 million. In electrical engineering exports the cable industry is most prominent, accounting for roughly two-thirds of the total value. Electrical machinery and appliances make up the remainder, with shipments going to 35 countries.

The expansion of hydroelectric capacity and extension of transmission lines has helped the heavy section of electrical engineering—the plants turning out generators,

motors, transformers, cranes, lifts and cable products. The development of telecommunications and the construction of icebreakers and rolling stock have also meant new orders for the electrical engineering plants.

The biggest percentage increase in output has been in the radio and TV industries. Sustained construction activity, both residential and industrial, has expanded production capacity in electrical fittings and domestic electrical appliances.

TABLE I
FINLAND'S IMPORT TRADE, 1961

Commodity Groups	Value (millions of dollars)	Jan.-Sept. 1962 (per cent)
Food preparations	121	
Beverages and tobacco	16	
Crude materials for further processing, inedible	87	
Mineral fuels	115	
Animal and vegetable fats and oils	5	
Products of the chemical and allied industries	112	
Manufactured goods	310	
Machinery and transport equipment	422	
Miscellaneous manufactures	55	
Principal suppliers		
EFTA		32.7
Britain		20.8
Scandinavia		10.9
EEC		28.8
West Germany		12.1
East Bloc		21.2
U.S.S.R.		16.3
Other countries		17.3
United States		5.5

The structure of the Finnish import market reflects the marked growth of industrial capacity since 1945, notably in machinery for the forest industries, shipbuilding, engineering and the electrical field. Total imports in 1962 are expected, on the first ten months' figures, to reach approximately 394 billion Fin-

nish marks—in dollar terms, approximately \$1.3 billion. This total was divided, by percentages, among the following main groups: raw materials, etc., 44.6, investment goods 30.6, consumer goods 16.1, fuel and lubricants 8.7.

Commodity statistics for the year 1962, by countries of origin, are not yet available but will not vary significantly in makeup from those in Table I. Given with them are the principal supplying countries, with their percentage shares of the import trade in the first three quarters of 1962.

TABLE II

CANADIAN EXPORTS TO FINLAND

	1961	1962
	(Can.\$'000)	
Total exports	6,084	5,239
Of which:		
Wheat	2,595	2,989
Copper refinery shapes	603	14
Aluminum pigs, ingots, slabs	556	351
Plastics and synthetic rubber	375	317
Chain saws and parts	239	246
Synthetic fibres and waste	188	30
Pulp and paper industrial machinery and parts	158	67

Last year, Canada sold to Finland \$5.23 million worth of goods, compared with \$4.35 million in 1960 and \$6.1 million in 1961. Bulking large among our exports were wheat, metals and minerals, some machinery, and wood pulp. Table II gives principal exports to Finland in 1961 and 1962.

Our purchases from Finland totalled \$1.5 million in the first nine months of 1962, compared with \$733,000 in the same period of 1961.

The Finnish market offers numerous opportunities to Canadian exporters, in spite of the current restrictions on credit and the quotas required by the bilateral trade agreements that Finland has concluded with other countries. Helsinki is only an hour's flight from Stockholm and it is a valuable point of contact for the Canadian interested in selling consumer goods. Here he can negotiate directly with the four main chain-buying organizations and can, generally speaking, reach the whole Finnish market. ●



Among the big projects in France is a power station being built on the River Rance to harness power from the tides. The picture shows one stage of construction.

FRANCE:

Increasing Opportunities

Canada is selling greater variety of goods here; exporters are visiting and investigating this market for themselves. Rising incomes of French consumers mean demand should increase in 1963.

A. G. KNIEWASSER, *Commercial Counsellor, Paris.*

LAST YEAR was an active and encouraging one for Canadian exporters interested in the French market; total sales reached \$57.5 million. With the exception of wheat and synthetic rubber, exports of all

major categories of goods increased, with a new emphasis on manufactured goods. Successful new Canadian exporters during the year were those prepared to meet competition and to make a substantial invest-

ment in promotion in the form of time, money and energy.

Business Prospects

It is now clear that a remarkable diversity of Canadian primary and secondary products are competitive in this market. Trade moved over 300 export categories last year and new business was developed over a broad range of fully manufactured Canadian products never before sold to France. Among the products exported for the first time or in increased quantities were the following:

live lobsters
canned salmon
frozen salmon
flatfish fillets
apples
confectionery
pickles
seal skins
fisher furs
gloves and garment leather
angora sweaters
fabrics for furniture
handbag materials
papermakers' felts
unbleached sulphate pulp
construction-grade plywood
book paper
saw blades
electric toys
spray-painting equipment
bush tractors
office trailers
military radio transmitters
navigation equipment
TV equipment
air-conditioners
metal household furniture
cranes
prefabricated buildings
nuclear particle detectors
technical services

Greater sales efforts made these interesting results possible. Some 440 Canadian exporters undertook personal selling campaigns in France last year and their discussions here led directly to the establishment of 43 new export sales agencies. The Paris office also made arrangements in France for ten Trade and Economic Missions sent out from Canada and for Canadian

TABLE I
CANADIAN TRADE PROMOTION IN FRANCE

	1959	1960	1961	1962
Canadian business visitors	50	215	320	440
New Canadian export agencies established	8	11	41	43
Canadian Trade Missions	2	2	3	10
Trade fair participation	1	1	2	4
Export categories—diversity of trade	186	210	276	300 (est.)

TABLE II
ECONOMIC INDICATORS IN FRANCE

	1957	1958	1959	1960	1961	1962
Gross national product (billion francs at market prices)	210.6	239.6	259.9	285.9	309.1	338.6 (est)
Population (million)	44.3	44.8	45.4	45.7	46.7	47.6
Exports (million francs)	18,893	21,528	27,721	33,901	35,667	36,356
Imports (million francs)	22,675	23,572	25,150	31,016	32,992	36,365
Index of industrial production (1952=100)	146	152	158	176	186	200
Index of wholesale prices (1949=100)						
Industrial products	158.9	166.9	179.1	185.2	190.9	192.1
Cost-of-living index (July 1957=100)	.....	112.6	119.3	122.7	124.9	131.0
Production statistics:						
Natural gas (billion cubic metres)	.56	1.05	2.61	4.44	6.05	7.0
Electricity (billion kwh.)	57.4	61.6	64.6	72.1	76.5	83.1
Coal (million metric tons)	59.1	60.0	59.8	58.2	55.2	55.2
Iron ore (million metric tons)	57.8	59.4	60.9	66.9	66.6	66.4
Crude steel (million metric tons)	14.1	14.6	15.2	17.3	17.6	17.2
Aluminum (thousand metric tons)	160	169	173	235	279	295
Passenger cars (thousand units)	724	924	1,085	1,116	988	1,278
Commercial vehicles (thousand units)	204	204	198	234	217	230

participation in four key trade fairs. By these methods French importers have been made aware that Canada is more than a dependable source of supply for agricultural products and industrial materials. They are impressed with the wide range of manufactured products we have to offer and they go out of their way to do business with us whenever possible.

Table I gives a picture of the intensified trade promotion program.

Economic Situation Good

Canadian progress in this market was made possible also by prosperity and economic expansion here

throughout 1962. All indications point to a continuing high rate of economic growth, full employment, and a record demand for imports over the next twelve months. Gross national product increased by almost 6 per cent in real terms last year and this rate will continue and may be exceeded in 1963. Total imports went up 10 per cent to 36.4 billion francs. Exports balanced imports and exchange reserves are now close to \$4 billion as a result of substantial new net capital earnings. During 1962 the French Government retired close to \$600 million of long-term debt in advance of maturity and stepped up foreign exchange

These products could be sold here in 1963 . . .

Fresh and frozen salmon	Synthetic rubber
Shellfish	Nickel
Fresh water fish	Copper
Durum wheat	Asbestos
Oilseeds	Pulp and paper machinery
Seeds for planting	Mining machinery
Edible offals	Telecommunications equipment
Furs	Industrial electronic equipment
Pulpwood	Sportswear
Pulp	Sporting goods
Newsprint	Air navigation equipment
Lumber	Scientific equipment
Construction-grade plywood	

holdings by \$1.4 billion. The national currency became the franc again on January 1, 1963, instead of the new franc; it is now one of the world's strongest currencies.

Key economic indicators are summarized in Table II.

Industrial Promotion

The strong financial position has permitted French business banks and other investors to resume their international activities in a major way. In November 1962, the French Government sent a high-level trade and investment mission to Canada and its findings have favourably impressed the Paris financial community. Substantial new funds have been committed in Canada in recent months and discussions are currently under way on major projects to be announced this year. In addition, French firms are seeking licensing arrangements in Canada. Technological progress here has been outstanding and a number of firms which are working to full capacity are willing to arrange for the manufacture of their specialties in Canada under licence. The French Trade Fair in Montreal in

November 1963 is expected to lead to new export business and also to new manufacturing arrangements.

Future Promising

Some major political developments took place that were of fundamental importance to the economic situation. Independence negotiations were concluded with Algeria in 1962 and for the first time in 24 years France is not at war. All of the nation's human and financial resources can now be focussed on a program of economic development. The length of compulsory military service has been reduced and about 700,000 citizens have returned to France from Algeria. These increases in the working force are important in a situation where job opportunities exceed the number of people seeking work. The dynamic forces in France are the young, talented and energetic economic planners, industrialists, business bankers and labour leaders. The immediate future will present Canadian business with many new and refreshing opportunities for trade and investment. A rewarding future in Franco-Canadian business rela-

tions will depend to a large extent on an understanding of and vigorous response to this situation.

Trade Prospects Good

Terms of access for Canadian goods are now better than at any time in the history of Franco-Canadian trade relations. Apart from agricultural products, the French market is free of quantitative restrictions and the customs tariff on Canadian goods is being reduced to harmonize with the EEC common external tariff. Import licences are available for many products still under control. Trade liberalization and the availability of products from

TABLE III
PRINCIPAL CANADIAN EXPORTS
TO FRANCE

	Nine mos. 1961	Nine mos. 1962
(in Canadian dollars)		
Synthetic rubber	11,847,004	5,904,581
Durum wheat	9,024,920	.....
Wheat n.o.s.	5,007,404	70,804
Copper refinery shapes	6,708,923	6,297,560
Asbestos milled fibres 4/5	4,051,355	5,396,532
Flaxseed	392,261	2,364,821
Pulpwood peeled	945,276	1,795,288
Bleached sulphate pulp	1,518,796	1,338,451
Aluminum ingots	454,593	1,244,105
Card-punching machines and parts	935,600	1,223,184
Rapeseed	1,165,864	864,127
Aircraft engines and parts	830,706	653,886
Hemlock lumber	477,313	600,698
Combines	303,182	568,482
Frozen coho salmon	128,626	517,766
Sheet and strip carbon steels	.....	432,802
Contractors' equipment and tools	35,560	392,740
Phenols	.....	297,283
Lumber, Douglas fir	253,744	293,193
Salmon pink canned	6,625	194,668
Industrial furnaces and parts	.....	164,784
Salmon spring frozen	109,997	143,912
Razors and razor blades	71,788	134,115
Cranes and hoists	.....	129,113
Chain saws and parts	69,854	121,704
Textile machinery and parts	77,294	106,866
Other	11,938,239	6,541,499
Total	56,354,924	37,792,964

all over the world have excited French consumers, who are now in a position to increase their demands for more and better products at competitive prices. Local businessmen are certain that the size and diversity of demand for imports in France will continue to increase. Their interest in the National Samples Show and World Markets-Machinery has been marked. The accompanying box feature lists a

number of products for which there are immediate sales possibilities.

Preliminary trade results for the early months of 1963 corroborate these views. Commodity sales have been resumed and in the month of January alone, nine new export agency arrangements were concluded. Over the past few weeks, new business has been developed in garden furniture, ladies' hand-

bags, electronic tracing equipment, newsprint machinery and finished leather. The 84 new sales agencies established here over the past two years are placing interesting repeat orders.

The Canadian selling base in France has been broadened and intensified and the Paris trade office expects that Canadian exporters will do close to \$100 million of business in France in 1963. ●

GREECE: Economic Upswing

Good market here for Canadian raw materials, semi-processed and agricultural products, and some manufactured goods. But our future sales of some commodities may be affected by Greece's vigorous drive for industrialization and its association with EEC.

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

GREECE is one of Canada's smaller, more difficult but nevertheless worthwhile markets; the same might be said of Canada as a market for Greek products. The two countries are warm but geographically distant business friends. The Greek market provides an important outlet for a number of Canadian products, mainly raw materials, semi-processed goods and certain agricultural products, plus relatively small quantities of a limited range of manufactures. The country's noteworthy economic progress gives promise for the future, but growing industrialization, vigorously encouraged by the Government, may reduce imports of some products that we supply—for example, rubber tires and aluminum. Moreover, Greece's association with the EEC as from November 1, 1962, will favour imports from the Common Market.

In short, it is not easy—and may actually be misleading—to generalize about business prospects in Greece. The Trade Conference opening in Ottawa on April 16th

will provide an opportunity for exporters interested in this market to discuss the outlook for their products with the Trade Commissioners from Athens.

Economic Progress

As this is written, complete 1962 statistics are not yet at hand, but preliminary figures indicate that Greece made further substantial economic progress during the year. The business outlook for the current year is generally favourable, although the abnormally cold and wet autumn and winter may cut down

production and exports of certain agricultural products such as citrus fruit.

Table I compares the gross national income in 1962 with that in 1961, 1960 and 1955. The decline in the growth rate last year compared with 1961 was largely due to the fact that 1962 was the usual alternate low year for olive oil production. Total investment in all phases of economic activity this year is expected to increase by 13 per cent over 1962; for industry and mining combined, the increase is estimated at 61 per cent. Total bank deposits rose from Drs.27,663 million on December 31, 1961, to Drs.34,012 million on December 31, 1962, despite the large public participation in the shares and bonds of state-owned enterprises such as the Public Power Corporation (which is solely responsible for the production and distribution of electric power throughout Greece), and of private undertakings during the year.

All government spokesmen emphasize that these developments have not meant a trend towards inflation and that the drachma remains a strong currency; the continued steady increase in bank deposits reflects the growing confidence in it. (The official rate is approximately thirty drachmas to the United States dollar.)

TABLE I
GROSS NATIONAL INCOME
OF GREECE

Year	Billion drs. at current prices	Per cent change
1955	59.2	.....
1960	85.9	.....
1961	96.7	+12.6 over 1960
1962	100.6	+ 4.0 over 1961
.....	.....	+69.8 over 1955

Detailed statistics for the whole of 1962 are not yet available but Table II gives the *estimates* of total Greek imports and exports for the past year, given in Parliament by the Finance Minister on January 31 when he tabled his budget for 1963, and compares them with the *actual* figures for the previous three years.

The continued growth of imports has resulted mainly from much larger purchases of capital goods such as machinery, equipment and transportation materiel, although raw materials and manufactured consumer goods also gained somewhat. Imports of agricultural products as a whole declined last year.

Although total exports rose by about 5 per cent in 1962, the trade deficit again increased. The Minister of Finance said in his budget speech that the deficit of \$365 million "was totally covered by the surplus balance of invisibles amounting to \$290 million, the net inflow of capital which totalled \$65 million, United States financial aid of \$18 million, an American financial development (AID) loan of \$1.1 million, and by indemnities and reparations amounting to \$38 million. These figures give a grand total of \$412 million." The invisibles mentioned by the Minister consisted mainly of emigrant remittances and earnings from shipping and the tourist trade, all of which increased satisfactorily during the year.

The Minister also stated that holdings of gold and net foreign exchange assets by the Bank of Greece at December 31, 1962, totalled U.S.\$270 million compared with U.S.\$252 million in 1961 and U.S.\$234 million in 1962.

Canada's Trade with Greece

Table III shows the trend of total trade between Greece and Canada over the past four years (DBS figures). Our exports to Greece have risen substantially since 1959 and in 1962 reached \$9.2 million (sales of ships accounted for \$4 million of this), compared with \$4.9 million in 1961. It is also probable that import returns for

TABLE II
GREEK IMPORTS AND EXPORTS

	Imports	Exports	Deficit
	(millions U.S.\$)		
1959	470	212	258
1960	520	208	312
1961	583	234	349
1962 (estimated)	610	245	365

TABLE III
CANADA'S TRADE WITH GREECE

	Exports to	Imports from	Balance in Canada's favour
	('000 Can.\$)		
1959	3,798	310	3,448
1960	5,546	538	5,008
1961	4,995	545	4,450
1962	9,234	466	..... (6 mos.)

all 1962 will show a considerable increase. Nevertheless, the balance of trade remains heavily in Canada's favour, although offset to an unknown but undoubtedly important extent by the earnings of Greek ships carrying Canadian goods (largely in cross trades), by remittances from Greek emigrants in Canada, and by expenditures of Canadian visitors to Greece (the National Tourist Organization estimates that over 7,000 Canadians came to Greece in 1962).

