

Italy: An Expanding Market (pages 2-28)

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Italy: Five Years of Expansion

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The economic renaissance achieved through remarkable industrial expansion during the "Italian miracle" years 1957-1961 has brought prosperity to this country. This special issue discusses the forces behind the Italian boom and its significance for Canadians selling to this market.

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Industrial growth has created new needs for raw materials and supplies; prosperity has raised living standards and created a mass market for consumer goods once purchased only by the wealthy. Italy's imports rose by 16 per cent last year; Canada's share of this somewhat difficult but very worthwhile market has gone up and could be expanded still further.

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Is this a market for you? Measure your chances against the selling facts in the following to-the-point articles, written from a Canadian angle. And do note our Trade Commissioner's advice on how to make that personal visit to Italy, so essential to success, profitable and enjoyable.

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Market for meat, canned and frozen foods and prepared food products should increase; good openings for seed potatoes and table stock; Canada can sell canned and frozen salmon and salt cod if quality right; Italian importers interested in Canadian timber but it must be tailored to their specifications.

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Italy: Five Years of Expansion

Led by a rise in industrial output of 65 per cent, Italy in the last five years has increased gross national product to nearly \$40 billion, expanded exports, and stepped up domestic investment. Larger incomes are creating a mass market, though prices too are rising.

J. H. STONE,
Commercial Counsellor, Rome.

THE Italian economy continued in 1962 the striking expansion of recent years. Although the gains for the year were not as great as in 1961, industrial production, national income and investment all expanded substantially, at a rate higher than in other Western European countries.

One of the most striking features of the postwar Italian scene has been the rapid industrialization. Each year has seen industrial growth set new records, and 1962 was no exception to this pattern. For the first eleven months of the year, the general index of industrial production achieved an average just under 10 per cent higher than during the same period of 1961. In October, it reached a peak of 240 (1953=100).

The production of cellulose and manmade fibres, the processing of non-metallic minerals, the manufacture of transportation equipment (especially cars) and chemical production led the field, with rises of between 15 and 30 per cent over the previous year. This is shown in Table I, which gives details of twelve important industry groups. Other industries achieved worthwhile advances, especially the papermaking group, which boosted output by nearly 10 per cent.

To obtain a striking impression of the expansion of Italian industry, compare the index figures for 1957 in Table I with those of last year; they reveal the enormous growth that has taken place over the past five years. During this period, expansion has reached nearly 65 per cent and although the rate of growth was rather lower in 1962 than in 1961 and 1960, there is every pros-

pect that 1963 will see another impressive gain.

Mass Market Created

The vigorous expansion of Italian industry has been the driving force in raising the gross national product of the country (which did not regain the prewar level until 1949) by an average annual rate of 5.5 per cent during the past ten years. Preliminary estimates for 1962 indicate a GNP of approximately \$40 billion, up about 5 per cent in real terms over 1961. This is lower than the 8 per cent of 1961 and the 7 per cent of 1960, but it will probably turn out to be the highest rate in Western Europe.

A corresponding, although rather lower, increase in individual private income and expenditure has accompanied the rising national income. As these go up, a smaller proportion of income is devoted to the basic costs of food and housing. In 1961, for example, although the Italian spent more on food than he did a few years earlier, only 42 per cent of his average income was

devoted to feeding his family, compared with 52 per cent during the late 1940's. Automobiles, household appliances, entertainment and other less essential purchases are claiming increasing shares of total expenditure and this changing pattern is creating a mass market for goods and services previously thought of as only for the wealthy.

Prices and Wages Rise

Rising incomes and wages are, however, putting new pressure on prices, which have until recently been remarkably stable. The general index of wholesale prices did not change between 1953 and 1961, standing at 99.9 in December of the latter year (1953=100). During 1962, however, it rose steadily, to reach 104.3 in December, a rise of 4.4 per cent over the twelve months. The general index of consumer prices showed an even sharper rise of 6.5 per cent during the year and stood at 127.4 in December.

The Government made various attempts during the year to curb this rise, which was accentuated by

TABLE I
MANUFACTURING: INDICES OF PRODUCTION
(Average of first 11 months of the year)

	1953=100			Per cent change 1962/61
	1957	1961	1962	
All manufacturing	137	204	225	+10.1
Cellulose and manmade fibres	171	320	416	+30
Non-metallic mineral processing	152	228	269	+18.1
Transportation equipment	156	258	302	+17.2
Chemicals	154	291	335	+15
Paper and paperboard	138	191	210	+9.5
Textiles	110	128	136	+6.3
Food and allied industries	122	154	164	+5.9
Tobacco	120	137	145	+5.2
Metallurgical	183	248	259	+4.5
Mechanical (excluding transport)	129	188	195	+3.6
Wood-using industries (except furniture)	110	152	157	+3.4
Rubber	119	191	189	-1.2



The amazing industrial progress in Italy in the last five years is symbolized by the assembly line for the smallest FIAT cars. Production of automobiles has increased tenfold in a decade; Italy now has one car for every 25 persons, but there's room for expansion because this is still only half the average in neighbouring countries.

an acute shortage of winter fruit and vegetables, killed by one of the most severe winters on record. In August, customs tariffs against other Common Market countries were cut by an extra unilateral 10 per cent and extra quotas were opened in the autumn for products still on the Control List. In February 1963, turnover taxes were eased on some food products, customs duties suspended on others, and additional import quotas opened for meats and butter.

The rising cost of living during the year resulted in (or from, according to the point of view) a great increase in the number of strikes and slowdowns: 170,700 man-hours were lost in labour disputes during the first eleven months, up from 65,000 in the eleven months ended November 1961. Wage rates more than kept pace with living costs, however, according to official statistics which showed rises in the wage indices as follows:

Agricultural	—Up 10.2 per cent
Industries	—Up 8.2 per cent

Commerce	—Up 5.3 per cent
Transportation	—Up 4.5 per cent

This price-wage spiral is cited as the greatest menace to the continued expansion of the Italian economy from the point of view of the competitive position of Italian exports. On the other hand, Italy needs a growing home market to support and encourage further industrialization, particularly in the south and in Sicily and Sardinia, where incomes are far lower than in the industrialized northern area.

Prosperity Continues

In fact, consumer expenditures and exports, which increased by some 12 per cent over 1961, sustained the growth pattern of Italian industry to a greater extent than in previous years. Investment expenditure, although it was some 2 per cent higher in 1962 than in 1961, did not maintain the rate of expansion of the two previous years (1961—10 per cent; 1960—18 per cent). Nevertheless, gross domestic investment, at an estimated U.S. \$8.6 billion, was over 20 per cent

of gross national product, an excellent figure for a country with a standard of living still well below her Common Market partners.

Altogether 1962 has been an excellent year for Italy and there is little reason to believe that the wave of prosperity, so striking in recent years, will taper off. Observers predict, however, that the height of the boom has passed and that the next year or two will bring consolidation, with a more modest rate of growth than in the 1959-1961 "Italian miracle" years.

Import Controls

MOST commodities may be freely imported into Italy, although the Italian Government does maintain a Table A—Import list, which is being constantly revised, that covers those commodities for which an import licence must be acquired by the Italian importer or purchaser. This does not necessarily mean that imports are not allowed. On the contrary, at the beginning of each year the Italian Ministry for Foreign Trade usually issues a list of commodities which, although included in List "A—Import", are permitted to be imported or generous annual quotas are established.