Table IV shows the principal Canadian exports to Greece during 1960, 1961 and 1962; only commodities that accounted for \$25,000 or more in one or other of the three years are listed. The large item for ships represents the sale of second-hand vessels to Greek shipping firms. Other commodities which have been sold in small quantities to Greece in one or more of the last three years are:

canned pork
canned salmon
red fish roe
milk powder, whole milk
raw cattle hides
asbestos shorts
Douglas fir lumber
steel pipes and tubes
copper rods, plates, sheets and strips
asbestos brake lining
engines, turbines and parts

TABLE IV
PRINCIPAL CANADIAN EXPORTS TO GREECE

	1960	1961	1962
	('000 Can.\$)		
Meat and meat preparations	58	3	0
Milk powder skim milk	8	12	32
Durum wheat, except seed	725	43	0
Wheat flour	14	17	53
Seed potatoes	125	191	724
Whisky	26	13	9
Calf and kip skins, raw	102	48	30
Flaxseed	587	402	215
Synthetic fibres and waste	22	12	91
Copper scrap	29	0	365
Asbestos milled fibres	32	70	139
Furs, dressed, mink	0	116	31
Furs, dressed, n.e.s.	299	396	426
Wood pulp, bleached sulphite	235	0	0
Wood pulp, sulphite, unbleached strong	109	17	62
Newsprint	42	185	267
Sanitary paper	3	55	14
Yarn and thread of synthetic fibre	30	9	43
Papermakers' felts	0	36	22
Tallow, inedible	77	0	0
Polystyrene resin, unshaped	2	39	95
Plastics, synthetic rubber not shaped	90	149	43
Sheet and strip steel, n.e.s.	227	267	151
Aluminum pigs, ingots, slabs	1,079	1,255	727
Copper refinery shapes	0	737	187
Copper ingots, bars, billets	186	.....	.....
Copper pipe and tubing	94	150	63
Bolts, nuts, screws, washers	0	53	54
Firebrick and similar shapes	0	17	102
Refractories, n.e.s.	72	8	0.325
Rockdrilling machinery	0	21	61
Combine reaper threshers	74	.....	.....
Passenger autos and chassis	69	25	49
Ships and boats	.....	86	4,000
Trucks and bus tires	472	180	453
Heating fuel-burning equipment	0	9	30
Spark plugs	11	4	83
Washing machines, electrical, domestic	28	11	30
Medical instruments and parts	39	0	0
Card-punch machines and parts	0	22	46
Office machines and parts	52	0	22
Biological products for human use	0	50	21
Medicinal and pharmaceutical products	27	1	8
Total all exports	5,546	4,995	9,234

pumps and parts
textile needles
motor vehicle engines and parts
passenger car tires
tractor implements and parts
aircraft assemblage and parts

As Table V indicates, total Greek exports to Canada in the first half of 1962 have been expanding at a faster rate than during the previous three years. Only commodities whose value reached over \$5,000 in one or other of the three years are listed.

In line with its vigorous program to expand exports, the Greek Government has appointed a Commercial Attaché to its Embassy in Ottawa, Mr. Efsthios Baharias, a senior official of the Ministry of Commerce.

Market Characteristics

● *Prices*—Greece is above all a price market. Average per capita income is still under \$400 a year and only a few Greeks can afford goods of the highest quality and price. With few exceptions, foreign producers considering the Greek market must concentrate on offering the lowest possible prices.

● *Tenders*—A large part and a wide range of Greece's imports are purchased through open international public tenders invited by government ministries such as Agriculture, Commerce, and Defence, or by quasi-government organizations such as the Public Power Corporation, the Hellenic Telecommunications Organization, and the Agricultural Bank. Here again price is usually all-important, and offering additional advantages will not improve your chances if your price is above that of competitors whose offers meet the specifications but no more.

Although in most cases an agent is not essential in tendering, there is much to be said for having one, particularly when complicated specifications or credit arrangements are involved. Another advantage is that an alert agent can often send his principals advance notice of an im-

TABLE V
PRINCIPAL CANADIAN IMPORTS
FROM GREECE

	1959	1960	1961	1962 (six mos.)
	('000 Can.\$)			
Olives in brine	53	88	102	83
Tomato paste, canned	5	8	24	12
Manufactures of fur, n.e.s.	1	28	69	91
Canned vegetables	9	16	22	10
Dried figs and fig paste	17	46	43	1
Sponges, marine	41	52	42	1
Wines, non-sparkling	25	24	34	18
Turkish tobacco, unstemmed	43	34	35	26
Olive oil	26	68	39	43
Brandy	16	17	20	8
Resin or rosin	0	10	8	0
Cheese	2	4	8	9
Cordials and liqueurs, n.o.p.	0	7	7	6
Broom corn	0	0	0	13
Collections of antiquities	0	17	2	0
Fruit pulp, n.o.p.	5	6	0	0
Cotton linters	5	0	0	25
Manganese ore	0	0	0	41
Films, cinema	1	25	17	11
Phonograph records	1	6	4	5
Total all imports	363	538	545	466

pending call for tenders, thus giving them valuable additional time in which to prepare their offer.

The Office of the Commercial Counsellor in Athens tries to forward to the Department of Trade and Commerce in Ottawa particulars of all tenders likely to be of interest to Canadian firms. But since the calls are sometimes issued with relatively short notice before the deadline, and often by the scores each week, having an agent provides double insurance.

● *Credit Terms*—Short-term credit has always been important in this market. Up to six-month terms are not uncommon and for some commodities they are essential: for example, it is useless to offer wood pulp to Greek paper mills on less than a six-month basis.

Medium and long-term credit has been growing more important during the past few years as the accelerating pace of industrialization increases the demand for capital

equipment in general, and for industrial and power plant machinery and equipment and for transportation and communications materiel in particular. Henceforth, ability to make these longer credits available on a competitive basis will often be the decisive factor in winning contracts.

● *Import Regulations and Customs Duties*—It is not possible to deal fully with these subjects in this report, but it should be noted that although Greece has a generally liberal import policy, all imports, except those for government account, still require an import licence. Exporters should make certain before shipping that the buyer has a permit, as otherwise a substantial fine may be incurred; the import licence carries with it the necessary foreign exchange authorization.

Import duties where applied are substantial, generally ranging between 3 and 70 per cent ad valorem.

In addition to the basic duty, various surcharges are levied which can increase the amount of duty by nearly 400 per cent, and for a limited number of luxury items, by as much as 1,500 per cent.

Canadian businessmen visiting Western Europe should remember that Athens can be reached by air in from one to three hours from most other European capitals, and that it is a convenient and relatively inexpensive stopover en route to Africa and Asia. From the airport it is only a 20-minute drive by a beautiful road to the centre of the city and the main hotels. You can reach some of the most interesting historical sites and most beautiful scenery in the world in a one to three-day tour from the city. Athens itself has much to offer and Athenian businessmen are always delighted to meet serious visitors from all countries. Finally, there are few areas where a business visit and a relaxing holiday can be combined more delightfully. ●



—Cork Examiner.

Last November the wife of the Canadian Ambassador to Ireland christened the Silver Isle at its launching at Verolme Dockyard, Rushbrooke, Co. Cork. When it is completed, the ship will go into service on the Great Lakes and St. Lawrence Seaway.

IRELAND: Industrial Progress

Emphasizing industrial development, Ireland has achieved economic expansion and become a good market for industrial machinery and materials. Canadians should investigate export opportunities here, including consumer goods, as policy of freeing trade and reducing tariffs is put into effect progressively.

P. V. McLANE, *Commercial Counsellor, Dublin.*

A recent upsurge in economic growth is making this small country of 27,000 square miles (smaller than Nova Scotia) a valuable market for Canada—not only for industrial materials and machinery but also for consumer goods. More job opportunities have slowed down emigration and the population has grown from 2,815,000 to 2,824,000 within a year. National income has increased from Can.\$1,620 million in 1957 to Can.\$1,707 million in 1961 and 1962 will show a further rise. Canada's exports to this

market were valued at Can.\$11.5 million in 1961 and at Can.\$10.3 million in 1962.

Prospects for continued economic growth in Ireland are encouraging. After years of little progress, a Program for Economic Expansion was begun in 1958 and has proved effective; in 1959 the economy achieved a growth rate of 4.7 per cent, in 1960, 4.8, and in 1961, 4.6. Industrial production was valued at Can.\$495 million in 1961 and although output dropped

slightly in 1962, a gain of 3 to 3½ per cent was none the less expected.

Agricultural Progress Slower

Agricultural development has been slower and last year because of bad weather the wheat crop was below requirements. In recent years agricultural grants have been increased and certain tax reliefs provided. The Department of Agriculture is going to carry out surveys in the processing industries along the lines of those done in industry.

In 1961 output of livestock and livestock products was valued at Can.\$489 million and field crops at Can.\$136.8 million. Wheat acreage is being cut, but barley is becoming a more promising crop and is being used more for feeding purposes and is also exported. Sugar beet acreage has been increased each year, and in 1962 some sugar processed from beets was sold in the United States. Revised trading arrangements with Britain will help agricultural exports to that country.

However, the Republic is primarily a grass country and improvement of herds and pastures and the use of fertilizers and better seed are being emphasized. Sales of cattle in 1961 earned Can.\$205.2 million, pigs Can.\$69.9 million, and sheep and lambs Can.\$23.1 million. The campaign to eradicate bovine tuberculosis is continuing and it is expected that Ireland will soon be completely free of this disease.

Foreign Trade

The Government has decided on a policy of liberalizing trade; on January 1, 1963, it reduced most industrial tariffs by 10 per cent, and plans further cuts. In line with this policy, a Committee on Industrial Organization has been set up to study the effects of liberalization on industry. It has recommended that industrial councils be established in each industry to concentrate such activities as co-ordination, mergers, joint purchasing, and so on.

TABLE I
PRINCIPAL CANADIAN EXPORTS
TO IRELAND

	1961 9 months	1962 9 months
	(Can.\$)	
Oats	109,545	109,009
Wheat	3,417,100	1,907,651
Cattle hides	150,533	6,880
Sheep and lamb skins	5,749	24,250
Spruce lumber, n.e.s.	679,773	274,226
Newsprint	1,352,151	1,241,371
Plastics, synthetic rubber	676,709	599,533
Aluminum pigs, ingots, etc.	1,304,904	1,579,855
Canned fish (salmon, sardines)	32,336	135,382
Fishmeal	.....	50,400
Apples, fresh, canned	21,726	35,448
Whisky	12,967	15,232
Logs (poplar, aspen, cottonwood)	52,747	47,633
Tobacco	25,821	38,495
Asbestos	.....	70,525
Upper leather, n.e.s.	18,908	19,140
Maple lumber	66,144	108,159
Papermakers felts	12,668	18,848
Broad woven fabrics of cotton, n.e.s.	62,230	49,163
Firebrick	27,696	50,130
Files, rasps	18,086	16,778
Card-punch machines, computers and parts	13,810	63,999
Biological products for human use	15,816	56,479
Contractors equipment and tools	35,529	70,156
Plumbing fixtures and plumbing brass	.....	41,539
Total, including all others	8,859,873	7,260,120

The Republic's exports during 1962 have been provisionally valued at Can.\$503,961,000, compared with Can.\$525,063,000 for the previous year, and re-exports at Can.\$16,575,000 in 1962 (Can.\$15,795,000 in 1961). The decline in 1962 earnings was mainly due to smaller exports of cattle compared with heavy sales worth Can.\$336 million in 1961 (68.9 per cent of total exports). The herds have been built up during the past year and more normal shipments are expected. Exports of cutlery, hardware, implements, machinery and textiles showed worthwhile increases.

The value of imports, on the other hand, rose to Can.\$820,623,000 from Can.\$783,813,000 in 1961. New industries and expansion of existing ones created a stronger demand for raw materials and machinery and higher wages have stimulated consumption of imported goods. More fruit, nuts and vegetables, iron and steel, non-ferrous metals, machinery and electrical goods, clothing and footwear, fertilizers and chemicals, perfumery, dyes and colours were bought from foreign countries. Income from tourism (estimated at Can.\$144 million), insurance and shipping charges of some Can.\$255 million, and net imports of foreign capital helped to offset the Can.\$300 million excess of imports over exports, and the economy was steady enough to absorb the remaining Can.\$45 million without any upset.

The Republic has close economic ties with Britain, where it secures half of its imports and disposes of 75 per cent of its exports.

Canadian Exports to Ireland

The products listed in Table I make up the bulk of our sales to the Republic and show the pattern, but we also sell a large number of others, such as onions, canned fruits, clover and grass seed, Douglas fir, hemlock, various paper products, copper alloys, rock drills, clocks, saws, radar equipment, household appliances and gloves. Our trade should expand in keeping with the expansion of the Irish Republic. In 1962 we sold to Ireland for the first time rubber gloves, plastic combs, solid pack apples, power chain saws, nylon hosiery, key blanks, honey, canned salmon, pallets, gramophone records, P.V.C. sheeting, and grass seed.

Future Prospects

The Republic has every intention of becoming a competitive international trader and is bending all its efforts to improving and expanding the economy. The policy of

lowering tariffs will open up the market and Canada should be able to retain its share. A number of Canadian firms handle their sales through sub-agents of British firms but they might do better with a local Irish agent.

Several important buyers from Dublin will attend the Canadian Samples Show in Toronto in April and they will be in a position to place orders and make worthwhile contacts. Operation World Markets—Machinery will enable representatives of Dublin machinery dealers to see what Canada has to offer.

In addition, the interest that Canadian mining companies and their associates are taking in exploration work here could have favourable repercussions. Already Canadian capital is coming in and Canadian drilling companies are at work. A few more lucky strikes could open up a market for our mining supplies and equipment.

Canadian businessmen would do well to investigate, through the Trade Commissioner in Dublin, the advantages of personally visiting the Republic of Ireland.

For Further Information . . .

Refer to these recent issues of *Foreign Trade* which include articles on various aspects of the European markets, and special features on the market in France and in Belgium, Luxemburg and the Netherlands.

Belgium

Market for Frozen Foods, Dec. 1, 1962.

Benelux

Special issue on the market, Jan. 12, 1963.

Denmark

Advertising in Denmark, Sept. 22, 1962.

Sweden

Selling to the Swedes, July 28, 1962.

Switzerland

The Businessman Abroad, Dec. 29, 1962.

West Germany

How to Reach Germany's Big Buyers, Oct. 6, 1962.

Market for Toys and Games, Nov. 3, 1962.

ITALY: Rapid Advance

Italy is prospering and the economy expanding faster than any other in Western Europe. Past year has witnessed solid progress, at more sober pace. Canadian sales set a record, with wider range of goods.

J. H. STONE, *Commercial Counsellor, Rome.*

ITALY in the past few years has been expanding economically at such a rapid rate that a return to an average year raises the two classic spectres of mass unemployment and economic stagnation which plagued the country for so long. Last year, growth did revert from the almost explosive expansion of 1961 to the average rate of the 1950's and business confidence, so necessary for the continuation of a high growth rate, wavered in the summer and early fall. As the usual autumn upturn became apparent, however, business expectations firmed and 1962 ended well. In fact, it set new records for industrial production and for foreign trade and never before has Italy been such a good market for Canada.

National Income Up

Sustained by a rapidly expanding home market and a 15 per cent growth in exports, Italy's gross national product rose in real terms by almost 6 per cent, according to preliminary estimates, somewhat less than during 1961.

Agriculture and industry contributed less to the expansion than in the immediately preceding years, with the services sector gaining prominence as a contributor to growth and to the economy as a whole. Some economists take this as evidence of the emergence of Italy as a modern industrialized state, and certainly the tightening economic ties with its five Common Market partners have played their part in adapting Italian expansion to that of other European nations.

Higher incomes are gradually creating among consumers a mass market unknown before. This will

provide a valuable stabilizer for Italy's manufacturers, perhaps too dependent in the 50's on the uncertainties of export trade.

Industry Expands

Despite a damaging wave of strikes, industry last year marked up a healthy 8 per cent increase in real output over the previous record in 1961, according to the National Institute for the Study of Economic Trends. Manufacturing, on the basis of ten-month figures, recorded a gain of over 10 per cent and utilities expanded over 6 per cent; mining, the third sector in the industrial picture, remained almost stationary.

The industries which led the advance in manufacturing were synthetic textiles, petroleum refining, non-metallic mineral processing, transportation equipment and chemicals.

Investment in industry, which had been growing each year at a remarkable pace, is generally estimated to have been slightly higher in 1962 than in previous years. The 20 per cent increase in investment in 1961 was not repeated, however, despite a steep rise in real investment by state-controlled firms and credit institutions.

Drought and Cold

The Ministry of Agriculture, in preliminary estimates, reports a slight drop in 1962 in volume of saleable crops because of a severe drought at the height of summer. Olives, forage crops, green vegetables, potatoes and corn were badly damaged, although the harvest of wheat, tobacco and grapes increased sharply. Agricultural price increases, partly the result of scarci-

ties and partly of higher consumer purchasing power, were sufficient over the year to more than maintain total farm incomes. Gross earnings from agriculture were an estimated 5 per cent higher than in 1961.