List "A—Import" includes among other items of interest to Canada dairy and beef cattle; milk powder and other dairy products; wheat and wheat flour, some animal and vegetable fats and oils; sulphurs; gold and its alloys; machinery and equipment for the printing and graphic trades; automobiles, motor vehicles for special uses such as wreckers, ladder trucks, snow-clearance trucks, machine-shop trucks, X-ray trucks, etc., including chassis and bodies, fork-lift trucks; motorcycles, scooters and sidecars.

When a licence has been granted, the exporter may assume that foreign currency is available for payment. It is advisable for Canadian exporters to find out before shipment whether the Italian buyer has an import licence if one is required.

Information on products that are still subject to import licences may be obtained from the European Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

J. H. STONE,
Commercial Counsellor, Rome.

The Trade Pattern Changes

Lowering of EEC tariffs and Italy's larger trade within the Community mean greater competition for Canadian suppliers.

But brisk demand for great volume and variety of imports, plus rising exports and ample exchange reserves, help to offset tariff disadvantages.

THE boom conditions in Italy of recent years have depended to an important extent on a flourishing volume of exports. At the same time, prosperity and a growing domestic market have attracted imports of increasing amounts of raw materials and supplies to feed expanding industries and finished goods to satisfy the growing consumer market. Towards the middle of 1962, however, the rate at which exports were climbing began to ease moderately. The year ended, however, with exports, at 2.9 billion lire, up 11.6 per cent over 1961, and imports, at 3.8 billion lire, up by a thumping 16 per cent. Preliminary figures by chief trading partners are given in Table I on page six.

EEC Share Increasing

Italy's Common Market partners together constitute her principal market although they are not as a group as important suppliers as are countries outside of Europe. Trade with the Common Market is growing much faster than total trade under the stimulus of internal tariff cuts, which reached 50 per cent this year. In fact, nearly 35 per cent of all Italian exports went in 1962 to the other Common Market coun-

tries, an increase of 23 per cent over the previous year. In 1958, Common Market countries took only 24 per cent of Italian exports. Italy drew 31 per cent of its total imports from the EEC, an increase for 1962 of no less than 25 per cent over the year before. (This 31 per cent may be compared with the 21 per cent share of the Italian market that other EEC countries enjoyed in 1958.)

As the tariff barriers within the Common Market are progressively lowered, this internal trade may be expected to constitute an even greater proportion of total Italian foreign trade.

Germany moved into first place in 1962 as Italy's leading trading partner, easing out the United States as the principal supplier and retaining first place as a market. The United States is, however, in second place for trade in both directions, with France third.

Since the end of World War II, Italy's balance of commodity trade has been unfavourable: it has steadily imported goods of substantially higher value than it has exported. Tourist expenditures and emigrants' remittances, however, have more than made up for the

These earnest-looking tourists are plodding past the famous fountains at the Villa d'Este, Tivoli. Last year 21 million visitors came to Italy and the money they spent helped to offset the deficit on the balance of trade.



TABLE I
ITALY'S FOREIGN TRADE

	Imports		Exports	
	1961	1962	1961	1962
	(billions of Italian lire)			
Total Common Market	962	1,180	817	1,106
Of which:				
Germany	509	640	465	562
France	230	334	200	269
Netherlands	77	102	80	99
Belgium/Luxemburg	76	104	72	85
Total EFTA	498	604	553	580
Of which:				
Switzerland	93	104	180	206
Britain	179	239	176	175
Other Western Europe	151	170	206	189
Total Eastern Europe	192	207	135	150
Of which:				
U.S.S.R.	93	104	56	64
Total non-Europe	1,465	1,625	904	963
Of which:				
United States	540	551	239	276
Canada	48	45*	29	29
Japan	20	30	15	16
TOTAL, ALL COUNTRIES	3,265	3,785	2,614	2,916

*Italian statistics on trade with Canada differ from the Canadian; DBS shows a 10 per cent increase in Canadian exports to Italy; see Table II.

merchandise imbalance nearly every year. Last year the number of visitors to Italy reached an estimated 20 million, and their spending, with other invisible items in the balance of payments, provided sufficient foreign exchange to pay for surplus imports and to raise Italy's foreign exchange reserves to U.S.\$3.4 billion at the end of November. There is no reason to expect this picture to change, and certainly no grounds for expecting barriers against trade or payments to be imposed for balance-of-payments reasons. Apart from customs duties and certain sanitary and labelling regulations which have to be observed, the Italian market is almost entirely open and is likely to remain so.

Canadian Trade Growing

Preliminary reports from DBS indicate that our exports to Italy rose in 1962 by 10 per cent over those of 1961, reaching a record \$74.5 million. This was particularly

encouraging in the face of a very large drop in exports of wheat, Canada's traditional best seller to Italy. With a record harvest in Italy and in Europe as a whole, wheat sales dropped from first to third place in order of importance, as shown in Table II.

Apart from the change in the wheat situation, which may last through 1963, our sales of leading commodities showed other important variations. Oilseed sales, like wheat, depend on crop results and are not really predictable, but the market for Canadian wood products, pulp and lumber is expected to maintain the substantial gains made last year. Potato shipments have been partly of seed but mainly of table grades to meet changing market tastes and also to replace a poor vegetable crop, further damaged this winter by cold weather. There should be an excellent market for potatoes for most of 1963.

TABLE II
CANADIAN EXPORTS TO ITALY
Seventeen Leading Products

	First nine mos.	
	1961	1962
	(Can.\$'000)	
Oilseeds	3,580	8,097
Aluminum ingot	3,107	4,986
Wheat	10,646	4,716
Iron and steel semi-finished products	2,553	3,727
Pulp	1,841	3,577
Aluminum scrap	2,690	3,201
Ferrous scrap	692	2,555
Pulpwood	1,381	2,425
Synthetic rubber	2,962	1,998
Asbestos fibre	2,444	1,449
Lumber	306	1,291
Copper shapes	1,882	1,045
Nickel anodes and cathodes	1,881	983
Machinery	634	964
Pig iron	3,710	922
Potatoes	12	907
Aircraft, engines and parts	113	717

Our shipments of metals present a mixed picture, as Table II reveals. Italian production of pig iron expanded enormously during 1962, resulting in lower Canadian shipments; the market for scrap has responded to increased furnace capacity in the metal-producing field. The demand for steel products remains so great that despite larger domestic production, imports were bigger than ever and will increase again during the current year if all goes well. Synthetic rubber has felt the effect of a new Italian plant and there is little immediate prospect of our sales regaining lost ground.

Not yet reflected in the statistics is the sale during 1962 of defence equipment valued at nearly \$8 million. Flight simulators for the Italian Air Force made up the bulk of these shipments but other interesting negotiations in this field may result in significant business in sophisticated products with a high engineering and labour content.

Selling Manufactured Goods

Italy is not, however, and has not been for many years an easy market in which to sell manufactured goods. Generally speaking, apart from shipments of traditional fruits, wines and agricultural produce, the

country exports manufactured goods with a high labour content: machinery, textiles, automobiles, household appliances, clothing, chemical products and handicraft, to name a few of the leading ones. Manufactured goods account for approximately 90 per cent of all exports by value, and this proportion has been growing in recent years. And yet manufactured goods bulk large in the import pattern: in 1962, for example, metallurgical and mechanical products amounted to about one third of total imports and chemicals contributed another 7 per cent. As incomes continue to rise, there will certainly be opportunities for Canadian manufacturers to participate in the general prosperity of Italy, perhaps by providing goods the demand for which is not sufficient to stimulate local production, and certainly through sale of products incorporating special Canadian designs or skills.