This year, the coldest winter in many years brought heavy snowfalls even to Southern Italy, playing havoc with the winter vegetable and fruit crops. Prices of fruit and vegetables rose rapidly in January and February and a growing market for potatoes was created. Canadian tubers were shipped in quantity to meet this demand and we hope that this may mean a significant continuing market for our potatoes.

The structure of Italian agriculture is undergoing continuous change under the influence of comprehensive government measures for land reclamation, resettlement, and the rationalization of land use. These changes and the gradual alignment with Common Market farm policies are transforming Italian farms and farming methods. During 1962 Common Market policies were applied to the marketing of cereals (except for imports of wheat, for which a derogation to July 1, 1963, was obtained), pork, eggs, poultry, fruit and wine. In 1963 dairy products, rice, sugar, beef, potatoes and tobacco are on the program. Our important market for durum wheat may well be affected, although it is too early to predict what is likely to happen.

Foreign Trade Expands

Italy has traditionally had an unfavourable balance of merchandise trade, with earnings from tourists, shipping, emigrants' remittances and other invisibles compensating for surplus imports. Trade during 1962 followed this pattern but achieved a record value. During the first ten months, imports gained 15 per cent in value over the same period of 1961 and exports increased some 12 per cent. Commerce with the other Common Market countries grew as a proportion of total trade and accounted for over one third of all exports

and over 30 per cent of all imports. Germany retained its position as chief trading partner, followed by the United States and France.

Canada's Record Sales

Canadian trade with Italy also set new records; exports for the year 1962, at \$74.5 million, were the highest ever recorded (\$67.7 million in 1961). Detailed figures for the first nine months show large increases in Canadian sales of oil-seeds, potatoes, forest products, metal scrap, aluminum, iron and steel semi-manufactures, abrasives, machinery, and aircraft engines and parts. Large sales of specialized electronics equipment have been made for future delivery. On the other hand, figures were off sharply for wheat, nickel oxide, asbestos, newsprint, synthetic rubber, pig iron, copper and pharmaceuticals, in most instances because of growing domestic production. Final figures for the year may, of course, change this picture slightly.

Italian importers are showing increasing interest in looking at new Canadian products, and will be well represented at the National Samples Show in Toronto and also at World Markets—Machinery. Nearly every large department store in the country will send its chief buyers to Canada in April and engineers from a selection of the largest Italian factories, as well as two key government departments, will look at Canadian machinery plants this spring. Our Trade Commissioners in Rome are also lining up Italian importers and agents who are capable of, and interested in, giving active service to Canadian firms who come to Ottawa for the Second Export Trade Promotion Conference.

Outlook Favourable

Many signs point to a continuation of Italian prosperity throughout the coming year and to a growing market for many Canadian products. Greater purchasing power and the shortfalls in local production will create new opportunities for Canadian exporters. Competition is, of

course, keen, especially as Italy becomes increasingly integrated into the Common Market.

During the Export Trade Promotion Conference, *Foreign Trade* will

publish an issue entirely devoted to Italy and designed to point out further ways of exploiting what must be one of the fastest growing markets in the world. ●

THE NETHERLANDS:

More Competition

After decade of growth, country is consolidating its gains; expansion has become more gradual. Exports and imports rose last year and Canada captured larger share of market, but competition stiff.

J. E. MONTGOMERY, *Assistant Commercial Secretary, The Hague.*

ECONOMIC activity in the Netherlands during 1962 exceeded expectations when the year began. Expansion continued at a slower pace, the labour market was easier, and per capita productivity rose, checking the trend towards inflation. Total spending closely approached total available resources but there was no serious discrepancy. Shrinking corporation profit margins and over-capacity in some basic industries led to a modification of expansion projects, but the continued increase in consumer demand was satisfied. In the last quarter of 1962 orders for investment goods, which exhibited a down-trend earlier in the year, improved sharply, chiefly because of government purchases.

Assessing Progress

Economic equilibrium, in the main, was maintained. In the building industry the number of houses completed dropped slightly but this was not the result of any decline in the demand for housing. Private consumption rose but more slowly than in the past and competition in the distribution of consumer durables became progressively keener. Many collective labour agreements were renewed and wages were, without exception, raised. This trend

was given extra impetus when the Government approved an increase of 10 to 12 per cent in rents and agreed to a compensatory wage increase of about 1½ per cent. The cost-of-living indices fluctuated, but the trend was up. The obligatory cash reserve ratio of the private banks with the Central Bank was cut during the year from 7 to 5 per cent to relieve the money market and stimulate commerce.

Decade of Growth

The current consolidation in the Dutch economy is the result of a decade of rapid growth. From 1953 to 1962 real national income rose by 62 per cent and production increased at almost the same rate. Industrial production went up 83 per cent, the number of gainfully employed workers rose by 27 per cent, and output per worker in small companies by 30 per cent and in industry by 52 per cent. Wages per worker increased by 90 per cent, resulting in a 46 per cent increase in the cost of labour per unit produced. Prices exhibited a large measure of stability. The cost of living rose by 25 per cent but import prices went down 13 per cent, mainly because of lower prices for raw materials and foodstuffs.

Wholesale prices fell by 1 per cent and export prices by 9 per cent. The Dutch achieved these results in the last ten years by saving almost 20 per cent of the net income and laying out a further 16 per cent to boost net investment in fixed assets and productive capacity. Important too was acceptance of a system of wage control and a tax system with exceptionally high rates of personal income tax.

Prospects for 1963

Prospects for 1963 do not indicate any recession. Consumer demand is expected to increase. The latest cyclical indicators justify optimism. Both domestic and foreign orders received by Dutch industry will undoubtedly rise. This year will no doubt bring a further consolidation of past accomplishments coupled with moderate growth. The available supply of labour is expected to be slightly larger and the Social and Economic Council has advised the Government to permit an average wage increase of 2.7 per cent. New housing construction will probably increase substantially compared with 1962 because of the stimulus of increased government expenditures in this field. The gradual development of large reserves of natural gas may cut costs of production and promote growth in the chemical industries. The increased activities of large retail trading groups and other influences should contribute to a gain in personal consumption, which has remained virtually unchanged since 1961.

For industry the prospects in 1963 are mixed. Shipbuilding continues to face difficulties. International price competition for new construction and repair jobs will probably increase sharply. Building contractors and manufacturers of durable goods should have a good year. Steel production will probably remain at last year's figure. A further diversification and expansion in oil refining and chemical production are expected; the over-all position of the textile industry may improve slightly. Direct foreign

investment in Dutch industry may rise, depending on growth and progress within the EEC.

Progress Will Be Slower

For the next decade, observers of the Dutch economy do not expect a repetition of the progress made from 1953 to 1962. The increase in productivity and in real national income will probably not continue at the same rate as before. For example, the annual increase in productivity per worker is estimated at 2½ per cent over the next 20 years. Allowing for a larger working population, real national income is expected to rise at an average rate of 3½ per cent a year, with a doubling in twenty years.

It appears unlikely that the slightly inflationary situation caused by an excess of demand from abroad will persist. In the past decade this situation has pushed exports up by 128 per cent but in the future the Netherlands does not expect to enjoy this privileged export position. Within the scope of the EEC, Holland's industry and commerce should find greater possibilities coupled with many risks. More specialization and continuing amalgamation of enterprises are considered essential.

Trade Picture

The Dutch in 1962, as in 1961, had a deficit on merchandise account. Exports in 1962 reached ap-

proximately \$4.95 billion compared with \$4.42 billion in 1961; imports rose from approximately \$5.26 billion in 1961 to \$5.78 billion in 1962. Imports increased chiefly because of rising personal consumption and exports did not expand sufficiently to narrow the trade deficit because of greater competition in world markets. Canada's exports to the Netherlands rose from \$61.2 million in 1961 to \$76.9 million in 1962.

Canadian sales of oilseeds, tobacco, zinc ore, pulpwood, lumber, synthetic leather, men's and boys' outerwear, electrical and electronic apparatus, aircraft parts and skates increased last year. These gains were accompanied, however, by significant decreases in sales of wheat, iron ore, alloy steel, lead and aircraft engine parts.

Prospects for Canadian sales to the Netherlands in 1963 are encouraging. Sales of pulpwood and lumber should expand further and there is good potential for growth in sales of sporting goods and casual wear. The domestic economy is levelling off, in line with the general trend in Western Europe. This will undoubtedly mean an intensification of the keen competition characteristic of the Dutch market. ●

For more information on business and trade in the Netherlands, see January 12, 1963, issue of Foreign Trade on the market in Benelux.





This shipment of over 40,000 cases of Canadian apples was landed in Oslo, Norway, this year—a small part of \$69 million worth of Canadian products sold during 1962.

NORWAY: Demand Curbed

Policy of restricting demand followed during 1962, though investment in real capital and imports rose sharply. Most import restrictions have now disappeared; Canada's sales kept up well last year, despite sharp drop of \$2.3 million in wheat exports.

M. B. BURSEY, *Commercial Counsellor, Oslo.*

UP to the end of 1961, Norway made noteworthy economic progress but last year the rate of increase in the gross national product was only 3.4 per cent, compared with 6.2 per cent in 1960 and 5.9 in 1961. The principal reason for the drop was unfavourable conditions in agricul-

ture, the fisheries and the forest industries; the manufacturing industries achieved only slight increases. In 1960 and 1961 Norway had an investment boom. Demand in both these years went up sharply and in 1961 the Government took restrictive measures. Changes in monetary

policy introduced in 1961 began to take effect toward the end of the year, but demand was still high at the beginning of 1962. The labour market was strained, the deficit on international transactions was the largest since the war, and domestic prices were still rising.

Credit Curtailed

The economic policy for 1962 was designed to cut down demand. Credit was tightened to counteract the increase in demand for investment goods financed through borrowing and to prevent a repetition of the sharp rise in loans in 1961. New limits were set on loans from commercial and savings banks and additional steps taken to gain better control over loans in foreign currency from commercial banks.

The policy of restricting credit was supported by keeping the volume of licensed building activity in 1962 at the same level as in 1961. To meet the strong requests for building licences from manufacturing industries, the quota for industrial building was increased and the quota for county licensing boards reduced.

The policy on building licences and the restrictions on credit did not, however, prevent investment in real capital, excluding ships, from increasing considerably in 1962. The demand for inventories was smaller. This, plus the unfavourable trend in some of the major Norwegian export fields, determined the economic position in 1962.

Production Picture

It was an unsatisfactory year for agriculture because of the poor weather in many regions of the country during parts of the growing and harvesting seasons. Total agricultural production was 92 per cent of average compared with 101 per cent in 1961. The grain crop was particularly poor—only 83 per cent of the average crop.

In the fisheries industry, although the winter herring fisheries were somewhat better than in 1961, total landings were down and the value

In Selling to Norway . . .

1. Letter of credit terms are rarely if ever acceptable. Cash against documents terms or better are preferable.
2. Prices should always be given c.i.f. Norwegian port.
3. Quote in Canadian funds and use the new low exchange rate as a selling point.
4. Quote the lowest possible prices; competition is extremely keen.
5. Be prepared in most cases to appoint a Norwegian agent.
6. Ship directly wherever possible and obtain more favourable freight rates.
7. Answer correspondence promptly and impress upon the Norwegian buyer that you can service him with a minimum of delay.
8. Visit the market at first opportunity and meet your prospective customers.

decreased. In the 1961-62 season, output in the pelagic whaling industry was 24 per cent smaller than in the previous season. The price of whale oil also fell substantially.

The Central Bureau of Statistics' index for the value of orders for the iron and metal industries fell 12 per cent between the second and third quarters of 1962. The inflow of orders in the third quarter, however, was 9 per cent greater than for the corresponding period of 1961. Value of orders in hand at the end of the third quarter was 22 per cent larger than in the previous year.

There was unemployment in some branches of industry, such as wood processing and textiles, and at the end of November last year the number of unemployed was about 4,700 more than a year earlier. One of the reasons given was the improved efficiency and the reorganization that higher wages have made imperative for industry. The number of industrial employees at the end of 1962 was about the same as at the end of 1961; in previous years it rose by between 8,000 to 10,000 a year.

Exchange Earnings

The large Norwegian mercantile fleet has for the fifth consecutive year operated under unfavourable conditions. This situation does not seem too serious because laid-up tonnage was only 2 to 3 per cent of the total. At the end of 1962 the Norwegian fleet in actual service approximated 12 million gross tons. Net foreign exchange earnings of this important factor in the Norwegian economy in 1962 totalled about 3,225 million kroner compared with 3,215 million in 1961.

Exports of goods and services increased in value by 4 per cent and in volume by 6 per cent in 1962. Commodity exports, excluding ships, increased in volume by 7 per cent, with exports of petroleum products alone accounting for 2 per cent. Exports of fish products showed a fair increase. Other traditional exports, however (such as pulp and paper and some basic metals) experienced difficulties throughout the year and shipments decreased. The rise in total exports stemmed chiefly from the relatively large increase in exports of certain

types of finished goods, such as machinery, apparatus and textiles.

Import Demand Up

The brisk demand in Norway has been reflected both in rising prices and in a larger trade deficit. The Central Bureau of Statistics' consumer price index rose by almost 5 per cent in the first nine months of 1962 alone. Accompanying this strong demand and the rise in prices was an increase in imports of goods and services (excluding ships) of 1,050 million kroner against 550 million kroner in the previous year. Among the products that benefited from greater import demand were feedingstuffs, fruits and vegetables, chemicals, machinery and apparatus, grain, and manufactures of metal. The deficit on international transactions on current account increased to approximately 1,600 million kroner for 1962 from 1,500 million in 1961.

Outlook for 1963

The prospects for some traditional export industries do not seem bright at present, although production will probably rise in proportion to world demand. Prices will probably not increase until over-capacity in these industries has been reduced. One important factor affecting expansion in some important Norwegian industries is Britain's recent failure to join the Common Market. Norway had also begun negotiations for eventual membership in the EEC, but it was always understood that this would be conditional on Britain's accession. Assuming that Norway will not carry on further negotiations for membership, the expansion plans made by various industrial companies must now be revised. Norwegian export industries therefore face a period of readjustment and reassessment in line with the recent developments in Europe. In particular, representatives of some of Norway's leading firms in the pulp and paper, aluminum, chemicals, and fish processing industries have indicated in recent statements that the plans for expansion

sion which they had made were now being withdrawn and would be studied further before any action was taken. The general feeling now is that every effort must be made to obtain closer EFTA co-operation and to take a look at the possibilities of extending the present terms of reference in the EFTA charter, in order to strengthen every aspect of this association.

It is difficult, in view of the unsettled trade picture in Europe, to predict with any accuracy the impact of these developments on and consequences for Norway's economy in the immediate future.

Canada's Trade with Norway

Excellent progress was made during 1962 toward the complete removal of restrictions on imports into

Norway. Only seven items now remain on the global quota list and require licences from the Norwegian Ministry of Commerce and Shipping. These include ships' stores for ships in foreign waters, rice, wood tar, wood tar oils, etc., charcoal, and oakum of hemp or jute. Despite this progress in liberalization, a substantial number of foodstuffs and agricultural products remain on the control list of the Norwegian Ministry of Agriculture and prospects for their early removal do not appear bright.

Canada's exports to Norway for 1962 totalled \$69.0 million compared with \$69.7 million in 1961. This decrease was relatively small despite a drop of \$2.3 million in sales of wheat, one of our traditional exports to Norway.

Many Canadian products once considered non-competitive in this market were introduced during 1962, including clothing, textiles, foods, hardware, electrical appliances, primary metals, and so on. Many of these new sales are providing small returns at present, but there is good potential for growth with the rising standards of living and changing tastes in Norway. Norway's membership in the European Free Trade Association and the preference in favour of the other EFTA members continue to change the picture and to make accurate predictions difficult. Canadian exports have, however, been impressively competitive during 1962 and the aggressiveness with which Canadian businessmen visiting Norway have sought business bodes well for sales in 1963. ●

PORTUGAL: Financial Problems

Heavy defence spending, need for money to finance final years of Development Plan may mean less spending on imports this year. Canada's best opportunities continue to be raw materials, certain consumer durables of types not made domestically.

T. J. MONTY, *Commercial Counsellor, Lisbon.*

PORTUGAL finished 1962 with a balanced budget and a strong currency, despite the troubles in Angola and heavy defence expenditures. The gross national product, which had been increasing by between 4 and 5 per cent up to 1960, rose by an estimated 6.8 per cent in 1961 and this rate was probably maintained last year. The trade balance again showed a deficit, and during the year Portugal became a contracting party to the GATT.

Financial Strain

The country faces an acute financial problem because of the pressure of military expenditures in its Overseas Provinces in Africa. Defence spending has been swallowing up all available resources. The budget for 1963 (see Table I) outlines the need for husbanding resources for

development and discusses the possibility of raising external and internal loans for this purpose. Delays in economic development appear inevitable and there is some uneasiness about the new tax reform measures for the purpose of meeting military expenses. The securing of larger external credits is contingent on confidence in Portugal's future and on world developments.

Approximately 35 per cent of a total budgetary expenditure of Esc. 14,150 million (\$550 million) is for defence, 10 per cent for public

debt, 13 per cent for the Second Development Plan, and the remaining 42 per cent for health, public assistance, education and so on.

Development Plan

The Second Six Year Development Plan is now entering its fifth year. Foreign loans to help complete it total nearly \$200 million, in spite of the Portuguese reluctance to use foreign capital. The Plan is concentrating on industrialization and on improvement in agriculture. Outstanding projects (on which much of the 13 per cent of the budget allocated to the Plan will be spent) are an irrigation scheme for the Alentejo (southern part of Portugal), financed partly by loans from West Germany, and the building of a bridge across the River

TABLE I
PORTUGAL'S BUDGET

	Ordinary		Extraordinary		Total	
	1963	1962	1963	1962	1963	1962
	(million escudos)					
Revenue	9,758.4	9,481.0	4,394.3	2,982.2	14,152.7	12,463.2
Expenditure	9,034.9	8,238.7	5,115.2	4,222.1	14,150.1	12,460.8
	+723.5	+1,242.3	-720.9	-1,239.9	+2.6	+2.4

TABLE II
PORTUGAL'S FOREIGN TRADE—JANUARY/SEPTEMBER 1961-62

	Imports				Exports			
	1961 Million escudos	Per cent	1962 Million escudos	Per cent	1961 Million escudos	Per cent	1962 Million escudos	Per cent
Overseas Provinces	1,683	13	1,306	11	1,487	23	1,696	23
EEC Countries	4,723	37	4,294	37	1,379	21	1,640	22
Of which:								
West Germany	2,069	16	1,838	16	526	8	537	7
Belgium/Luxemburg	745	6	468	4	202	3	206	3
France	1,045	8	1,161	10	275	4	332	5
Italy	494	4	485	4	206	3	405	6
Netherlands	370	3	340	3	170	3	161	2
EFTA Countries	3,108	24	2,762	24	1,448	23	1,471	20
Of which:								
Austria	107	1	90	1	46	1	51	1
Denmark	67	1	73	1	142	2	156	2
Norway	57	.....	102	1	63	1	72	1
Britain	2,135	16	1,769	15	63	1	72	1
Sweden	343	3	315	3	929	14	898	12
Switzerland	399	3	413	3	166	3	187	3
United States	1,029	8	1,104	9	730	11	1,003	14
Others	2,557	18	2,299	18	1,416	22	1,565	20
Totals	13,099	100	11,764	100	6,460	100	7,375	100

TABLE III
PORTUGAL'S TRADE WITH CANADA

	1957	1958	1959	1960	1961	1962 (11 mos.)
			(in escudos '000)			
Imports from Canada	81,575	69,454	66,867	98,952	143,309	91,116*
Exports to Canada	78,564	88,671	87,438	92,981	141,188	181,253†
Total	160,139	158,125	154,305	191,933	284,497	272,369

*Approximately Can.\$3.4 million.

†Approximately Can.\$6.8 million.

TABLE IV
**CANADA'S TRADE WITH PORTUGAL
AND OVERSEAS PROVINCES**

	1961	1962
	(Can.\$'000)	
Continental Portugal (plus Azores and Madeira)	4,718	2,563
Overseas Provinces, total	2,928	2,767.8
Of which:		
Angola	160	44.3
Mozambique	2,023	2,504
Portuguese Africa	241	198
Portuguese India	445	.....
Portuguese Asia	59	21.5

Tagus. The irrigation project, expected to be completed within four years, is intended to boost agricultural production and income and help restore the balance between agriculture and industry. The bridge is being put up by U.S. engineers

with loans from the Export-Import Bank.

Other sectors of the Plan benefiting from state financing include agricultural reorganization and improvement, electricity development and distribution, plant and livestock protection, mining, port and airport development, roads, water supply and schools. Plans for overseas development are unfortunately curtailed at a time when the overseas territories, which now form an integral part of the Portuguese Common Market or monetary complex, are in great need of it.

The German loan resulted from meetings of the Joint Commission for Economic Co-operation between Portugal and Germany, and from the interest that the Germans have taken in direct development in

Portugal in various fields, such as technical assistance to Portuguese industry, the tourist trade, the steel industry, irrigation, etc.

The Escudo Market

Portugal is a member of the European Free Trade Association and was the last of the EFTA countries to apply to form part of or to associate with the Common Market, but negotiations have not yet begun. It was the hope that Portugal might be able to find a formula for protecting its infant industry somewhat similar to the one Greece used in its association with the EEC. For this purpose, the formation of the Escudo Market has been hastened—a common market uniting the Overseas Provinces with Metropolitan Portugal in stronger economic bonds. This step has led to more economic interchange between Portugal and its territories and action is being taken to abolish gradually restrictions and tariffs on trade between them.

Trade and Trade Policy

Although 90 per cent of imports had been liberalized, this percentage has now been reduced somewhat by restrictions on imports of motor cars, etc. Quotas still apply to imports from countries not belonging to EFTA or GATT, and even for GATT or EFTA members import permits are withheld or delayed when imports are considered to affect local production or when the trade balance between Portugal and the source country is unfavourable.

Trade returns for the full year 1962 are not yet available, but for the period January/September exports increased over the same period of 1961 and imports decreased, thus narrowing the unfavourable balance of trade from Escudos 6.5 million to Escudos 4.4 million (see Table II).

DBS figures for trade between Canada and Portugal in 1962 put our exports to Portugal at Can.\$2.6 million, compared with \$4.7 million last year. Much smaller sales of cod and of copper, aluminum, steel and

asbestos were mainly responsible for the decline. In addition, no durum wheat was shipped to Portugal last year.

Our purchases from Portugal in the first nine months of 1962 reached \$4.1 million, compared with \$3.37 million in the first three quarters of 1961 (Canadian figures). Our main import is yarns and textiles; imports of sisal thread

and twine have also risen considerably.

Although our trade with Metropolitan Portugal dropped last year, trade with the Overseas Provinces did not decrease at the same rate, as Table IV proves.

The Outlook

Portugal will undoubtedly have to endure some measure of austerity

in the months ahead and this will influence trade. Its trade with Canada, however, has been expanding for the last few years and the balance of trade is customarily in Portugal's favour. Under these circumstances, opportunities for Canadian traders should continue good, particularly for raw materials and for consumer durables of types not already made in Portugal. ●

SPAIN: Striking Progress

Exchange reserves are at new high, imports rising, foreign investment reached \$166 million last year. Air of optimism and progress pervades Spain, making prospects bright for larger Canadian sales.

R. M. DAWSON, *Assistant Commercial Secretary, Madrid.*

SPAIN achieved record economic expansion in 1962 and this year should see further growth. A mid-1962 report on Spain by the OECD aptly summarized the thinking of most observers when it stated, "Economic conditions both as to the home market and exports are particularly favourable for a policy of rapid economic development."

Present Spanish growth has gone relatively unnoticed in Canada. Consequently, it is worth reviewing briefly the developments that stimulated it. In 1959 the Spanish Government instituted a stabilization program, which was intended to set the stage for expansion. Encouraged by the progress achieved through the stabilization plan, the Government undertook a progressive economic liberalization.

Stabilization Succeeds

This liberalization, now close to completion, is responsible for many changes in the Spanish economy. Gone are the days of isolation when the saying "Africa begins at the Pyrenees" had a ring of truth. Some sectors have been opposing change but they do not have the influence

they once had. Even Franco's Cabinet, once ultra-conservative, now has several progressive young Ministers handling some of the most important portfolios and pointing towards Europe.

What are some of these changes being wrought? A look at import statistics gives some indication. Preliminary statistics show that in 1962 imports totalled U.S.\$1,450 million, a 33 per cent increase over 1961. Exports made only a small gain and consequently the visible trade deficit has risen to an estimated \$525 million. More than offsetting this are invisible returns from the tourist trade (\$475 million), remittances from Spaniards living abroad (\$180 million), and foreign investment. Allowing for a minor outflow of invisibles, the balance-of-payments surplus should approximate \$184 million, thus bringing international monetary reserves to \$1.1 billion.

Catering to Tourists

Unquestionably, the flourishing tourist trade is helping the Spanish Government to adopt liberal and expansionist policies. Inclement

weather reduced the number of visitors during late 1962, but they have reportedly increased 20 per cent over the 7.5 million of the previous year. The upsurge in demand is putting greater pressure on accommodation. The number of tourists coming to Spain has increased sixteen-fold in the last decade, but the number of available hotel rooms has only doubled. A government plan is being drawn up for the construction of new hotels and financing of up to 1.42 billion pesetas will be made available at once. Under this program the number of hotel rooms, estimated at 100,000 in 1961, will rise to 200,000.

Destined to stimulate additional investment in tourist hotels is a measure put into effect in January 1963, granting hotel rate increases of from 30 to 50 per cent. Some feel that this will tend to discourage tourists, upon whom Spain is so dependent, and will divert some of the more economy-minded visitors elsewhere. However, even after the increases hotel rates will still be reasonable by European standards.

Foreign Investment Encouraged

Foreign investor confidence in Spain is reaching new heights. Equities on the Madrid stock exchange have even greater appeal now that there are no restrictions on repatriation of capital and prof-

its. The only limitation currently facing foreign investors is that if their share of a given company exceeds 50 per cent, the investment requires Cabinet approval. During 1962 foreign investment authorized by the Government (in instances where foreign investment exceeded 50 per cent of the capital) increased by 64 per cent to \$66 million. Government estimate of foreign investment for 1962, where foreign participation is less than 50 per cent and requires no prior authorization, is \$100 million. The chemical industry received particular attention. About 20 major projects have been announced, including oil refineries, fertilizer plants, asphalt and bitumen, synthetic rubber and carbon black, polythene, polyethylene, sulphuric acid, nylon, plastics and explosive factories.

The president of the International Finance Corporation (a World Bank affiliate) recently echoed

sentiments of international investors when he spoke of the founding of a Spanish Economic Development Bank, which was formed with capital from the International Finance Corporation, plus Spanish, Italian, British, French, German and U.S. capital. He remarked: "We believe that Spain has reached a point of economic development where it will enter a rapid phase of growth with many opportunities for domestic and international investment. Our investment is not the first nor will it be the last in Spain . . ."

What IBRD Recommended

Preceded by months of advance discussion in the press, the World Bank report on Spain, undertaken at the request of the Government, was published last October. It was intended not only as a survey of the Spanish economic position but also as a guide to future expansion. The report made a number of recommendations, many of which

coincide with Spanish Government policy. A number of these will be incorporated in the Government Development Plan, scheduled for introduction in 1964.

Some of the major recommendations and observations in this generally optimistic report are:

- With an appropriate investment policy, it should be possible to maintain an annual growth rate of 5 per cent. This implies doubling the level of income in industry in ten years.
- Flexible planning and use of the price mechanism should be adopted. This means ending price controls, abolition of subsidies, avoiding artificial cheap interest rates, and special financial incentives. It also implies lowering of tariffs.
- Encourage exports by the abolition of licences.
- Limit government companies to fields that cannot be suitably handled by private enterprise.

Spain's most important export continues to be oranges and heavy frosts in late December that damaged the crop mean a loss of some \$60 million in foreign exchange earnings. Here baskets of oranges picked in an orchard at Valencia del Cid are collected for weighing.



- Modernize railways and merchant fleet.

Throughout the report one theme is dominant: the Government should adopt a more energetic and co-ordinated policy, avoid extravagance, standardize statistics and accounting, and apply to investment fundamental economic criteria.

Weather Affects Production

Last year the unpredictable Spanish weather again affected production. Nearly every year brings either a major flood, drought, or heavy frost which damages the important citrus crops and 1962 was no exception. In September, catastrophic floods struck the heavily industrialized areas around Barcelona. Estimates of the loss varied considerably, but the consensus is over \$40 million. The textile industry bore the brunt of it, but is receiving assistance from the Government through long-term credits, the waiving of duties, and tax moratoriums. One consolation is that much of the textile equipment was obsolete and the concessions granted by the Administration will make it possible for the industry to modernize.

Heavy frost in late December damaged the bulk of the citrus crop which had not been harvested. The loss in foreign exchange earnings from Spain's most important export is estimated at \$60 million. Fortunately, few of the trees are permanently damaged. Under normal circumstances this heavy blow would be followed by import restrictions but, as the Head of State said in a year-end message, the setback will not have nearly the same impact now that the economy is expanding rapidly. International exchange reserves, which totalled slightly over \$1 billion at year's end, may be affected but the loss is expected to be temporary. Reserves are the highest since the Civil War and should be more than adequate to counter any sharp demands

brought on by short-term balance-of-payments difficulties.

Liberalization of Trade

Continuing liberalization of trade is clearly reflected in the strong increase in imports which, Customs statistics show, rose from U.S. \$1,092 million in 1961 to U.S. \$1,450 million in 1962. The seventh liberalization list was published in July 1962 with the announcement of an eighth list due at the time this report is written (February 1963). Approximately 80 to 85 per cent of the items listed in the customs tariff are now liberalized. However, weekly lists of customs declarations and import licences indicate that the volume of imports entering under the liberalized category seldom exceeds 75 per cent and is usually about 65 per cent of total imports. The trend is strongly towards complete liberalization of trade within the next two or three years. Nevertheless, the Spanish Government has indicated that from time to time it will be necessary to modify measures that have proved to be detrimental to Spanish trade. A recent example of this policy was the return of tractors from the liberalized list to a global quota, after local tractor manufacturers protested that the national tractor industry was adversely affected.

Spain had followed closely the British negotiations with the Common Market. These negotiations, if they had reached a successful conclusion, would have led shortly after to a review of Spain's application for associate membership. Spanish plans have been upset, but the Government is still hopeful that its application will come up for review later this year, and it expects treatment somewhat similar to that accorded Greece, which recently was accepted as an associate member.

Recognition of a noticeable increase in the cost of living came when General Franco announced a rise in the minimum wage of almost 100 per cent to 60 pesetas (one U.S. dollar) a day. Fringe benefits are

reported to boost the daily minimum wage up to approximately 100 pesetas. Spring strikes in the northern coal mines resulted in higher wages and a resulting increase in the price of coal. Although there has been some concern over the higher cost of living (which is reported to have risen 20 to 25 per cent in the past two years) economists feel that moderate inflation of not over 10 per cent annually will provide an additional stimulus for the economy. Government officials, however, make a point of stressing that wage increases must be tied to increased productivity, thus recognizing the fact that, if Spain is forced to compete with the more advanced European countries, it must do so using a low-cost labour force.

Agriculture and Industry

Industrial production, which was up 25 per cent in 1962, was accompanied by a 10 per cent increase in productivity. An encouraging 80 per cent increase in imports of capital equipment indicates the extent to which Spain is modernizing and expanding its industry. The automobile industry expanded production in 1962 to 128,000 units, up from 77,000 the year before. The shipbuilding industry had orders on the books for 575,000 gross tons, part of which was foreign business, with contracts won against Japanese and German competition.

Agricultural crops, the backbone of the Spanish economy, were generally good last year, with the exception of the December citrus disaster, the results of which will not be felt until this year. The wheat crop was one of the best ever and provided a surplus, in marked contrast to the two previous years, when approximately 2 million tons were imported at a cost of some \$158 million.

The Government's agricultural policies have come in for considerable criticism. Exports, chiefly citrus fruit followed by other agricultural products, have increased only fractionally and imports have doubled in the past two years. One

TABLE I
SPANISH IMPORTS BY GEOGRAPHICAL AREAS

Area	Jan.-June 1961	Per cent of total	Jan.-June 1962	Per cent of total	1962 as per cent of 1961
	(Can.\$ million)		(Can.\$ million)		
Common Market	149.1	27.4	229.2	29.8	153.7
Britain	34.4	6.7	68.5	8.9	199.1
Other West European countries	50.0	9.2	60.9	7.9	121.8
East European countries	4.1	0.7	8.4	1.1	204.9
Total Europe	237.6	44.0	367.0	47.7	154.5
United States	132.9	24.5	165.4	21.5	124.5
Canada	6.4	1.2	7.9	1.0	123.4
South America	50.2	9.2	62.3	8.1	124.1
Total North and South America (and Canada)	247.1	34.9	235.6	30.6	95.3
Rest of world	114.4	21.1	166.7	21.7	145.7
Total	541.5	100.0	769.3	100.0	142.1

Source: *Información Commercial Española*.