Future Prospects

Various tentative conclusions may be drawn from the trends outlined here. First, Italy is being steadily incorporated to an ever-larger extent into the European Common Market and this means that for many products, manufactured and raw, Canadian exporters will face an increasingly unfavourable tariff. On the other hand, Italy's external tariffs, when brought into line with the common tariff of the Six, will in most cases be rather lower than they are at present. The growth in the volume and variety of goods needed by the expanding economy and in the means of paying for imports is not a factor to be overlooked, and may well offset all of the tariff disadvantages. So far, this has been the case; the Italian market for Canadian goods has expanded and continues to expand. The range of products shipped from Canada has broadened and prosperity should create new openings for goods that Canada has never before sold to Italy. The Italian market is well worth close attention. ●

How to Sell in Italy

Methods of selling in Italy, as everywhere else, vary with the product but there are basic rules to follow. The articles on pages 8 to 13 set out these rules and the variations, and discuss the buying practices of several Italian organizations.

W. J. JENKINS, *Commercial Secretary, Rome.*

THE first question to ask about the Italian market is an obvious one—can I sell my product there? To answer it, you must have some basic information, such as:

- Does Italy manufacture a similar product or products?
- Does it import similar products from other countries?
- Are there any import restrictions that apply?
- What are the import taxes?
- Do the countries now shipping this product to Italy pay lower import taxes than I would have to pay?
- What are competitive prices?

The Canadian Trade Commissioner's office in Rome can usually obtain most of this information for you and when you have studied it, you can decide whether it is worth making a serious effort to sell your goods to Italian customers. If you feel it is, you can go on to the next question.

Direct Sales or Agent?

This is: "Should I sell directly or through an Italian representative?" Your decision will be based on the type of people who will be your main customers, how they buy, and how your competitors sell to them. If you feel that you need an agent, before you approach any prospects you must decide what sort of an agreement you are prepared to

come to and what facilities you expect him to have. You will have to make up your mind whether you want to appoint an exclusive agent for the entire country, several agents with exclusive rights in different regions, or whether you prefer to arrange one or more non-exclusive agencies. You must take into account the great differences that for centuries have existed between southern and northern Italy. The Italian Government's program to develop the south has had considerable success but purchasing power in the north and in the south still vary widely. In fact, the per capita income in the south is only half that in the north.

Rome, because of its location, seems to be the logical place for your agent to work from. It is roughly in the centre of the country, but not in the centre of the main market. The bulk of the demand for machinery, equipment, and industrial supplies, for example, is in the north. You will probably find your representative, as well as most of your customers, in either Milan, the commercial, or Turin, the industrial, heart of the country. Genoa and Naples are the largest, although by no means the only, seaports in Italy and the fish and timber trades are concentrated there.

If you find that your prospective customers do not buy from Italian representatives of foreign suppliers, you will want to approach them directly. You can do this by letter and in your original letter you should include, if possible, prices

and samples or literature. Admittedly it is difficult to know the precise requirements of these business prospects, but there is a risk that a letter asking them to tell you what they buy will be left unanswered. Most of the large firms in Italy can handle English or French correspondence. But many of the purchasing managers have difficulty reading a foreign language and you will improve your competitive position considerably by writing in Italian. The prices you quote should be c.i.f. Italian ports, preferably in Italian lire or U.S. dollars. Exporters should try either to use the metric system for their

quotations or quote on their standard packs and measurements, showing what their prices are when converted into the metric system. This is generally a simple arithmetical exercise, but if you do not do it, your prospective Italian customer may not take the trouble to calculate whether the price is competitive.

Personal Visits

Italians like to do business face to face, and whether it is to select an agent or meet prospective customers, the value of a personal visit cannot be over-emphasized. You may find an agent or make

some sales by letter, but by coming here personally you will enhance your prospects of success. It has been proved time and time again that the cost of a trip to examine the Italian market firsthand is an investment that pays dividends. The Trade Commissioner in Rome can provide you with the basic information you need to decide whether there is a market here for you, and whether it justifies a personal visit. If it does, he can help you with your trip, suggest an itinerary, locate prospective agents and customers, and set up appointments and hotel reservations. Make use of his services. ●

Selling to Department and Variety Stores

THE typical Italian store is still the small family business, but buying habits are changing. Department and variety stores (particularly the latter) have played a minor rôle in Italian retailing so far but they are steadily capturing a larger share of the retail market.

There are four department or variety store chains in Italy that among them own 28 department stores and 186 variety stores. All of them have experienced buying departments. Although they have little knowledge of Canadian goods, they would without exception welcome offers from Canadian suppliers.

These chains are listed below, with information about their buying habits.

**La Rinascente-Upim,
Piazza Carlo Erba 6,
Milan, Italy.
Tel. 23-96**

This is the leading department and chain store company in Italy, with seven Rinascente department stores and 94 Upim variety stores. Rinascente-Upim's sales last year probably exceeded \$175 million.

This company is importing toys, toilet products, towels, blankets,

beachwear, skates, and skiwear from the United States, Canada, Japan, Hong Kong, and the Common Market countries. It has separate purchasing offices that regularly send buyers throughout the world. To convince them that their buyers should have a look at your merchandise, you should write to Dott. Carlo Saverio Balsamo at the above address. He is in charge of the office that co-ordinates foreign purchases and will transmit your offer to the buyer responsible.

In writing to La Rinascente-Upim, you should include prices and samples if possible. Quote in Canadian or U.S. dollars or Italian lire and write in English or French. Quotations f.o.b. seaport are adequate. The company pays upon receipt of merchandise.

**Magazzini Standa, S.p.a.,
Via Celestino IV, 6,
Milan, Italy.
Tel. 88-31**

Standa has 92 variety stores throughout Italy, which sell the types of goods you find in variety stores in Canada. Generally, however, Standa caters to low-income consumers. Price is a major factor

for the Standa buyers. The products they are importing include toys, costume jewellery and porcelain from Germany, Japan and Austria.

Standa buys directly from the manufacturer and would welcome offers from Canadian firms. If you believe you have something of interest to them, you can write in English or French. If you do not include prices and samples with your initial letter, you may not receive a reply. Standa asks that you quote c.i.f. Italian port in U.S. dollars. Payment is made upon receipt of merchandise.

**UNIONE MILITARE,
Via Tomacelli 160,
Rome, Italy.
Tel. 681-481**

Unione Militare has 17 department stores of various sizes throughout Italy. The company began as a co-operative for Italian military officers but through the years has evolved until now it operates like any other department-store chain. It generally carries good quality merchandise.

Purchasing is centralized in Rome, and a staff of buyers attend trade fairs and visit factories. But

they seldom leave Italy and do not visit firms in North America. Unione Militare's purchases of imported goods are not substantial but the management is open to offers from foreign firms. They do not care whether they buy directly from the supplier or through his Italian agent. Canadian firms who do not have agents here can offer directly to Unione Militare, addressing their letters to the attention of the Commercial Director, Comandante Dott. Benedetto Scipelliti. Dr. Scipelliti asks that you write him in Italian, include samples, and quote c.i.f. Italian port in Italian lire or U.S. dollars.

C.I.M.,
Via XX Settembre, Palazzo di
Vetro,
Rome, Italy.
Tel. 481-351

C.I.M. has four department stores (in Rome, Genoa, Naples, and Reggio Calabria) offering merchandise that appeals to the growing middle class. It has considerable experience in importing because it buys porcelain, towels, linen, beauty products, toys, textiles, and other items from Germany, Britain, France, United States, and Hong Kong. It has a staff of buyers operating from the company's headquarters in Rome; these buyers travel through Europe but do not visit North America. They are not familiar with our products but are open to offers from Canadian suppliers. You should address your letters to the attention of Ing. Fausto Marziale. Be sure to include prices and samples or literature in your initial letter.