TABLE II
SPANISH EXPORTS BY GEOGRAPHICAL AREAS

Area	Jan.-June 1961	Per cent of total	Jan.-June 1962	Per cent of total	1962 as per cent of 1961
	(Can.\$ million)		(Can.\$ million)		
Common Market	175.6	45.2	166.8	41.2	95.0
Britain	64.2	16.5	69	17.1	107.4
Other West European countries	51.6	13.2	50.8	12.6	98.4
East European countries	5.9	1.5	3.1	0.9	52.5
Total Europe	297.3	76.4	289.7	71.8	97.4
United States	34.5	8.9	43.8	10.8	127.0
Canada	3.3	0.8	3.8	0.9	115.2
South America	21.3	5.5	27.3	6.7	128.2
Total North and South America (and Canada)	59.1	15.2	74.9	18.4	126.7
Rest of world	32.6	8.4	39.7	9.8	121.8
Total	389.0	100.0	404.3	100.0	103.9

Source: *Información Commercial Española*.

significant criticism has been of the 20-year-old government prohibition on the establishment of new citrus plantations which was supposed to lapse the end of February unless explicitly renewed. The policy has enabled other Mediterranean producers to obtain an increasing share of the growing markets in Western Europe at the expense of Spain.

Canadian Trade

Canadian exports to Spain for 1962 rose to \$15,416,359, an increase of about 20 per cent over the previous year (DBS figures). Im-

ports from Spain from January to August showed a 15½ per cent rise to \$5,494,264. Total trade between the two countries is now approaching an estimated \$25 million. Our principal exports to Spain are still basic raw materials and semi-manufactured goods, with aluminum, copper ores and scrap, asbestos, pulpwood, scrap iron and steel, codfish, flaxseed and synthetic rubber the most prominent. Although industrialization will create a greater demand for our raw and semifabricated materials, machinery and industrial goods are the fields with the

major opportunities for increasing shipments to Spain.

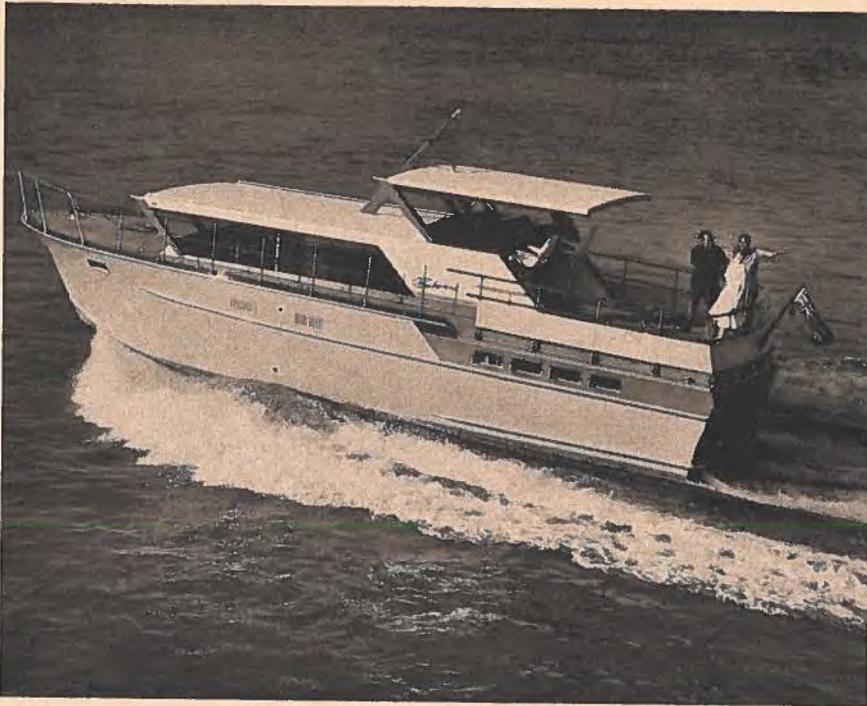
Spanish imports from some of its major trading partners show even more striking growth. British exports, for example, increased 54 per cent above 1961 to \$183 million, with sales of industrial goods up to \$130 million from \$78 million in the previous year. For the first ten months of 1962, United States exports of industrial machinery rose from U.S.\$20.2 million to U.S.\$38.2 million. Imports from Spain's other major European trading partners followed the same pattern. Tables I and II show the large proportion of Spanish trade conducted with the Common Market countries, the United States and Britain. We have converted the figures on the basis of 55 pesetas equal one Canadian dollar.

Outlook Is Bright

Current trends, coupled with continued government expansionist policies, indicate that Spain is embarking on an era of prosperity and growth which many observers compare to that in Western Europe ten years ago. Granted that the Spanish economy is starting from a narrower industrial base, the general feeling is that progress will be even more striking. That is not to say that Spain does not have problems—such as guarding against inflation, modernizing industry, increasing exports—and, of course, gradually lowering tariffs if membership in the Common Market is achieved. But the feeling is one of optimism, and to anyone visiting Spain in 1962 after an absence of several years, the progress is already apparent.

Belgium and Luxemburg

No report on business conditions in Belgium and Luxemburg appears in this issue but this market was covered in detail in our January 12, 1963, number. If you would like a copy write to the Editor, Foreign Trade, Department of Trade and Commerce, Ottawa.



This 45-foot flying bridge cruiser, built by a Canadian company at Niagara-on-the-Lake, was bought by a Swedish businessman, sailed to New York, and shipped to Sweden as deck cargo. The cruiser has a top speed of 27 miles an hour.

SWEDEN: Quality Market

A three-billion-dollar import market, expected to expand by 3 to 4 per cent a year, deserves close attention from Canadian exporters of foods, industrial materials, and engineering products. Competition is keen, particularly from EFTA, EEC, and the U.S.

G. A. BROWNE, *Commercial Counsellor, Stockholm.*

SWEDISH business in 1963 is unlikely to keep up quite the same pace as in the past year of full employment and an 8 per cent expansion of exports. With the continuing, if somewhat slower, rise in industrial production, however, and

with government measures to encourage industrial investment, economic activity should maintain a satisfactory level. Although forecasts for the iron ore, steel, timber and pulp, and shipbuilding industries are cautious, prospects are

encouraging for the other engineering industries where production is rising rapidly, particularly electrical engineering. In other branches of industry—textiles and clothing, foodstuffs, building materials, etc.—some further favourable development is probable. The generally slower rate of growth is expected to affect Sweden's foreign trade; expansion in 1962, the consensus is, will probably not exceed 3 to 4 per cent.

The Import Market

Four per cent of a \$3 billion import market, however, is about \$120 million more for both new products and more traditional ones. Affluent Sweden, importing large quantities of raw materials, components and equipment for her advanced industries, as well as a wide assortment of foodstuffs and consumer goods of all kinds, is a rich prospect for the diligent exporter. The less than eight million Swedes import more per capita than Canadians do; the import figures in Table I, expressed in U.S. dollars for ready comparison, outline the structure of this important market. (See page 30.)

Sharing the competition for this \$3 billion market are (percentage participation in brackets) West Germany (22), Britain (14), United States (12), Benelux (11), Scandinavia (10), France and Italy (7), Austria and Switzerland (3). Canada's share is under 1 per cent. Our exports to Sweden last year totalled \$18.2 million (\$17.7 million in 1961).

Because of the low tariff, Swedish industry readily imports semi-manufactures and components the quality and price of which offer clear advantages over domestic purchase or production. Industrial buyers are discriminating in their selection—they have the broadest possible choice—and thorough in studying the acceptability of a product. In the producers' goods market, the advanced standards of Swedish industry put a premium on quality,

TABLE I
SWEDEN'S IMPORT TRADE

	U.S.\$ million
Live animals, animal products	37
Vegetable products	218
Animal and vegetable fats and oils	24
Prepared foodstuffs, beverages, tobacco	121
Mineral products	457
Products of the chemical and allied industries	190
Artificial resins and plastics	103
Hides, skins, leather, furs and articles thereof	35
Wood and articles of wood	42
Papermaking materials, paper, paperboard, and articles thereof	26
Textiles and textile articles	272
Footwear, headgear, etc.	25
Articles of stone, etc., ceramics, glass	42
Precious stones and metals and articles thereof; jewellery	11
Base metals, articles of base metals	441
Machinery, appliances, electrical equipment	445
Vehicles, aircraft, vessels, trans- port equipment	311
Optical and other instruments and apparatus, clocks	75
Arms and ammunition	5
Miscellaneous manufactured articles	29

with price and delivery important but often secondary.

In consumer goods, the growing demand is for medium to high-quality products, with relatively few opportunities in the lower ranges.

Canadian Sales

Principal Canadian exports to Sweden are currently non-ferrous metals, sheet and strip steel, asbestos, industrial chemicals, meats (fresh, frozen and canned), lobster, plastics and synthetic rubber, drugs and chemicals, bookkeeping and calculating machines, telephones, telegraph and radio apparatus.

Analysis of trade figures and inquiries from Swedish importers indicate a number of areas where increased interest by Canadian exporters might result in sales. Foods that might sell include cheddar cheese, dried peas, sauces and relishes, dried fruits, pectin, instant potatoes, canned vegetables and fruits, and pet foods. Industrial materials include animal and fish

oils and fats, sulphur, bentonite, toluene and xylene, rayon pulp, manmade fibres, abrasives, magnesium, machinery, electrical components and instruments. Canadian garment leathers and grass and forage seeds should also find a larger market.

The market opportunities, although they cover more than the foregoing brief list, are conditioned by Sweden's 50 per cent tariff preference extended to the other members of EFTA—Scandinavia, Switzerland, Austria, Portugal and Britain.

Becoming Established

Is there a market for my product in Sweden? Who are the major suppliers? What are the terms of competition? The Commercial Counsellor's office in Stockholm can help the Canadian exporter get answers to these questions. If analysis indicates that a serious market effort is worthwhile, an agent or distributor will normally be necessary. Here also the Commercial Counsellor can help, but nothing substitutes for a visit by a responsible executive of the exporting company to make the final appointment. An agent's stock-in-trade is his market knowledge and time—his knowledge and time must result in profit for himself as well as his principals. He must be backed up not only with prompt answers to correspondence and prompt deliveries but also in dealing with credit problems. Otherwise he has no choice but to devote his time to more profitable lines.

Chain Store Organization

A particularly interesting market for Canadian exporters of consumer goods is the highly centralized department store and grocery chains. The successful introduction of a product to any of these groups can open up country-wide distribution.

Sweden's population is growing steadily and enjoys the highest living standard in Europe. Consumer income is increasing. If you

want to export to Sweden, remember these points:

- The Swedish market is one of the most open in Europe. This has held true for many years and competition is keen.

- The Swedish buyer is discriminating, demands quality, and is price-conscious.

- To sell to Sweden, a Canadian exporter should have a Swedish agent and be sufficiently flexible in export and advertising policy to adapt to market conditions.

- Quotations must be in Canadian dollars, U.S. dollars or Swedish crowns, c.i.f. Swedish port.

- Letter-of-credit terms are rarely acceptable. Cash against document terms or better are preferred.

- Swedish business firms and associations are most efficient and correspondence can accomplish a good deal, BUT

- There is no substitute for a personal visit by the Canadian businessman.

Tours of Commodity Officers

ONE of the principal functions of the Commodities Branch is to maintain close liaison with the Canadian business community. This function is carried out by commodity specialists organized into divisions representing major industry groups.

In the course of their trade promotion efforts, these officers are required to undertake tours and to interview Canadian firms interested in export trade or needing the assistance of the Department of Trade and Commerce.

Any firm interested in meeting these commodity specialists should write to the Director of the Commodities Branch, Department of Trade and Commerce, indicating the products that it is anxious to sell abroad. The appropriate commodity officer will then undertake to interview the company on his next tour that includes the city.

SWITZERLAND: Record Trade

Economic boom continued throughout 1962, with imports and exports at record values. Business expansion and influx of foreign capital threatened inflation but this was successfully restrained. Imports from Canada steady; products with new designs and features and of good quality needed to boost our sales.

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

STATISTICS prove that 1962 was another boom year for the Swiss economy. The net national product should reach a total of approximately Sw.Fr.40,000 million, an improvement over the record figure of Sw.Fr.37,720 million in 1961, which was in turn an 11 per cent increase over 1960. This advance has not been unattended by difficulties. The Swiss federal authorities, the banks and the business associations have increased pressure to hold back the business expansion that is threatening to force wages and prices up. The gentleman's agreement of August 1960 between the central bank and the private banks effectively neutralized the sporadic large inflows of foreign capital. Labour continued to be in short supply, resulting in steady increase in overtime work and virtually no unemployment. In August 1962 the number of foreign workers in Switzerland totalled a record 644,706—17.6 per cent higher than in the previous August and representing over 25 per cent of the work force. Despite efforts to restrain the very high level of business activity, costs have gone up. The consumer price index (August 1939=100) stood at 197.4 at the end of December 1962, a rise of 3.2 per cent since December 1961. The wholesale price index (August 1939=100) rose to 226 at the end of December, 3.3 per cent above the level of December 1961.

During 1962 the Swiss capital market continued to be liquid. A number of foreign loans were successfully floated by the usual consortium of Swiss banks and in almost every instance were oversubscribed. However, some strain

was apparent in the market towards the end of the year, when several domestic loan issues were not completely successful.

Foreign Trade

Swiss foreign trade will achieve a record high again in 1962. Import figures for the first eleven months were Sw.Fr.11,945 million compared with Sw.Fr.10,641 million in the same period of 1961 (twelve months 1961: 11,644 million). Exports also rose during the eleven-month period, to Sw.Fr.8,745 million; the figure for the same period of 1961 was 7,970 million (twelve months 1961: 8,822 million). The visible trade deficit was not serious because of Switzerland's large external reserves and strong over-all balance-of-payments position. Furthermore, imports helped to satisfy some of the demand that could not be met from domestic sources.

Comparative figures for Canadian-Swiss trade in 1961 and 1962 are given in Table I. The principal commodities in this trade are listed in Table II.

Canadian sales to Switzerland in 1962 appear to have steadied after a drop of about 16 per cent in 1961 compared with 1960—the result principally of smaller Swiss purchases of wheat. In general, they followed the same commodity pattern as in 1961.

What and How to Sell

The first and most obvious answer to the question what Canadians can sell in Switzerland is obtained by checking the list in Table II of the principal Canadian products exported to Switzerland. Add to these almost any product used

by a developed and industrialized country, provided the quality, price and design are the best available. It must be remembered that during the disruption of world trade after World War II Switzerland was one of the few countries that did not impose import or foreign exchange restrictions. As a result, exporters of all countries have beaten a path to the door of this small country which could buy their goods for hard currency. Today the market is still wide open (with the exception of a few agricultural products) and the Swiss business community is more conscious than ever of the whole world as a source of supply.

The best approach, of course, is to visit the market yourself. Your

TABLE I
CANADA'S TRADE WITH
SWITZERLAND

	1961	11 mos. 1961	11 mos. 1962
	(Sw.Fr. million*)		
Exports to	156.6	143.0	142.9
Imports from	142.7	127.3	138.4

*Can.\$1.00 equals Sw.Fr.0.2489.

TABLE II
CANADA'S TRADE WITH
SWITZERLAND

Principal Exports

Wheat
Various forms of copper and aluminum
Asbestos
Pulpwood
Card-punch, computing and business machines
Synthetic rubber
Non-ferrous metals, n.e.s.
Mink furs
Various forms of steel
Edible offal
Rubber fabricated materials
Wood pulp
Motor vehicles

Principal Imports

Watches and watch cases
Drugs
Chemicals
Aniline dyes
Cheese
Various types of machinery
Sewing machines
Yarn and fabrics
Precision tools

trip will be much more fruitful if you plan your itinerary well in advance and allow sufficient time to do your intended business. In addition, inform all the people you wish to see of your intended visit, and do it early enough so that you can receive confirmation of your appointments before you leave Canada. The Office of the Commercial Counsellor, Canadian Embassy, Kirchenfeldstrasse 88, Berne, Switzerland, will be pleased to assist you in making suitable arrangements.

If it is not possible for you to visit the market, the Commercial Counsellor's staff can do a market survey for your product or service. For such a survey we normally need, where applicable, descriptive literature, export prices quoted c.i.f. Antwerp/Rotterdam, and samples. It is essential to quote c.i.f. export prices because most Swiss firms will not consider f.o.b. prices. Keep in mind that the Swiss are very conscious of both price and quality.

Duties and Restrictions

The Swiss maintain a specific rather than an ad valorem tariff schedule and most duties are calculated on the basis of 100 kilograms gross weight, (one kilogram equals approximately 2.2 pounds) which includes contents and all packing materials. In comparison with most other countries, Swiss tariff rates are considered low. In addition to the tariff, all imports are subject to a statistical fee equal to 3 per cent of the amount of duty, and most imported goods are subject to a turnover tax of 5.4 per cent of the duty-paid value. This tax is also applied to domestic goods. Imports are generally free of restrictions, with the exception of agricultural products, strategic materials, and military equipment and materials; these require import licences.

At the present time Switzerland, with Britain, Norway, Sweden, Denmark, Austria and Portugal, is a member of the European Free Trade Area. Membership in EFTA has not so far made any appreciable change in the Swiss trading pattern.