Buyers from La Rinascente, Unione Militare, and C.I.M. visited the National Canadian Samples Show in Toronto held about three weeks ago and in this way have become familiar with a good deal of Canadian merchandise.

—W. J. JENKINS,
Commercial Secretary, Rome.



This aerial view shows St. Peter's, and the Vatican City State surrounding it. Goods sold to the Vatican pass through Italy in bond; pay no Italian import duties.

Selling to the Vatican

STATE within a state, central authority of the Roman Catholic Church, home of the Pope, the legal seat of the Sacred College of Cardinals, and site of the martyrdom of St. Peter, the Church of St. Peter's, the Sistine Chapel, St. Peter's Square (where you walk your children on a Sunday), and the doorway that the Swiss Guards will not let you through—the Vatican is many things to many people.

It may also be a market for your goods, although undoubtedly you will not alter your export sales program on its account: the population of the Vatican City State is less than 1,000 (Swiss Guards included). But you should not overlook it, particularly if you already have a representative in Italy.

When Cardinal Gasparri and Mussolini signed the Lateran Treaty in 1929 they solved the "Roman Question" that had arisen when the Italian Government in 1859 and

1870 annexed territories belonging to the Papal States. The Lateran Treaty recognized the full independence and sovereignty of the Vatican City State, plus extra-territorial rights on several buildings located on Italian territory outside the Vatican. The area over which the Pope is sovereign covers only about 110 acres but it is an independent state that pays no Italian taxes. All imported goods destined to the Vatican are exempt from Italian import taxes and pass through Italian territory accompanied by customs bonding certificates. Italian goods sold to the Vatican pay no Italian sales taxes.

What and How It Buys

The Vatican purchases in small quantities a variety of foodstuffs, clothing and some consumer goods, including flour, canned goods, tea, sugar, coffee, blankets, textiles, and the usual office materials and equip-

ment required by any large organization. Purchases from Canada seem to have been limited to wheat and lumber. Canadians have the satisfaction of knowing that many of the window frames in the Vatican are made of Canadian Douglas fir.

The Vatican purchasing department has two main divisions, one for material and foodstuffs and one for technical equipment. Both divisions maintain lists of foreign sources of supply and have a common library of trade directories and company literature. The Vatican does not issue calls for tenders but invites firms it knows to submit offers. If the offers are for the materials section there is a deadline on

them and tenders are opened in the presence of a notary public. The technical section generally requests a limited number of firms whose equipment it knows to submit their lowest prices.

The Vatican prefers quotations c.i.f. Italian port in U.S. dollars or sterling. Payment terms are cash against documents. It dislikes purchasing through brokers but does not object to dealing through exclusive Italian representatives of foreign firms. If possible, correspondence and literature for the ma-

terials section should be in French, and for the technical section in English.

Canadian firms interested in doing business with the Vatican may write asking that they be invited to tender when the next occasion arises. They should address their letter to the Vatican City, Palazzo del Governatorato, Italy, marking it for the attention of either Comm. Adolfo Soleti, who is head of the materials section, or Dott. Aldo Razzola, chief of the technical division.

W. J. JENKINS, *Commercial Secretary and*

L. APPOLLONI, *Commercial Assistant, Rome.*

Selling to Supermarkets

NOW is the time to think seriously about introducing your products to Italian supermarkets. Italian consumers have resisted self-service more than the rest of Europe, France included. But if the supermarket planners in Italy are correct, they have won the initial battle and the coming campaign will see the steady advance of supermarkets in Italian cities.

In 1960 there were almost 600,000 food retailers in Italy; only 250 of these used self-service, compared with 13,000 self-service food stores in Germany, 6,000 in Britain, and 2,500 in France. Of the 250 in Italy, a mere 16 were supermarkets with a floor area exceeding 4,000 square feet. The latest inventory gives about 50 supermarkets, 100 fixed-price variety stores with supermarket sections, and 200 self-service stores. There are plans for building about 80 new supermarkets, many of which will open for business this year.

Supermarket sales still constitute a minor portion of the total foodstuffs trade in Italy. But Canadian suppliers should not wait for these

sales to increase before introducing themselves to the managers of these supermarkets. Apart from the importance of promoting their brands at an early stage in the development of a supermarket-using public, suppliers must realize that imports by supermarkets will probably not expand at the same rate as the supermarkets themselves. Italy's foodstuffs industry is highly developed. Because of the traditional methods of merchandising, the packaging and preservation of food in Italy have not evolved to the same extent as in North America. But Italian industry will adapt to changing methods and will increasingly meet the requirements of these supermarkets. Some Canadian suppliers could find a market for their goods now, but if they wait for the Italian supermarkets to grow in importance, the opportunity will disappear.

Labelling Important

There are only four supermarket companies. All of them import foodstuffs and all of them have expressed interest in receiving offers directly

from Canada. The requirements vary slightly between firms, but the basic information on getting in touch with these firms is given below. One important requirement common to all is proper labelling. Italian law states that "packed foodstuffs and beverages must bear on the containers, in a legible and indelible manner, besides the manufacturer's name and address, every single ingredient, listed in descending order according to the quantity employed, calculated in weight or in volume (metric), and also the date (month and year) of manufacture and the net quantity, calculated either in weight or in volume (metric). The above-mentioned specifications can be written, instead of on the label, on a small sticker placed on the can under the main label, or elsewhere on the package." There is some disagreement about "a small sticker" being "legible and indelible". But until the Italian Government rules otherwise, you can meet the requirements of the law by using your regular label or package and merely preparing a small gum

sticker in Italian that can be put on the main label afterwards.

The four supermarket firms and their requirements are listed below.

Supermercato S.M.A. S.p.a.
Via Renato Fucini 2,
Milan, Italy.
Tel. 2364115

This is Italy's largest chain of supermarkets, associated with the La Rinascente-Upim department and variety stores. S.M.A. has 32 stores in Rome, Milan, Genoa and Turin, and immediate plans to reach 100. It is currently importing canned goods, eggs, cheese, and frozen foods from Denmark, France, Austria, Netherlands, Sweden and Portugal. It has expressed interest in receiving offers from Canada for canned and frozen fish and meat.

You should send your offers in English or French to the man responsible for locating sources of supply, Dott. Danilo Fatelli. Offers should be c.i.f. Genoa, in Italian lire or U.S. dollars, and samples should be included. S.M.A. prefers packing using metric measures or asks that at least the metric equivalent be shown in the offer. Payment terms are letter of credit.

S.M.A. has employed as consultants a U.S. firm, Halstead Associates, P.O. Box 132, Larchmont, N.Y., which advises on the purchase of North American store equipment.

Supermarkets Italiani,
Via Tagliamento 17,
Milan, Italy.
Tel. 560.266
Cable address: IBASECOM, Milan

This is Italy's second largest supermarket chain. It has 13 stores in operation and intends to open two more this year. It would welcome offers from Canada on any of the products it is currently importing—canned meats, frozen fish, canned pineapple, jams, ketchup, and baby food. At present it is buying from Denmark, Sweden, South Africa and Britain.

Address your offer directly to the company, without specifying an individual. You can write in English but it is preferable to correspond in Italian. Your offer should be c.i.f. Italian port in Canadian or U.S. dollars or Italian lire. You must include samples. Supermarkets Italiani does not ask you to prepare metric packs or to show the metric equivalent in your offers. Payment terms are cash against documents.

Romana Supermarkets S.p.a.,
Via Germania,
Villaggio Olimpico,
Rome, Italy.
Tel. 399.405
Cable address: ROMANA SUPER-
MERCATO, Rome

This is the only supermarket company with its head office in Rome. It only has one store at present (in the Olympic village that housed the athletes during the last Olympics), but is building four more in Rome and five in Turin. Romana Supermarkets imports a considerable amount of foodstuffs, including poultry, canned meats, cheese, canned goods, sausages, weiners, sardines, and milk powder. It is buying from Denmark, France, Germany, Britain, the United States and Switzerland. It welcomes offers from Canada and has a specific interest in chickens, chicken pies, sweet pickles, cheese, sausages, and packaged skim milk powder.

The full-time adviser to Romana Supermarkets is an American, Duane Horney, and you can write directly to him in English. Your offers should be c.i.f. Genoa or Naples in Canadian or U.S. dollars. Be sure to include samples. The metric equivalent need not be given



These Italians are shopping in one of the country's 50 supermarkets. Italian housewives have held out against self-service longer than those in other European countries, but the movement is gaining strength, and the next few months should see more and more supermarkets appearing in Italian cities.

in your quotation. Payment terms are letter of credit.

**Magazzini Standa S.p.a.,
Via Celestino IV, 6,
Milan, Italy.**

Tel. 88-31

Cable address: STANDA-Milan

Standa has 92 fixed-price variety stores throughout Italy, and most

of them have supermarket sections that cater to a low-income clientele. Standa is not interested in luxuries, since these are beyond the means of the majority of their customers. But the management would welcome offers on low-priced Canadian goods.

Address your offers to the company, without specifying an individual. You can write in English or

French and should quote c.i.f. Italian port in U.S. dollars. Be sure to include samples. Standa does not insist that you use metric measures for your packing, although the metric equivalent should be shown in your offer. Payment is made on receipt of merchandise.

—W. J. JENKINS,

Commercial Secretary, Rome.

Selling to ENI

ENI (Ente Nazionale Idrocarburi) is the pivot of 80 companies operating in five broad sectors of activity—natural gas and petroleum exploration and introduction, petroleum products distribution, petrochemicals and refining, petroleum transport, and nuclear energy. It is a publicly-owned enterprise; the Italian Government appoints its Board of Directors and through the Minister of State Participations guides its activities. ENI operates through five wholly-owned subsidiaries, which in turn hold interests in numerous companies in Italy, Africa and South America. The latter are all private enterprises of the normal commercial type, run by private management.

The activities of the five companies that are the pillars of ENI are sketched below.

**AGIP Mineraria,
San Donato Milanese,
Milan, Italy.**

AGIP Mineraria is the exploration and development arm of ENI. It is exploiting a score of natural gas fields in northern Italy, has discovered promising fields in central Italy, and in 1956 uncovered a vast oilfield at Gela in southeastern Sicily. Its annual output of liquid and liquefiable hydrocarbons, mainly from Gela, is slightly over half a million tons, but the potential is much higher. Once the Gela field is fully developed, it alone should be able to produce three million tons of crude a year.

The company runs the Cortemaggiore refinery in the north that can process annually 130,000 tons of crude. At Cortemaggiore there is also a gasoline extraction plant with a daily capacity of three million cubic metres of natural gas. At Gela it has a plant for processing the local crude to obtain bitumen, gas oil and other semi-finished and finished products.

AGIP Mineraria's operations outside Italy are extensive. In Egypt an associate company, COPE, is developing two oilfields; output from these wells reached an estimated four million tons last year. This oil represents Italy's first direct source of supply abroad. Subsidiary companies are also exploring and developing concessions in Iran (SIRIP), Morocco (SOMIP), Sudan (AGIP MINERARIA SUDAN), Libya (CORI), and Tunisia. The agreement with Tunisia includes the construction of a refinery with a capacity of one million tons a year. Finally, the company has an agreement to build a 20-million-ton refinery in Ghana.

**SNAM
San Donato Milanese
Milan, Italy.**

SNAM is responsible for petroleum transport. The company operates or is constructing several pipeline networks to deliver natural gas to households and industry. A vast network links the Po gas fields with

consumption centres in northern Italy. Five trunk lines lead to Milan, Turin, Genoa, Bologna and Venice, and smaller branch lines serve less important centres. A smaller network was completed last year in southern Italy and there are plans for a pipeline from a field in central Italy to Rome. These networks supply about 2,000 industrial and millions of household consumers.

SNAM also operates ENI's 14-vessel tanker fleet for the transport of crude and petroleum products, as well as all the group's road and rail transport.

In 1961 SNAM began work on the 600-mile oil pipeline that will link Genoa with centres in northern Italy, Switzerland, and southern Germany. The system will have an annual transport capacity of 18 million tons, and in addition to consuming 85,000 tons of pipe involves the construction of four refineries—one in Italy, one in Switzerland, and two in Germany.

A subsidiary company, Nuovo Pignone, is manufacturing drilling rigs and refinery equipment. Another firm, SNAM Progetti, plans and designs (for companies inside and outside the ENI group) natural gas and oil pipelines, chemical and petrochemical plants, refineries and oil and gas storage systems. Finally, SAIPEM, a contracting firm owned by SNAM, is undertaking work ranging from drilling to the laying of pipelines and the erection of refineries and chemical plants.

ANIC
San Donato Milanese,
Milan, Italy.

ANIC's responsibilities within the ENI group are petrochemical manufacturing and co-ordination of refining. Its petrochemical factory at Ravenna has an annual capacity of one million tons of nitrogenous fertilizers and 100,000 tons of synthetic rubber. Subsidiary companies at Ravenna are producing vinyl and polyvinyl chloride and carbon black.

An ANIC plant at Gela in Sicily is processing the crude from the AGIP Mineraria operations there. Apart from fuel oil and gasoline, this plant produces a number of petrochemical products.

Another plant under construction in southern Italy will use roughly 600,000 cubic metres of natural gas a day to produce methanol, monomers for plastic manufacture, synthetic fibres and other derivatives of acetylene.

ANIC owns shares in the group's refineries and is responsible for co-ordinating their activities. Apart from controlling four refineries in Italy, it owns or has interests in refining companies in Germany, Tunisia, Morocco and Ghana.

AGIP
Viale dell'Arte, EUR,
Rome, Italy.

AGIP looks after the marketing of petroleum products, motor fuels, lubricating oils and greases, fuel oils and liquid petroleum gas. It operates several thousand outlets of various sizes and has recently been developing a chain of motels. One branch of AGIP, AGIPGAS, distributes liquid gas in cylinders.

AGIP, either directly or through associated companies, has marketing operations in France, Morocco, Sudan, Libya, Somalia, and Ethiopia. Marketing operations are being set up in Austria, Switzerland and Germany, and others are planned in Britain, Ghana, Kenya, Uganda, and Tanganyika.

AGIP Nucleare,
San Donato Milanese,
Milan, Italy.

Nuclear power is ENI's most recent field of activity. AGIP Nucleare was formed in 1956 to carry out all the operations from exploring for, extracting and processing nuclear fuels to producing electricity from nuclear energy. The company's (and Italy's) first atomic power station is about to begin operating at Latina. The plant was built by an affiliate of AGIP Nucleare, SIMEA, with the Britain Nuclear Power Group providing technical assistance and much of the equipment. The station is a Calder Hall type with a capacity of 200 MWE. AGIP Nucleare is also designing an organic moderated reactor with a capacity of 30 thermal MW and is building a low neutron flux *Argonaut* reactor for experimental use.

The search for uranium and other radioactive minerals is the responsibility of SOMIREN, another company under the control of AGIP Nucleare.

How Does ENI Buy?