However, with the tariff on industrial goods (agricultural products are subject to the normal tariff) reduced to 50 per cent of the normal tariff as of October 31, 1962, there is a possibility that Switzerland will now buy certain selected products from its EFTA partners rather than from former sources. As the reductions in the EFTA tariff progress, this trend will become more pronounced. But it does not appear likely that many products from Canada will be affected by these changes. The ECM countries still are Switzerland's most important markets, although in 1962 for the first time Swiss industry began to really feel adverse effects from the changes in the Common Market tariff.

Looking ahead, it can be predicted that Swiss economic activity will continue at a high level, accom-

panied by restraints to prevent inflation; the labour shortage will require that still more foreign workers be brought into the country; a liquid capital market will mean controls to reduce the effects on the domestic economy of the large-scale influx of foreign capital, and both exports and imports will reach new records.

Canadian exports to Switzerland in the year ahead can be expected to be about the same or slightly smaller than in 1962. The main possibility for increasing exports is larger wheat sales should the Swiss harvest be considerably smaller in 1963 than in the last several years. It is likely that the market for top-quality Canadian oats will improve. Finally, Canadians will have to offer more products that have new designs or features if we are to maintain and improve our position in this market. ●

French Guiana's Trade

FRENCH Guiana, located on the northeast coast of South America, is a small country only slightly larger than the Province of New Brunswick. Over half of its population of 32,000 lives in the capital city, Cayenne. An old French colony, French Guiana became an Overseas Department of France in 1946 and as such sends one deputy and one senator to the French parliament. All major decisions are still made in France.

Back in 1830, the colony exported twice as much as it imported, shipping sugar, spices, cocoa, cotton and wood to France and other foreign countries. During this time, agriculture and stock-raising were being developed. The discovery of gold, the establishment of the penal colony, and the temptation to make quick profits through the export of rare commodities such as rosewood and balata brought a decline in the raising of crops and of livestock. Imports now far exceed exports.

Imports consist mainly of food-stuffs and manufactured goods and come principally from France, the French West Indies, the United States and Brazil. In 1960, they were valued at about Can.\$8.2 million and exports (mainly rum, rosewood oil, wood and gold) were valued at Can.\$1.17 million. Imports into the country are still

under rigid control and only when goods cannot be obtained from France or the other EEC members do importers turn to other suppliers. Canada's exports to French Guiana in 1961 totalled \$14,802 and included marine engines (\$5,295), rock drilling machinery (\$3,867), textile materials (\$1,560), and footwear (\$2,072), but the import restrictions inhibit further growth.

There are only three types of industry in French Guiana today: rum distillation, exploitation of gold deposits, and shrimp processing. Hopes for a better future rest on the proposed exploitation by Kaiser Aluminum of a bauxite deposit reported to contain 40 million tons of bauxite. Should this project materialize, it could result in an increased number of immigrants coming to French Guiana. It is estimated that 200,000 have come in the past century but the current population figure indicates that only a few have stayed. A significant increase in the population would do much to encourage the economic development of this little country, which has many natural resources.

—C. J. ST. PIERRE,
*Assistant Commercial Secretary,
Port-of-Spain.*

WEST GERMANY: Fourth Market

Last year Canada sold nearly \$178 million worth of products to the Germans, chiefly wheat and raw materials for industry. With economic growth continuing (by 4 per cent last year) and import trade expanding, our sales should keep rising—if we can compete.

J. A. STILES, *Commercial Counsellor, Bonn.*

WEST GERMANY is one of Canada's major export markets, normally absorbing between \$150 and \$200 million worth of Canadian products each year. In recent years it has been either our third or fourth largest customer, following the United States, Britain and latterly Japan. Canadian exports to this market in 1962 reached approximately \$178 million and were more than twice those to any other European country with the exception of Britain. The outlook is encouraging for even larger sales.

What Canada Sells

As a highly industrialized country with comparatively few natural resources, West Germany depends to a large extent on the import of industrial raw materials for further processing and re-export in finished form. To date, it has not been feasible for her to produce domestically more than three quarters of the food requirements of her 54 million people. It is not surprising, therefore, that the leading Canadian exports to this market are industrial materials like aluminum, asbestos, copper, nickel, lead, iron ore and synthetic rubber, plus bread wheat for mixing with local wheat and durum for the German macaroni industry.

Although wheat and industrial raw materials have traditionally formed the greater part of our shipments, Canada in recent years has been supplying Germany with a growing number of fully manufactured products. Examples are aircraft engines and parts, card-punch machines, tractors, chain saws, elec-

tronic measuring instruments, automotive parts and heating equipment.

The growing prosperity of West Germany in the past decade has made it possible to remove practically all import restrictions, with the exception of some in the agricultural field. The German foreign exchange position is excellent and sales possibilities here for a wide range of Canadian commodities are limited only by our ability to compete with local and foreign suppliers in price, quality and service.

Moving towards Balance

Canada in turn has become an attractive market for West German goods and each year exports to Canada show a steady increase. The Volkswagen car is the leading German shipment to Canada but other important items are machinery, radios, cameras, manufactures of iron and steel, precision equipment, and a wide range of fully manufactured goods, ranging from Black Forest cuckoo clocks to surgical instruments.

Up to now Canada has had a favourable balance in its trade with West Germany but the gap between our exports to and imports from this country is narrowing. There is a good possibility that within a few years Canada and Germany will be selling to each other about \$200 million worth of goods a year.

German Foreign Trade

West Germany's place as one of the world's leading exporters was again demonstrated in 1962 when exports increased by 3.9 per cent to a total of \$13.2 billion. Germany is

also one of the world's leading importers, and in 1962 increased its imports by 11.6 per cent to a total of \$12.4 billion, or \$1.3 billion above 1961 and \$1.7 billion above the 1960 figure. Because imports rose more than exports last year, the traditional export surplus was cut to approximately half that of 1961. With larger foreign aid payments and tourist expenditures, it is likely that Germany will have a deficit in its balance of payments for 1962 of about \$250 million. This is not considered alarming, however, as the exchange reserves are still at a comfortable level.

Remarkable increases in purchases of fully finished goods characterized Germany's import trade in 1962—a reflection of the rising standard of living and reduced tariffs between Common Market countries. The heavy purchases of agricultural products resulted from the poor crop in the summer of 1961, plus stockpiling in advance of the coming into force on July 30, 1962, of the Common Agricultural Market regulations. The growth in the use of fuel oil for heating purposes is shown in the 65.4 per cent increase in imports of mineral oil products. The rise in imports of consumer goods is an impressive indication of the still unfilled demand here.

Economy Still Healthy

Although the pace of expansion in West Germany has slackened in the last two years, there is ample evidence that the economy is still thoroughly healthy. Despite some pessimistic forecasts at the beginning of 1962, Germany finished the year with the respectable economic growth rate of 4 per cent, compared with 5.5 per cent in 1961 and 8.8 per cent in 1960. The outlook for 1963 is for further growth at approximately the same rate as last year.

The shortage of labour continues to be a problem although there are

TABLE I
LEADING CANADIAN EXPORTS TO
WEST GERMANY

	1960	1961	1962
	(millions of Can.\$)		
Total, including all exports	165.6	188.6	177.7
Of which:			
Wheat, bread	25.4	62.0	51.7
Durum wheat	14.4	16.1	17.0
Aluminum	32.9	17.9	10.2
Asbestos	9.6	11.3	10.0
Copper	10.3	7.5	7.0
Aircraft engines, parts	4.6	8.5	13.6
Nickel	9.2	6.9	3.2
Synthetic rubber	5.4	5.7	5.7
Iron ore	6.8	5.5	4.0
Non-metallic minerals	4.2	4.5	1.6
Rye	.....	3.9	4.3
Machines, computing	3.2	3.7	4.2
Wood pulp	5.6	4.9	4.9

TABLE II
CANADIAN IMPORTS FROM
WEST GERMANY

	(millions of Can.\$)	
1958	102.6	
1959	123.9	
1960	127.0	
1961	136.5	
1961 (9 months)	97.2	
1962 (9 months)	105.4	

TABLE III
WEST GERMAN FOREIGN TRADE

	1960	1961	1962
	(millions of U.S.\$)		
Imports	10,680	11,090	12,375
Exports	11,986	12,744	13,243
Balance	+1,306	+1,654	+868

signs that the pressure is beginning to ease slightly. At the end of 1962 there were 218,900 unemployed, or 1 per cent of the total work force. At the same time there were 406,000 job vacancies and 700,000 imported workers in Germany.

Industrial production in 1962 increased by an average of 4.5 per cent over 1961. Output of the chemical industry rose by 12.2 per cent, oil refining by 10.5 per cent, automobile production by 10.1 per cent, and the building trade by 12.8 per cent. There was a decline of 10.9 per cent in iron ore mining, 2.5 per cent in iron and steel pro-

TABLE IV
WEST GERMAN IMPORTS

	1962	Change 1962 over 1961 in per cent		1962	Change 1962 over 1961 in per cent
	(millions of DM)*			(millions of DM)*	
Total Imports	49,499.2	+11.6	Rubber and asbestos articles	303.2	+26.8
Food and agricultural products	13,681.2	+17.2	Products of the capital goods industries	7,008.4	+19.1
Food of animal origin, including live animals	3,298.4	+ 3.2	Steel constructions	106.0	+32.5
Food of vegetable origin	8,347.8	+22.2	Engineering	3,070.2	+12.5
Luxuries and stimulants	2,035.0	+23.6	Vehicles, except rail, agricultural tractors and electrical vehicles	928.9	+62.4
Other products	35,375.3	+ 9.9	Watercraft	66.9	+ 7.5
Raw materials	8,822.2	- 3.0	Aircraft and installations for ground operation	446.1	- .7
Semi-manufactures	7,861.8	+ 4.2	Electrical products	1,377.0	+21.7
Finished products for further processing ready for sale	18,691.3	+20.2	Optical and precision instruments, clocks and watches	313.3	+12.9
	6,690.0	+11.1	Steel products	116.3	+15.8
	12,001.3	+26.0	Hardware	583.7	+21.0
Mining products	4,745.6	- 3.2	Products of the consumer goods industries	5,652.8	+14.8
Of which:			Fine ceramics	89.4	+16.7
Coal mining products	532.6	+ 6.3	Glass and glassware	125.3	+ 9.7
Iron ores	1,221.1	-17.8	Wooden articles and carved products	265.2	+19.2
Metal ores	500.4	-15.5	Musical instruments, toys and jewellery	299.1	+26.5
Mineral oil, natural gas and bituminous stones	2,368.9	+ 7.3	Paper and paperboard articles	94.8	+28.7
Products of basic and producer goods industries	12,823.2	+ 6.5	Printed goods	146.8	+10.0
Stones and earths	724.6	+ 3.5	Plastic articles	108.2	+30.6
Iron and steel	2,415.0	+ 9.7	Leather	258.5	+ 1.0
Foundry products	73.5	+ 6.0	Leatherware	57.1	+36.6
Products of drawing and cold rolling mills	104.1	+ 3.3	Boots and shoes	203.7	+22.6
Non-ferrous metals and semi-manufactures and foundry products of such metals, including precious metals	2,873.2	-11.6	Textiles	3,411.0	+11.3
Mineral oil products	1,353.3	+65.4	Clothing	593.7	+29.8
Chemical products and chemicals	2,549.7	+ 9.1	Products of the food processing and stimulant industries	4,658.9	+21.3
Timber, plywood and other processed wood	1,042.6	+ 2.2			
Wood pulp, cellulose, paper and paperboard	1,384.0	+ 5.8			

*4 DM= U.S.\$1.00

duction, and 4.8 per cent in shipbuilding.

Wage increases in 1962 averaged 10 per cent compared with 12.3 per cent in 1961. Resistance to further large increases is hardening and it is expected that wages will not rise by more than 7 per cent in 1963, but this will still exceed the expected rise in productivity. Profit margins will be under further pressure as will funds available for investment.

West Germany was fortunate in harvesting an excellent crop in the summer and fall of 1962. This, plus heavy stockpiling in the early part of the year, means that she will probably buy smaller quantities of agricultural products in the first half of 1963.

The recent breakdown in the negotiations over Britain's entry into the European Common Market came as a keen disappointment to most Germans. Germany's basic need is to have close trading relations with as many countries as possible. It can be assumed, therefore, that Germany will continue to strive for a reduction in barriers to the flow of world trade and will be a powerful liberal force within the European Common Market.

Implications for Canada

For Canada, the continuing prosperity in West Germany means increasing sales possibilities. Total imports into Germany are expected to go up another 7 per cent in 1963, and purchases of many industrial

raw materials and finished goods of a type which we can supply will be larger than ever. We must continue to make a strong sales effort here

through Canadian trade missions, by participating in specialized German trade fairs, but most of all by Canadian exporters making personal, well

prepared visits to Germany. Our Canadian trade offices in Hamburg, Duesseldorf and Bonn will be glad to help in planning these visits. ●

EASTERN EUROPE: Central Planning

Industrial production down in Czechoslovakia last year; agricultural output decreased in Hungary and Bulgaria; in Rumania, results were satisfactory. These four countries buy from the West mainly essential raw materials, special equipment, and foodstuffs. Selling to them means familiarity with state trading procedures.

PETER A. FREYSENG, *Assistant Commercial Secretary, Vienna.*

IN 1961 Canadian traders sold over \$22.5 million worth of goods to Czechoslovakia, Hungary, Rumania, and Bulgaria, and imported nearly \$10 million. Wheat sales accounted for roughly half of the total in that year, however, and were not repeated in 1962, which resulted in a drop in exports. For 1962, Canadian sales to these countries were worth nearly \$4.7 million and purchases (nine months only) over \$7.2 million. Of these countries, Czechoslovakia is our most important trading partner and accounted for \$3.5 million of our exports to them for the full year and \$6.9 million of our imports from them in the first three quarters of the year.

The Market

Our trade with these four countries, however, represents only a small share of their total trade. In 1961 they imported some \$4.5 billion worth of goods; some 31.1 per cent (or \$1.4 billion) of which came from non-Bloc sources, as Table I indicates. Their exports to all countries, and to non-Bloc markets particularly, stood at the same level as imports. Together Czechoslovakia, Hungary, Rumania and Bulgaria represent some 54 per cent of the total value of Eastern European trade, not counting Yugoslavia and the U.S.S.R.

To date Canadian exports to Eastern Europe have been limited

mainly to industrial raw materials, such as aluminum, copper, nickel, asbestos and chemicals, and imports to fully manufactured items, such as machine tools, boots and shoes, jewellery, textiles, glassware, porcelain, miscellaneous hardware items, some chemicals, and specialized foodstuffs. This is in line with Eastern European trade with non-Bloc areas as a whole. Since the war, economic planning in all Eastern European countries has given priority to growth in industrial, and latterly in agricultural, production rather than to the supply of consumer goods. Czechoslovakia, Hungary, Rumania, and Bulgaria want to import from the West only essential industrial raw materials, special equipment and foodstuffs.

Canadian exporters will therefore find keen Eastern European interest in products used by industry and agriculture but little in consumer goods. They will also find their possibilities limited to some extent by Eastern European preferences for Bloc sources of supply. This does not mean that competing sources of supply inside the Bloc rule out all opportunity for an exporter in a particular Eastern European market. Bloc imports are based on quality to some extent. Furthermore, the Bloc countries base their trade with each other on fixed prices which, at a given moment for particular products,

can be considerably higher than current prices from Western sources. For this reason also, they sometimes import such items from outside the Bloc. Nevertheless, Czechoslovakia, Hungary, Rumania, and Bulgaria consistently do over two thirds of their trade with Bloc sources each year.

Some Problems Encountered

The year 1962 saw continued rises in the national income in Czechoslovakia, Hungary, Rumania and Bulgaria, but also the appearance of serious economic difficulties, particularly in Czechoslovakia and Bulgaria. In Czechoslovakia, over-optimistic production targets, failures in the iron and steel industry, the forced export of machinery to Comecon and underdeveloped countries, and continued energy shortages because of slow growth in coal production meant that industry failed to meet global output targets in 1962 and had to cut back sharply on investment projects. As a result, the authorities cancelled the 1960-65 Five Year Plan and will draw up a more realistic one for 1963, to be followed by a new long-term plan for the period 1964-1970. Agricultural output failed to meet plan targets by some 20 per cent, partly because of poor spring weather but also because of a long-term disproportion between the investment allocated to industry and agriculture. The Czech authorities hope that the 1964-1970 plan will rectify this imbalance. For 1963 the outlook is clouded, with continuing shortages of electricity, acute labour shortages, and a tightening of central control over investment

planning as the main feature of development.

The failures in Czechoslovakia were particularly disturbing for the Bloc as a whole because Czechoslovakia is, next to the U.S.S.R., the leading industrial country and the spearhead of the Bloc drive in the underdeveloped countries. In Hungary and Bulgaria industrial output continued to rise, but agricultural production was in difficulty. The situation was particularly serious in Bulgaria, where rains followed by a bad summer drought meant levels of animal and grain production below those of 1961. In both countries lack of production incentives (Hungary has just completed collectivization) did not help matters. The Bulgarian authorities had to announce drastic rises in retail prices for foodstuffs

in order to finance increased material incentives for the farmers. Only in Rumania were industrial progress and agricultural production more satisfactory. It is much the wealthiest of the Eastern European countries in raw material resources, which include oil, gas, coal, iron, manganese, bauxite, salt, timber and wood (for pulp and paper). Of the Bloc countries, only Rumania was able to increase orders for machinery and equipment from Western sources in 1962. In all the Eastern European countries, conditions certainly affected the trade balance for 1962 but no detailed figures are available.