Each company of the ENI group is responsible for its own purchases. ENI has a small "Materials Office" in Milan, but only suggestions and not purchase orders come from this office. Its rôle is to co-ordinate the purchases of group members. It receives copies of all orders that the member companies place, advises on economies through group purchasing, and suggests sources of supply.

ENI headquarters are in Rome in a building that leaves one uncertain whether it is a copy of the UN Building in New York, or vice versa. Purchases by ENI are insignificant and probably do not go far beyond the field of paper clips, stationery, and office furniture and equipment. It only buys what it needs to run its office.

The important buyers are the companies that form the group. Their purchases are exceptionally large

because many of the orders for equipment and supplies for the subsidiaries spread throughout the world originate in the parent offices in Milan. The subsidiaries have little autonomy in their purchasing. A good portion of the machinery and equipment the group requires is supplied by subsidiary firms but in varying degrees, all members of the group regularly buy from foreign suppliers. Among the items that they are now buying abroad are reservoirs, valves, pumps for storage stations, metal tubing, rubber hosing, compressors, and pipeline equipment.

The companies generally do not invite offers publicly. They have lists of sources of supply and invite specific firms to quote as the need arises. The first step you should take is to introduce yourselves to these companies, asking that you be invited to offer the next time the ENI firm is buying the equipment or material you sell. You can introduce yourself by letter, by a personal visit when you are in Milan, or through an agent.

Possibly the easiest and most efficient way to get your foot in ENI's door is to visit the office of AGIP U.S.A. in New York. This is an AGIP subsidiary but will assist any member of the group in its purchases. A member firm tells AGIP U.S.A. of a particular need and the office in New York surveys North American sources of supply, examines and if necessary tests equipment. Finally it either buys on behalf of the member firm or recommends what should be bought. The address of this office is:

AGIP—U.S.A.,
Rockefeller Plaza 115,
New York 20.

If you can convince the men running this office, Ing. Gamboni and Ing. Bacciulli, that they should have a serious look at what you can offer them, you will have taken a big step towards selling to the ENI group.

—W. J. JENKINS,
Commercial Secretary, Rome.

Try Personal Selling

Talking business with Italians face to face pays—if your visit is arranged well in advance, isn't too rushed, and comes at the right time. And you'll enjoy being in Italy anyway.

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

IN few countries in the world will the thorough preparation of a business visit pay bigger dividends than in Italy. Language problems, different business hours and working tempos, and frequent holidays can and do combine to reduce the effective working time of the business visitor to the point where an unprepared short trip may be little better than none at all. Many of the suggestions in this article have been made, too often ruefully, by Canadians who have come to Italy on business in recent months.

Preparing for the Trip

CASE HISTORY: "Long distance calling: Mr. Maples is on the line from Geneva."—*pause*—"Hello, is that the Canadian Trade Commissioner? Look, I'll be in Milan tomorrow morning (it is now 5:00 p.m.) and I want to see buyers of carbon monotheophosphate—you know, manufacturers and importers. Sorry, I only have the one day, but I don't mind an early start. Oh, by the way, I'll have to see English-speaking people only. Fix it up and call me back, will you please?"

Apart from the imaginary product, this literally does happen, not often, but variations on this theme do occur frequently enough to lead us to believe that not all business visitors get good value from their travel time and dollars.

Several good sources offer guidance in planning your trip. For example a visit to the Italian Trade Commissioner in Montreal, Toronto, Ottawa, Winnipeg, or Vancouver is always profitable. Al-

though his business is to sell Italy to Canada, his library of trade periodicals, business directories, statistics and tourist information can give a good general orientation to your plans.

Your agent, customers or suppliers in Italy should be informed about your plans at an early stage and their advice solicited. If you have close connections, this may be all that is needed. If not, the Commercial Counsellor's office in Rome, given reasonable notice, can and will gladly have a quick look at the market for your product, suggest contacts for you to make (either in advance or when you reach Italy) and can set up appointments for you.

Do, however, give us sufficient information about your product, its uses, its c.i.f. price, your export history, and in particular, any previous contacts or sales you have made in Italy. Give us time to look at the market situation and report back to you before you take off.

Give yourself enough time. Europe, and individual countries on the Continent, look small on the map. The cities are big and congested, however, airlines and trains are crowded, hotels are full, and all these factors mean more time on the ground. Leave spare time, if you can, to call on extra potential or actual customers, and to get the feel of the market through spontaneous calls, if you finish your day early.

Travel People Will Help

Travel agents, airlines and steamship companies can give you valid



Typical of the large corporations in Italy is Montecatini, outstanding in the chemical and textile fields. This picture shows the company's large office building in Milan.

travel tips. Canadian Pacific Air Lines has a direct flight to Rome, TCA has a convenient service, and both have permanent offices in the Eternal City. Your travel agent will arrange hotel accommodation, but if you are caught short we will be glad to help, or your airline will book you a good room on arrival.

You need a valid passport and your inoculations should, as a routine precaution, be brought up-to-date. Although Italy does not demand smallpox immunization, you will need this to get back into Canada. No visa is required.

Climate and Holidays

You won't go far wrong wearing the same clothes you would in Canada at the same season. Snow is rare in the big cities, but it can be biting cold in winter. Summers are very hot and tropical-weight suits are a must. Spring comes earlier and winter later, but otherwise the clothing you would wear elsewhere in Europe will be perfectly suitable.

There are many holidays in Italy that will surprise the unwary visitor in addition to the normal holidays we celebrate, and the height of summer—from mid-July to the end of August—should be avoided if possible. The main business holidays are:

January 8	—Epiphany
March 19	—St. Joseph
April 25	—Italian Liberation Day
May 1	—Labour Day
June 2	—Proclamation of the Italian Republic
June 29	—St. Peter's and Paul
August 15	—Assumption Day (Ferragosto)
November 1	—All Saints Day
November 4	—Remembrance Day (World War I)
December 8	—Immaculate Conception
Corpus Christi and Ascension Day, the dates dependent on that of Easter.	

There are no traps for the unwary at Italian points of entry. You may be asked to declare the amount of currency you are carrying but otherwise you will have no trouble. Your ordinary travelling kit will be quickly passed through Customs and

samples which are clearly without commercial value enter duty-free.

Rome Is Not Italy

You will probably find (preferably before you arrive) that to do your business you must visit Northern Italy; almost certainly you should include Milan, the main commercial centre, in your itinerary. Pending the opening of a Trade Office in that city, advance arrangements can be made for you by the Commercial Counsellor's office in Rome. It takes time, however, and you should allow for this. There are, as well, many business organizations which can guide you in Milan or other centres away from Rome: local Chambers of Commerce, business development officers of banks, the British Chambers of Commerce in Italy, will all help you make appointments with suitable firms. If you are on a buying trip, the Italian Institute for Foreign Trade (ICE) has impressive facilities to put you in touch with the right firms.

Hotel and Travel

Do stay at a good hotel which is used to dealing with overseas visitors. The hall porter and the switchboard operator at the better inns speak English and French, and can help you to confirm appointments, get taxis, and fill your leisure hours. Although public sanitation is excellent, avoid over-rich foods and drink only bottled water during a quick visit. Check the voltage before using your electric razor: it may be 125, 165 or 220, depending on the area.

Tipping is usually voluntary because up to 18 per cent is added to your bill in hotels and restaurants for service and taxes. It is customary to leave a little extra, to give the taxi driver 10 per cent plus, and to reward hotel porters and hall porters for services rendered directly.

Because of intense traffic and widespread business areas, you will need to allow up to 30 minutes between calls, sometimes more if you are going out of the centre of town. Appointments can be leisurely

and the caller often has to wait on arrival at the address. For these reasons, most overseas visitors find that four calls per day are the maximum they can make, especially in Rome or Naples. Business hours vary, but in general the lunch hour is much longer, and the afternoon may stretch to seven or even eight o'clock, beginning at 4 or 5 p.m., especially in the hot months.

Your businessman may speak English or French; however, it is essential to determine his languages in advance. If an interpreter is needed, the hotel porter can arrange for one or the local office of CIT, the Government Travel Bureau, can provide someone. In Rome, the Commercial Counsellor's office is usually able to help.

Almost all Canadians enjoy their visits to Italy. Local businessmen are generally keen and interested in new contacts, hotels and travel are comfortable, and the cities are, of course, extremely interesting with their wealth of museums, monuments, and other relics of centuries of civilization. A visit should be a rewarding experience and there is no better way to form new contacts or to cement established ones.

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.



The work accomplished by the land reform movement in the last ten years is best illustrated by the new villages built for farm workers in the south. This one is in an area made arable by irrigation projects for the first time in many centuries.

Italian Agriculture Goes Modern

Remarkable industrial progress is luring farm workers to city, quickening trend towards mechanization, other modern practices in agriculture. Some foods, especially meats, must be imported to fill demand, as economy becomes more highly industrialized.

M. S. STRONG, *Commercial Counsellor, Rome.*

ITALIAN agriculture is now passing through a transformation similar to that in England during the 19th century and in other European countries later.

The wave of prosperity that has rolled over the country—commonly known as the “Italian miracle”—has brought impressive growth in industry, the development of new

industrial areas, and an appreciable increase in services. Consequently there has been a great exodus of farm workers to the industrial centres. The percentage of the Italian working population engaged in agriculture has dropped from 49 to 27 in the last 25 years. In the past ten years the flow of rural workers to the towns has rapidly

increased, particularly among the younger workers who are better able to adjust themselves to different occupations. Numbers of valuable skilled workers, milkers, mechanics and experts have left areas such as the lower Lombard plain where agriculture is intensive and technically advanced. In central Italy many farms run on a share-tenancy basis have been abandoned, although living and working conditions on them were comparatively good.

Crop Production Affected

Although shortage of farm labour has had little effect on the output of wheat and grains, a more mechanized sector of agriculture, in other sectors it has caused considerable concern and has brought a decline in production.

Vineyards, which absorb a large amount of labour over the year and were once regarded as an essential form of agriculture, are finding it extremely difficult to obtain families to cultivate farms or holdings where the vines are dense. Even in traditional and specialized areas such as Piedmont and Tuscany, it is only possible partially to overcome this difficulty in vineyards where rows are sufficiently wide to allow machines to be used.

Rice is another typical crop calling for a large labour force. Up to a few years ago 160,000 people were needed for about two months for rice-cleaning operations. Today there are only 40,000 rice cleaners and acreage has had to be cut because of manpower shortage. Experiments are being carried out with mechanical weeders and spraying from planes and helicopters is being used. The cultivation of tobacco, tomatoes, potatoes, silk, hemp and other crops is now facing similar problems.

Sugar beets, which produced a worrying surplus of sugar only two or three years ago, are now no problem. Shortage of manpower has automatically reduced the area sown from 305,000 hectares in

1959 to 210,000 hectares in 1962. Italy now has no sugar surplus and may well have to import sugar in the near future.

Because of the shortage of farm labour in recent years, mechanization has made rapid strides; the number of tractors in use has risen from 40,000 before World War II to 300,000 today. The hope is that, with further mechanization, the cultivation of wheat in southern Italy may acquire a new economic basis as the result of setting up medium-sized specialized grain farms, although these may not have high yields per unit.

Land Reform Nears Completion

The land reform carried out in the past ten years, now practically completed, has achieved important results in most of the areas where land was expropriated, and especially where agriculture was formerly primitive and confined to wheat growing and sheep grazing.

Two thirds of the land expropriated—approximately 500,000 hectares—has been developed successfully by wiping out the old system of excessively large properties. Peasant management has been introduced, with farms run by their owners, who receive ample technical assistance and a sufficient amount

of machinery. Centres for the collection of produce have been set up, plus 650 co-operatives and a number of new villages. Seven or eight times the former number of people have been settled on this land and production has risen sharply. In other areas—approximately 250,000 hectares—results have been less striking, but even if they are not spectacular, the building of roads, villages, etc., has nevertheless aided agriculture in these areas.

Italian Agriculture and EEC

The application of the Rome Treaty to agriculture is conditional on the adoption of a common agricultural policy which, in its essential form, has been accepted by the EEC's Council of Ministers. The first market regulations became operative July 1, 1962. The policy and marketing principles, however, will only give birth to a true Common Market after eight years. Features of this market as they will affect Italy are not yet clear. Of particular interest and of major importance to Italy is whether the prices for cereals will be closer to the highest or lowest points. In view of this and the question of the extent to which Italy will be able to expand its market for agricultural products

in the other EEC countries, the effect of the Common Market on Italian agriculture cannot be forecast.

At present Italy imports large quantities of meat and meat products, because of the improved standard of living of the Italian people. In fact, its imports of these products are today higher than West Germany's. It is expected to be years before the livestock industry will be developed sufficiently to meet increasing consumer demand. At the present time, Italy's typical exports (mainly fruit and vegetables, wine, rice and the products of agrarian and allied industries) only partly make up for the gap in the meat sector. Consequently Italy's foreign trade in farm products is acquiring more and more the characteristics of countries with a comparatively high industrial output.

The crisis through which Italian agriculture is passing is expected to bring about the strengthening and modernization of this industry and to lead to the development of enterprises best suited to a modern economy. It will also, the Italians hope, stimulate farm operators to take decisive steps in the direction of modern technical and management methods, without which no progress is possible. ●



What's Current in Commodities—in Italy

Foods and Food Products—Italians are both selling foods to and buying them from foreign countries, but imports are rising faster than exports. Market for meat, canned and frozen foods and prepared food products should increase; Canadians should exploit opportunities along these lines.

M. S. STRONG, *Commercial Counsellor, Rome.*

THE Italians are coming to depend more and more on imports for their food requirements. During the past decade, Italian imports of foodstuffs, raw materials for their production, and livestock accounted on an average for roughly 18 per cent of total imports, increasing at much the same rate as Italian imports as a whole. But compared with Italy's agricultural production, the progress of which is slow, the rise in imports is sensational. In 1938 imports of foodstuffs accounted for only 3.4

per cent of the value of the Italian gross national production of agriculture and fisheries products. This rose to 6.5 per cent in 1954 and 12.2 per cent in 1962.