Trade Organization and Management

In Czechoslovakia, Hungary, Rumania, and Bulgaria, the state

owns all production and trading facilities and operates them on the basis of five year and more detailed one year plans, drawn up in line with long-term national policies. In each country some 25 state foreign trade corporations, one for each product field, conduct all export-import operations under the supervision of the Central Ministry of Foreign Trade and the State Bank, and in co-operation with various domestic production and marketing organizations. The key organization is the Ministry of Foreign Trade. It has both geographical divisions for the supervision of trade on a country-currency basis and several commodity divisions for product trade planning. The Ministry also has numerous representatives abroad—the Trade Delegates attached to the respective Embassies.

TABLE I
EASTERN EUROPEAN FOREIGN TRADE, 1961

(millions of dollars)				(millions of dollars)			
	Exports	Imports	Balance		Exports	Imports	Balance
Czechoslovakia				Bulgaria			
Bloc countries:				Non-Bloc countries:			
U.S.S.R.	713	656	+ 57	Western Europe	64	85	- 20
Eastern Europe	633	638	- 5	Underdeveloped countries	34	25	+ 9
Asia	49	56	- 7	Other	2	1	+ 1
	1,395	1,350	+ 45		100	110	- 10
Non-Bloc countries:				Total trade	572	633	- 61
Western Europe	323	314	+ 9	Rumania	Exports	Imports	Balance
Underdeveloped countries	304	301	+ 3	Bloc countries:			
Other	24	59	- 35	U.S.S.R.	352	299	+ 53
	651	674	- 23	Eastern Europe	170	211	- 41
Total trade	2,046	2,024	+ 22	Asia	15	26	- 11
Hungary	Exports	Imports	Balance		537	536	+ 1
Bloc countries:				Non-Bloc countries:			
U.S.S.R.	329	365	- 36	Western Europe	197	234	- 37
Eastern Europe	n.a.	n.a.	n.a.	Underdeveloped countries	58	41	+ 17
Asia	n.a.	n.a.	n.a.	Other	1	4	- 3
	757	705	+ 52		256	279	- 23
Non-Bloc countries:				Total trade	793	815	- 22
Western Europe	196	256	- 60	Grand Totals	Exports	Imports	Balance
Underdeveloped countries	68	49	+ 19	Bloc countries:			
Other	8	14	- 6	U.S.S.R.	1,702	1,653	+ 49
	272	319	- 47	Eastern Europe	n.a.	n.a.	n.a.
Total trade	1,029	1,024	+ 5	Asia	n.a.	n.a.	n.a.
Bulgaria	Exports	Imports	Balance		3,161	3,114	+ 47
Bloc countries:				Non-Bloc countries:			
U.S.S.R.	308	333	- 25	Western Europe	780	888	- 108
Eastern Europe	154	176	- 22	Underdeveloped countries	464	416	+ 48
Asia	10	14	- 4	Other	35	78	- 43
	472	523	- 51		1,279	1,382	- 103
				Total Eastern European Trade	4,440	4,496	- 56

Note: Exports f.o.b. country of export.

Source: European Economic Commission. Economic Report Vol. 14, No. 1. p. 46.

The Central State Planning Commission in each country is ultimately responsible for issuing the long-term and annual plans. Individual domestic productive enterprises or firms begin the process of planning by submitting drafts covering their own material needs and production targets for the period in question to some higher authority, probably a central Production Ministry. Domestic enterprises gain a knowledge of the products they could use from abroad from the technical press, foreign displays at trade fairs, and the circulation of reports and foreign literature from numerous research institutes and documentation centres attached to the various Ministries or coming under the respective national Academies of Science. The interest of the domestic organizations in various foreign products is eventually reflected in the plans of the foreign trade corporations.

The Planning Process

Each of the Ministries responsible for domestic enterprises have foreign trade divisions which plan with the product divisions of the Ministry of Foreign Trade and the foreign trade corporations the types and amounts of goods needed from abroad to meet the domestic production and investment targets for the coming year. The planners then determine which goods can most appropriately be exported to pay for essential imports and other foreign financial commitments (including foreign aid and credit payments). The domestic enterprises confirm the plans by signing contracts of delivery with the foreign trade corporations. The Ministry of Foreign Trade and the State Bank supervise import planning, taking into consideration prospective foreign exchange earnings. Detailed import plans, or even detailed foreign trade statistics, are not published, so that the exporter has no way of finding out what the potential demand is for his products. He must depend on what he

hears to form a real judgment of his prospects.

In foreign trade planning there is a divorce between external and internal pricing. Goods bought abroad are sold to domestic enterprises at uniform fixed prices that have no relation to the original costs. For the foreign trade corporations this means that they can buy and sell abroad without regard to profit margins as we understand them. Their overriding concern, besides the technical quality of the goods, is spending a minimum, or earning a maximum, amount of convertible foreign exchange. The Ministry of Foreign Trade and the State Bank classify groups of countries according to the "hardness" of their currencies from the Bloc point of view. Within these groupings, the foreign trade corporations have some freedom of choice between sources of supply and markets. The degree of freedom varies from time to time with different products, depending upon the current over-all supplies of foreign exchange and commitments under bilateral foreign trade agreements.

Trade and Payments Agreements

Czechoslovakia, Hungary, Rumania and Bulgaria try to cover imports from individual countries with exports to the same countries, and have succeeded in signing bilateral trade and payments agreements with most of their trading partners. Recently Hungary and Bulgaria introduced new two-column ad valorem tariffs and made the exchange of MFN treatment a part of their trade agreements. The new tariffs can mean that exporters may be faced with the threat of higher duties in these countries on the products they sell. However, the foreign trade corporations pay the duties, not the exporters, and it is uncertain whether the existence of customs duties really influences the state-owned foreign trade corporations in drawing up their import plans. Most Bloc countries

belong to an organization known as the Council for Mutual Economic Aid, founded in 1949 to co-ordinate production, investment and foreign trade plans among Bloc members. The CMEA countries have drawn up far-reaching agreements for production specialization and joint participation in projects of mutual interest, such as the recent completion of an oil pipeline stretching from the U.S.S.R. to Bratislava in Czechoslovakia.

For Canadian exporters the bilateral policies pursued by Czechoslovakia, Hungary, Rumania and Bulgaria mean that prospects for sales are largely tied to the ability of those countries to export to Canada. They may have earnings in trade with countries with which they have no bilateral agreements and these may be spent in Canada. Exporters can help overcome payments problems for their particular products by using the services of international banking and trading firms which trade in clearing account and soft currencies. For fees which can be written into the final price of the goods to the Bloc importers these firms will undertake to accept clearing account currencies and arrange final payment to exporters in dollars. The CMEA organization is planning the creation of an International Bloc Bank for clearing payments among member countries. This may make Bloc trade and payment relations with non-Bloc areas easier because the Bank will be able to use balances of convertible exchange earned by any Bloc country for settlement of outstanding claims by non-Bloc countries.

Outlook

In Czechoslovakia, Hungary, Rumania, and Bulgaria, we should see even greater demands for our industrial raw materials and foodstuffs in coming years because of two developments. One is the continued emphasis on rapid industrialization and the other the enforced collectivization of agriculture in an area only moderately endowed with

natural resources and at a time when the rapidly increasing urban population is demanding higher living standards. The emphasis on improving industrial production in all these countries, combined with

the general interest in trying to meet Western production standards, means new opportunities for Canadian manufacturers of specialized machinery and equipment, provided they are willing to study the selling

methods needed for approaching this market. ●

A second article, on the techniques of trading with Eastern Europe, will appear in the May 4, 1963, issue of Foreign Trade.

European Trading Arrangements

A Progress Report on

- Developments within the EEC
- EEC's common agricultural policy
- Arrangements with associated overseas countries
- Developments in EFTA
- The EEC and Britain

COMMON MARKET

FOR the fourth consecutive year, the European Economic Community (Belgium, France, Italy, Germany, Luxemburg and the Netherlands) reported satisfactory progress but perhaps less spectacular in 1962 than previously. To some extent the expansion of output and rate of growth imparted by the Treaty of Rome has moderated and in part this also reflects the general slackening in the rate of growth in economic activity last year. For the Community as a whole, the increase in production was about 4.5 per cent as against 5.2 per cent in 1961. Expansion of over-all demand in the Community was also sluggish. Exports to non-member countries advanced by only 1 to 2 per cent in value and volume. Industry's propensity to invest slackened somewhat. Total gross fixed asset formation, including investment by public authorities (which again increased substantially in 1962), expanded in the Community by roughly 5.5 per cent following a leap of over 9 per cent in 1961. Household consump-

tion expanded a little less briskly than in 1961, though it was still clearly rising—about 5.4 per cent by volume for the whole Community as against 6.2 per cent in 1961.

Trade between member countries in 1962 developed roughly at the same rate as in 1961, about 13 to 14 per cent as against 15 per cent. In contrast, imports from member countries rose by 9 per cent in value and volume compared with 5 per cent in 1961.

Second Stage of Rome Treaty

During 1962 the EEC Commission submitted a wide-ranging program to implement the second stage of the Treaty of Rome. This includes a proposal to complete the customs union by the beginning of 1967 instead of 1970 as originally planned.

On July 1, 1963, internal tariffs will be reduced by a further 10 per cent bringing the total reduction on industrial products to 60 per cent. The second alignment towards the proposed common external tariff (C.E.T.) will also take place on

that date. The rates of member country tariffs will be adjusted by 60 per cent of the difference between the basic rates of the national tariffs and the C.E.T.

Legislation has been enacted to administer Articles 85 and 86 of the Rome Treaty which prohibit practices by enterprises (1), affecting trade between member states; (2), having as their object or result the prevention or distortion of competition within the Community, and (3), taking advantage of their dominant position within the Common Market. Canadian firms selling to the Common Market through exclusive agency relationships may wish to seek advice from their contacts in Europe about the necessity of registering agreements with the EEC Commission, which determines whether such agreements are contrary to Articles 85 or 86. It appears that exclusive agency relationships, whereby agents are restricted as to sales territory within the Community, may be contrary to the legislation.

Common Agricultural Policy

Probably the most important internal developments in the EEC of the past year flowed from the ministerial decision of January 1962 inaugurating the Community's Common Agricultural Policy*. On June 30th last, new trade regulations came into effect covering cereals, pork, eggs, poultry, wine, fruits and vegetables. With certain temporary exceptions, tariffs and other forms

**Foreign Trade*, June 30, 1962.

of import control such as state trading, mixing regulations, and quantitative restrictions have been abolished.

Under the Grain Regulations (which apply to wheat, oats, barley, rye, corn and their products), internal prices are the principal method of income support and the levy system is designed to protect these prices against competition from outside suppliers. Trade between member countries will enjoy a Community preference during the transition period. Internally each member country sets a target price within a range determined by the Council of Ministers. For 1962-1963, the range for wheat has been established at a minimum of U.S.\$2.43 per bushel in France (the main surplus area) and a maximum of U.S.\$3.24 in Germany (the main deficit area). When prices fall to the level of the intervention price (7 per cent below the target level) an official board buys the grain on offer for storage until the market recovers. The import levy represents the difference between the lowest c.i.f. price of foreign grain, adjusted for quality differences, and the target price of member countries at the port of entry. It is too early yet to assess the impact of these new trade rules on imports. In the current crop year, wheat imports have been affected by large domestic crops in Europe and heavy forward buying in anticipation of higher import charges under the new regulations.

Basically the same system applies to pork, eggs, poultry and their products, but a fixed import levy is based on the difference in feeding costs between the Community and the most efficient outside producers. This levy is applied to a minimum import price below which imports incur an additional levy.

Protection for fruits and vegetables is provided by seasonally adjusted tariffs and also by making the abolition of quantitative restrictions contingent upon the introduction of quality standards.

Member governments are at present studying the Commission's proposals for a Common Market organization of dairy products, beef and veal. The market for dairy products would be organized along the same lines as grains, with the exception of certain cheeses (such as Canadian cheddar) where the 23 per cent duty will be charged on a minimum import price. The beef and veal market will be protected by tariffs coupled with a minimum import price. These regulations were due to enter into force in April, but the time-table has been delayed in the aftermath of Britain/EEC negotiations in Brussels.

Associated Overseas Countries

Under the Rome Treaty, association with the EEC is provided for non-European countries and territories having special arrangements with Belgium, France, Italy and the Netherlands. Such associated countries are eventually to benefit from duty-free entry into the Community for all their exports. Reciprocal treatment is generally to be offered to the Community, although customs duties may be imposed on imports from the EEC in order to protect new industries and fiscal duties may be applied for revenue purposes. A Community Development Fund of \$580 million is also established for investment in the economic and social development of the associated countries. The countries covered by these arrangements are mainly African territories which have achieved independence.

On September 1, 1962, Surinam also became associated with the EEC under provisions of Part IV of the Rome Treaty and a Declaration of Intention attached to the treaty. Surinam now has similar status to that of other associated overseas territories. Of particular significance to Canada is the eventual free entry into the EEC of aluminum from domestic smelter production in Surinam.

In addition, a Protocol to the Treaty assures certain independent countries enjoying special arrange-

ments with individual EEC members of the continuation of the same terms of access to these members but not to the Community as a whole. This refers to goods imported into Benelux from Surinam or the Netherlands Antilles; into France from Morocco, Tunisia, Republic of Viet Nam, Cambodia, Laos and the New Hebrides; into Italy from Libya and part of Somaliland.

These arrangements were implemented by a convention for a five-year period ended December 31, 1962, but are being renegotiated. A new Agreement of Association covering 18 African states* was negotiated and initialled in December 1962 and was due to be formally approved by the EEC Council of Ministers on February 25th. The Council was unable to agree on a date for signature and the matter will be up for discussion at its next meeting in April. This Agreement remains based on the Treaty provisions and provides for aid by the Community over the next five years in the order of \$730 million to independent associated countries and \$70 million for dependent associated territories.

*Cameroun, Central African Republic, Chad, Congo (Brazzaville), Congo (Leopoldville), Dahomey, Gabon, Ivory Coast, Mali, Mauritania, Niger, Senegal, Somalia, Togo, Upper Volta and Malagasy, as well as Rwanda and Burundi.

EFTA

ON January 1, 1963, tariffs in the industrial sector between EFTA countries* were only half of what they were when the Association came into force on May 3, 1960. This 50 per cent drop was two years ahead of schedule. An exception to this scale of reduction was granted to Portugal for certain goods and Denmark was allowed a staggered schedule for a limited number of vulnerable products. Finland, which has been associated with EFTA since June 1961, receives 50 per

*Britain, Austria, Denmark, Finland, Norway, Portugal, Sweden, Switzerland.

cent tariff reductions on her exports to member countries while imports from these countries enjoy only a 40 per cent reduction of Finnish customs rates. However, on April 30, 1963, a full 50 per cent reduction of Finnish rates will apply to imports from all EFTA countries. It will be noted that these tariff cuts have kept pace with the reduction of rates within the European Economic Community which had already declined by 50 per cent on July 1, 1962.

In August 1961 Britain and Denmark took the lead in applying for full membership in the EEC. Norway followed suit in May 1962. The three neutral countries—Austria, Sweden and Switzerland—applied in December 1961 for associate membership under Article 238 of the Treaty of Rome. Portugal applied in June 1962, expressing the intention of adhering to the EEC after a period of association.

Britain's recent failure to gain admission to the EEC has created a new situation for all members of EFTA and has probably set back the momentum of their common objective of participating in an integrated European market. On February 19, the EFTA Council of Ministers met to take stock of the situation, and considered a program of action for EFTA's future development. In particular, this envisages the revision of the remainder of the time-table for tariff reductions to permit the more rapid dismantlement of tariffs and their final elimination during 1966. The program also covers arrangements relating to trade in agricultural and fisheries products, as well as co-operation between member states on economic and technical matters. The Council also expressed support for all practical proposals aimed at the liberalization and expansion of world trade. The Council Ministers are due to meet again early in May.

Trade between member countries and between EFTA and the EEC each increased by about 10 per cent during 1961-62. EFTA's total ex-

ports increased faster than world exports generally and in 1961 amounted to \$19.5 billion, or 5.2 per cent above the level of 1960. Imports totalled \$23.5 billion. Exports of EFTA countries made up one-seventh of world trade, and imports made up an even higher proportion. All EFTA countries are traditionally net importers and this points up the importance of EFTA as a market for other European and overseas suppliers. The import surpluses are balanced by high tourist incomes, (Austria, Switzerland), by shipping returns (Norway, Britain) and by other current account receipts.

BRITAIN-EEC NEGOTIATIONS

BRITAIN's application for membership in the EEC indicated a readiness to adopt a common tariff and common agricultural policy with the Six. This implied the disappearance of preferences and the loss of free entry for products of Commonwealth countries into the British market. The British emphasized, however, that terms for British admission must include safeguards for the vital interests of the Commonwealth as well as for British agriculture and for Britain's EFTA partners.

During the intensive negotiations that followed, Canada and other Commonwealth countries maintained the closest consultations with the British Government and provided detailed information to assist Britain to safeguard Commonwealth trade interests in the British market. Towards this end, Britain sought to obtain the elimination or reduction of the common external tariff of the EEC on basic industrial materials of interest to Canada and other Commonwealth countries. In the agricultural sector, prospects were that declarations of intent regarding world-wide commodity agreements would be among the principal instruments for accommodating non-EEC suppliers. For processed foodstuffs and industrial manufactures,

with few exceptions, prospects were that there would be a slow alignment of the British preferential tariff with the common tariff of the Community. For certain tropical products such as tea, free entry was contemplated.

The problem of British agriculture, which Britain had singled out for special consideration by the Six, concerned the difficulty of accommodating the British deficiency payments system, which maintains farm income through direct payments to farmers, and the EEC's common agricultural policy, based on domestic prices protected by an import levy.

As for Britain's partners in EFTA, it had been agreed to coordinate action and to examine with the EEC methods by which all could take part in an integrated Western European market.

The negotiations on these various problems proceeded for fifteen months. During the last months of 1962 the British and the EEC undertook a series of regular meetings at ministerial level in an attempt to reach agreement. In the British view, the negotiations were approaching a successful conclusion, and it was hoped that the remaining difficulties could be surmounted. In January 1963, however, France expressed serious doubts about the timeliness of British accession to the EEC. France indicated that although the Six were committed by the Rome Treaty to European integration, the British in the negotiations had reflected the importance which they still attached to their traditional political and economic ties with the Commonwealth and other countries outside Europe. Towards the end of January the negotiations reached a critical stage. France's EEC partners expressed a resolve to conclude the negotiations, accommodating Britain in the Community. However, the French view prevailed and negotiations were broken off on January 28, 1963. ●

—*European Division, International Trade Relations Branch.*

TRANSPORTATION NOTES

Britain

PORT OF LIVERPOOL—With the opening of the ambitious new Langton River entrance, the port of Liverpool has seven new deep-water berths and three transit sheds equipped with modern unloading devices and quayside cranes, and offers also fast and efficient road and rail connections. Under construction for 12 years, this £20 million project is the largest carried out in Britain since the war and the biggest of its kind ever undertaken in the north of England—Liverpool.

Canada

TERMINAL CHARGES, TORONTO and HAMILTON—Four conferences which represent shipping lines providing service from Canada to Britain, the Continent, the Mediterranean, and the Baltic and Scandinavian areas have announced that terminal charges at Toronto and Hamilton will be separated from ocean freight rates, effective with the opening of the 1963 navigation season. Shippers and receivers of cargo will now be responsible for the payment of terminal charges to the Harbour Commissioners at those ports.

Compensatory adjustments will be made in the ocean freight rates of these conferences. The Canada-Continental and Canada/Baltic and Scandinavian conference rates will be \$1.50 per ton of 2,240 pounds or 40 cubic feet as the maximum reduction and the Canada/U.K. Conference lists a maximum of \$1.50 per 2,240 pounds or \$1.75 per 40 cubic feet on export traffic. The Canada-Mediterranean Freight Conference has announced that when the levels of ocean freight rates for 1963 have been settled, adjustments will be made to compensate in part for the terminal charges previously absorbed by member lines—Ottawa.

Mexico

INTERCOASTAL CANAL—The Mexican Navy Department has announced plans to complete a canal from Tuxpan, Veracruz, to Matamoros (close to Brownsville, Texas). Private contractors will be selected for at least part of the project. The new link between Matamoros and Tampico will join the Tuxpan-Tampico section which is now in operation. The new canal may eventually result in a new transportation route for Canadian goods to markets in northern Mexico—Mexico City.

United States

NEW YORK-TEXAS-NEW ORLEANS SERVICE—Seatrains Lines offers shippers fifth day delivery between New York and Houston, Texas, or New York and New Orleans, Louisiana. Sailings from Edgewater, New Jersey, at 5.00 p.m. Fridays arrive at Texas City, Texas, at noon on Wednesday, permitting delivery in the Hous-

ton area on the afternoon of the same day. A second sailing from Edgewater on Friday evenings arrives at New Orleans the following Wednesday afternoon.

Northbound schedules have also been speeded up. Shipments from Texas City or New Orleans on Friday night will be delivered in the New York area the following Thursday—New Orleans.

PORT OF CHICAGO AND ILLINOIS WATERWAY—The deepening of the Calumet River, part of Chicago's harbour, to full seaway depth of 27 feet has been authorized by Congress. The present depth of 21 feet prohibited full loading in Lake Calumet.

Approval was also given to duplicate the seven locks on the Illinois Waterway that connects the Great Lakes with the Mississippi. In 1961 these locks carried more than 26 million tons of cargo. Estimated cost of twinning the locks is more than \$114 million—Chicago.

West Germany

HAMBURG-CHICAGO LINE—Van Nievelt, Goudriaan & Co's Stoomvaart Mij. N.V., of Rotterdam are said to have acquired the A. Kirsten Shipping Co. interests in the Hamburg- Great Lakes A. Kirsten GmbH. and the Hamburg-Chicago Line. Shipping services were started 12 years ago to the Great Lakes and Canada by the Hamburg-Chicago Line (owned equally by Lea GmbH. and the Hamburg- Great Lakes A. Kirsten GmbH.) and will continue—Hamburg.

Foreign Tariffs and Trade Regulations

Sudan

CUSTOMS TARIFF AMENDED—The Sudanese Government has announced in a Customs Notice certain changes in its customs tariff, effective January 30, 1963. The former 40 per cent duty on a wide range of chemical products has been reduced to 10 per cent. Ferric alumina and sulphate of alumina enter duty free. The tariff of 40 per cent has been abolished on milk separators which also now enter duty free. Although the duty of 40 per cent on aluminum circles has been reduced to 30 per cent, the duty on aluminum ware has been raised to 50 per cent. The duty was also increased on certain other commodities including cheese, leather, footwear, paints, enamels, linseed oil and soap.

Details of the rates of duty applicable to specific items may be obtained upon request from the Asia and Middle East Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

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 March 11	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.008034	124.47	
Australia	Pound		2.4148	.4141	
Austria	Schilling		.04174	23.96	
Bahamas	Pound		3.0185	.3313	
Belgium and Luxembourg	Franc		.02163	46.23	
Bermuda	Pound		3.0185	.3313	
Bolivia	Peso Boliviano	Free	.09090	11.00	
Brazil	Cruzeiro	Official Free	.002306	433.65	
		Special Category	†	†	
			3.0185	.3313	
Britain	Pound		.6289	1.59	
British Guiana	Dollar		.7549	1.32	
British Honduras	Dollar		.2264	4.42	
Burma	Kyat		.2264	4.42	
Ceylon	Rupee		.3763	2.66	
Chile	Escudo	Free	.1198	8.35	
Colombia	Peso	Certificate	.02163	46.23	
Congo, Republic of	Franc		.1627	6.15	
Costa Rica	Colon		†	†	
Cuba	Peso		.1497	6.68	
Czechoslovakia	Koruna		.1562	6.40	
Denmark	Krone				
Dominican Republic	Peso		1.07813	.9275	
Ecuador	Sucre	Official	.05990	16.69	
		Free	.05013	19.95	
			.4313	2.32	
El Salvador	Colon		2.7194	.3677	
Fiji	Pound		.3369	2.97	
Finland	Markka				
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		.2697	3.70	
Ghana	Pound		3.0185	.3313	
Greece	Drachma		.03593	27.83	
Guatemala	Quetzal		1.07813	.9275	
Haiti	Gourde		.2156	4.64	
Honduras	Lempira		.5391	1.85	
Hong Kong	Dollar	Free	.1869	5.35	*March 1
		Official	.1887	5.30	
			.02507	39.89	(4)
Iceland	Krona	Official	.2264	4.42	
India	Rupee				

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

*Latest available date.

Country	Unit	Type of Exchange	Can. dollar equivalent March 11	Units per Canadian dollar	Notes (See below)
Indonesia	Rupiah	Official	.02396	41.74	(4)
Iran	Rial		.01423	70.26	
Iraq	Dinar		3.0188	.3312	(4)
Ireland	Pound		3.0185	.3313	
Israel	Pound		.3594	2.78	(4)
Italy	Lira		.001736	576.04	
Japan	Yen		.002995	333.89	(4)
Lebanon	Pound	Free	.3587	2.79	
Mexico	Peso		.08625	11.59	(4)
Morocco	Dirham		.2156	4.64	
Netherlands	Florin		.2997	3.34	(4)
Netherlands Antilles	Florin		.5717	1.75	
New Zealand	Pound		2.9979	.3336	(4)
Nicaragua	Cordoba		.1540	6.49	
Nigeria	Pound		3.0185	.3313	(4)
Norway	Krone		.1509	6.63	
Pakistan	Rupee		.2264	4.42	(4)
Panama	Balboa		1.07813	.9275	
Paraguay	Guarani	Free	.008739	114.43	(4)
Peru	Sol	Free	.04019	24.88	
Philippines	Peso	Free	.2763	3.62	(4)
Portugal & Colonies	Escudo		.03750	26.67	
Singapore and Malaya	Straits dollar		.3522	2.84	(4)
South Africa	Rand		1.5093	.6625	
Spain and Dependencies	Peseta		.01797	55.65	(4)
Sweden	Krona		.2078	4.81	
Switzerland	Franc		.2489	4.02	(4)
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	(4)
Uruguay	Peso	Free	.09832	10.17	
Venezuela	Bolivar	Controlled market rate	.3215	3.11	(4)
		Official Free	.2376	4.21	
West Indies	Dollar		.6289	1.59	(6)
	Pound		3.0185	.3313	
Yugoslavia	Dinar	Official	.001438	695.41	(7)

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

JAPAN

Area: 142,726 square miles.

Population: 94.2 million (1961).

Climate: moderate; high humidity in summer season.

Topography: comprises four major islands; mostly covered by mountains and forests; cultivated land is only 16 per cent of total.

Language: Japanese; correspondence and sales literature in English understood by most firms.

Currency: Japanese yen; one yen=Can. \$0.003 (January 1963).

Foreign exchange and import controls: import licence necessary. Some commodities occasionally require an allocation certificate issued by Ministry of International Trade and Industry. For other items, import licence automatically issued by foreign exchange banks carries right to foreign exchange.

Weights and measures: metric system.

Capital: Tokyo.

Chief ports: Yokohama, Kobe, Osaka, Nagoya, Shimizu.

Marketing centres: Tokyo (population) 10,000,000, Osaka 3,100,000, Nagoya 1,700,000, Kita-Kyushu 1,500,000, Yokohama 1,400,000, Kyoto 1,300,000, Kobe 1,200,000.

Economy: heavily industrialized, with modernization emphasis placed on basic industries. Great emphasis also on external trade in manufactured products.

Total Japanese imports: (c.i.f.) 1961—U.S.\$5,810.4 million; 1960—U.S.\$4,491.1 million.

Chief imports: (c.i.f., millions of dollars) 1961—petroleum 722.0, iron ore and scrap 689.3, machinery and equipment 599.2, raw cotton 530.0, wool 344.6, coal 188.2, wheat 179.4, soyabean 128.8.

Chief suppliers: (c.i.f. millions of dollars) 1961—United States 2,079.4, Australia 451.8, Kuwait 266.8, Canada 265.8, Malaya 199.5, West Germany 193.2, Philippines 156.0, Britain 137.1, Mexico 135.0.

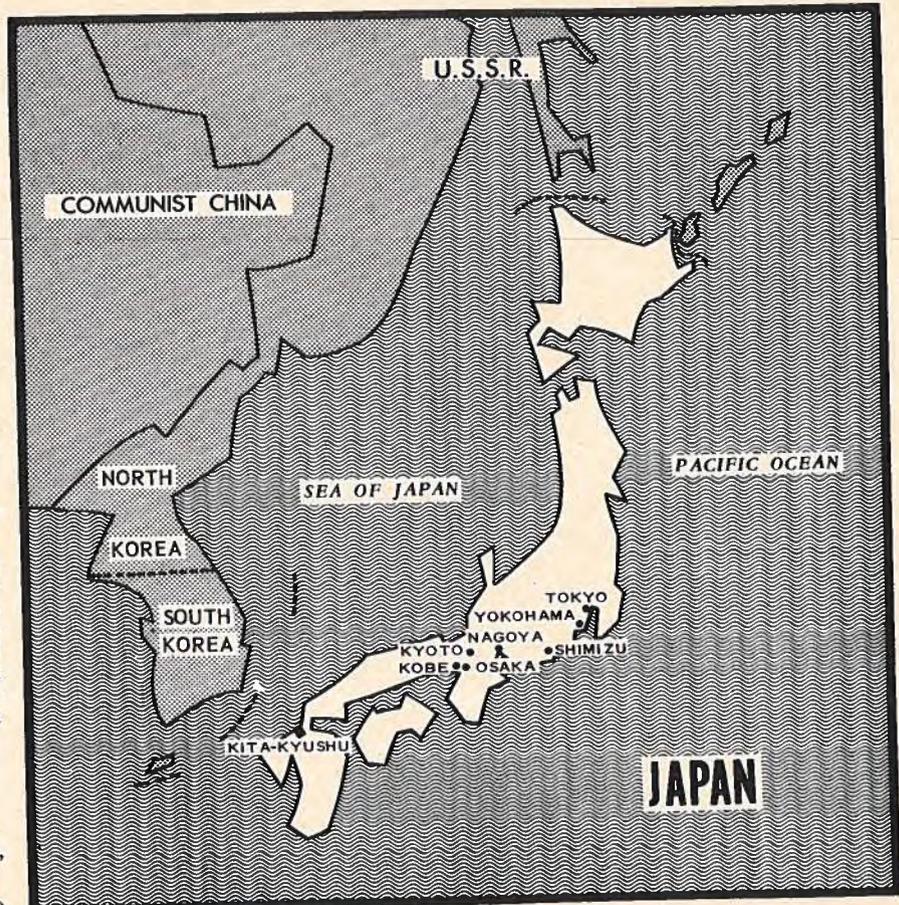
Value of imports from Canada: 1961—Can.\$231.6 million; 1960—Can.\$178.9 million. (DBS figures).

Chief imports from Canada: (Can.\$'000) 1961—wheat 92,391.8, scrap iron 15,424.1, logs and lumber 14,670.8, flaxseed 14,300.8, aluminum 11,747.6, asbestos 11,321.0, iron ore 10,152.1.

Total Japanese exports: (f.o.b.) 1961—U.S.\$4,180.0 million; 1960—U.S.\$4,054.5 million

Chief exports: (f.o.b., millions of dollars) 1961—textiles 1,155.5, iron and steel products 380.0, vessels 278.4, radio receivers 160.3, fabricated metal products 152.5, optical instruments 83.5, teas 83.3, fertilizers 63.2, plywood 58.7, textile machines and parts 57.9.

Chief markets: (f.o.b., millions of dollars) 1961—United States 1,051.0, Indonesia 182.0, Hong Kong 181.3, Thailand 133.9, Philippines 128.2, Canada 116.6, Britain 114.7.



Value of Canadian purchases: 1961—Can.\$116.6 million; 1960—Can.\$110.4 million (DBS figures).

Chief Canadian purchases: (Can.\$'000) 1961—textile madeup goods 21,962.6; primary textiles 13,235.1; radio receivers 7,027.1; optical instruments 4,327.3; plywood 4,058.4; toys 3,522.4; rubber footwear 3,171.2; boots, shoes and slippers 3,096.8; fresh mandarin oranges 2,518.5; oilfield equipment 2,142.2; sewing machines 1,904.1; mahogany 1,233.1; tiles 1,185.1.

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

Usual credit terms: sight to 180 days.

Samples: dutiable only if of commercial value; drawback paid for travellers' samples on re-export.

Visas: visa is required.

Trade agreements: with Canada signed in 1954; Japan became a member of GATT in 1955.

Correspondence: airmail; 25 cents per half ounce.

Import controls, foreign exchange regulations, customs tariffs: consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

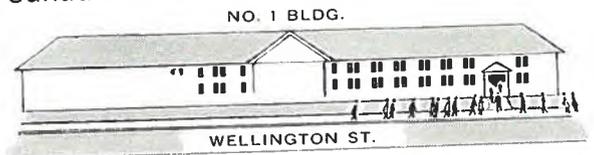
For detailed information on this market write to:
Asia and Middle East Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or
Commercial Counsellor
Canadian Embassy
c/o Akasaka, P.O.
Tokyo, Japan



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