Effect of EEC

As Italy proceeds along the road to European economic integration, the disappearance of the laws protecting agriculture will become unavoidable. This will lead to a trend toward giving up a number of basic forms of production, such as grain

growing and animal husbandry, because in these sectors the growing cost of labour cannot be offset by a modest degree of mechanization. These basic foodstuffs play a more important rôle in the Italian diet than do fruit and vegetables, for which prospects are much better. The consequence is bound to be a constant expansion of imports of foodstuffs. In fact, it is expected that this expansion will exceed that of Italian food exports. The development of exports of fruit and vegetables and their byproducts will depend on the rate of increase in production and the speed with which other EEC countries lower their customs barriers and do away with import quotas. However, rising costs of transportation, which considerably restrict the circle of potential

TABLE I
PRINCIPAL ITALIAN FOOD, DRINK AND TOBACCO IMPORTS AND EXPORTS

	1951	1959	1960	1961
	(billions of lire)			
Imports				
Cereals	101.4	54.3	112.8	192.3
Groceries	48.1	73.0	69.7	70.3
Live animals and meat	37.9	98.4	125.4	71.4
Fresh and processed fish	21.0	35.6	39.9	40.4
Milk, butter and cheese	16.9	22.0	32.0	26.3
Eggs	5.0	21.4	25.6	27.6
Edible oils and fats	33.7	54.6	84.4	78.6
Other products	16.3	44.5	57.0	61.9
Total	280.3	403.8	546.8	568.8
Exports				
Fresh and dried vegetables and pulse	21.6	39.7	44.6	40.0
Citrus and other fruit	75.3	138.2	154.0	184.1
Fruit and vegetable preserves and juices	28.5	31.1	42.2	48.4
Rice	23.2	12.6	10.3	15.7
Cheese	9.3	15.0	18.2	17.3
Oil (olive)	4.4	5.0	4.6	6.1
Wine and vermouth	12.0	24.3	26.8	28.8
Packed meats	6.5	5.9	7.9	8.3
Confectionery articles	1.0	8.8	7.9	11.4
Raw tobacco	3.9	7.8	9.5	11.2
Other products	16.8	15.6	18.8	19.7
Total	202.5	304.0	344.8	391.0

TABLE II
ITALIAN FOOD, DRINK, AND TOBACCO IMPORTS AND EXPORTS BY SOURCE AND DESTINATION

Imports from:	1959	1960	1961
	(per cent of total)		
EEC	16.8	15.9	15.0
EFTA	19.0	15.2	10.4
Spain, Greece and Turkey	2.7	9.5	7.7
OECD Total	38.5	40.6	33.1
United States and Canada	7.6	8.7	17.5
Overseas sterling area	8.2	6.5	9.9
Eastern Europe and Communist China	5.5	7.4	8.2
Latin America	22.1	21.3	18.1
Other countries	18.1	15.5	13.2
Total	100.0	100.0	100.0
Exports to:			
EEC	41.5	44.3	45.9
EFTA	34.1	31.6	30.3
Spain, Greece and Turkey	0.4	0.3	0.4
OECD Total	76.0	76.2	76.6
United States and Canada	9.6	9.9	9.8
Overseas sterling area	3.2	3.4	3.0
Eastern Europe and Communist China	2.2	2.5	3.7
Latin America	1.7	1.3	1.0
Other countries	7.3	6.7	5.9
Total	100.0	100.0	100.0

TABLE III
MAIN ITALIAN FOOD EXPORTS TO CANADA

	1960	1961	Jan.-June	
			1961	1962
	(Can.\$'000)			
Cherries sulphured or in brine	909	1,278	368	935
Fruit rinds	77	77	44	53
Cheese	1,799	1,999	738	799
Fruit juices, concentrated and otherwise	19	45	19	28
Olive oil	470	581	170	149
Nuts, shelled and unshelled	476	709	410	158
Tomatoes, canned	830	1,603	253	329
Tomato paste, canned	1,042	1,130	264	710
Rice	941	573	335	53
Macaroni, etc.	67	32	11	26
Chocolate and cocoa products	327	476	184	147
Essences and extracts	27	44	14	10
Total	6,984	8,547	2,810	3,397

TABLE IV
MAIN CANADIAN FOOD EXPORTS TO ITALY

	1960	1961	Jan.-June	
			1961	1962
	(Can.\$'000)			
Wheat and grains	12,889	13,204	8,847	3,988
Fish, salted	929	890	164	39
Fish, frozen	11	14	3	.....
Fish, canned	191	242	55	85
Milk powder	387	1,350	247	442
Eggs, whole and albumen	344	181	.....	29
Potatoes	.....	12	14	907
Oil seeds	3,882	3,905	3,580	6,606
Pork and other meat (canned)	355	192	181	16
Pork, frozen	108	.....	.....	.....
Total	19,096	19,990	13,091	12,112

customers, is a serious hindrance to the expansion of these exports.

Fair progress has been made in stepping up agricultural exports but at a rate that is certainly not comparable with that of imports. In 1938 agricultural food exports accounted for 33.8 per cent of total Italian exports, as compared with approximately 15 per cent in 1961. For the past five years the balance of trade in food products has been in deficit and this reached 177 billion lire in 1961.

Italy's main food imports, as shown in Table I, are wheat and grains, meat and animals for slaughter (including hogs), fish, eggs, dairy products, animal and vegetable oils and oil seeds. Of chief importance under the heading of groceries

are bananas, coffee and cocoa beans. A large number of other specialty products—such as canned foods, prepared cereals, etc.—are also imported and this trend is expected to continue. Constantly rising standards of living and the growing difficulty of obtaining domestic help are changing eating habits in Italy. As a result, more prepared foods are being consumed, with sales stimulated by the increasing number of supermarkets.

Markets and Suppliers

As Table II shows, over a third of Italy's food imports are from other countries of Europe and three quarters of her exports go to that area. Imports from Canada and the United States fluctuate, depending

on her need for wheat and grain. Italian exports of food products to these countries, however, have remained fairly constant since 1958.

Tables III and IV show the main food products exported to and imported from Italy by Canada. When wheat and oil seeds are excluded from the Canadian statistics, the trade in main foodstuffs between the two countries is almost in balance.

Sales Outlook

If, as expected, Italy's affiliation with the Common Market results in a cutback in acreage sown to wheat, the market in Italy for wheat will increase in the next few years. The rise in demand for meat has resulted from the rapid increase in average per capita income. Although the livestock industry could expand, it would call for continuing the present protective measures, import restrictions, and above all the defence of prices through the present "system of minimum prices" (when the prices of certain kinds of meat fall below a minimum, import restrictions are imposed until prices are re-established at a higher level). No doubt under the EEC common agricultural policy, these protective measures will also disappear in time and Italy will become increasingly dependent on imports of meat.

As eating habits change and there are more supermarkets, the demand for more canned and frozen food and prepared food products will rise. Canadian exporters should be able to participate in this increasing market for foodstuffs. A new law being prepared now by the Italian authorities governs ingredients that can be included in prepared foodstuffs and the marking of cans and packages and will possibly come into force at the end of 1963.

Canadian exporters would be well advised to obtain full information on this from their agents in Italy, the Canadian Commercial Counsellor, Rome, or the Department of Trade and Commerce, Ottawa. ●

Seed and Table Potatoes—Good market for seed potatoes, if shippers comply strictly with regulations; improved opportunities for table stock, following the severe 1962-63 winter.

M. S. STRONG, *Commercial Counsellor, Rome.*

ITALY usually exports potatoes, but in recent years has had to import considerable quantities to provide for local consumption, supply export markets, and improve the quality of seed. Canada has obtained a share of this trade (see Table I); in 1962, Canadian sales totalled 25,730 metric tons and shipments are continuing to arrive in substantial quantities this year.

Potatoes have become one of Italy's most valuable crops, though they are some way behind wheat. In 1960, the marketable potato crop was valued at an estimated 77.8 billion lire, compared with 68.1 billion for maize, 66.9 billion for tomatoes, and 39 billion for rice. Production is lower than in some European countries where acreage is larger but is greater than

in Belgium-Luxemburg and almost equal to that in Holland.

Since the war, the area sown to potatoes in Italy has decreased from 418,600 hectares in 1947 to 377,130 in 1962. But the yield per hectare has increased appreciably and production has risen steadily from 1952 to 1961, when it reached 3.9 million metric tons. Because of the long dry spell in the summer of 1962, production fell approximately 9.5 per cent to 3.5 million metric tons, the smallest crop since 1957.

The main varieties grown are Entraque, Quarantina di Chioggia, Bianca di Como, Primaticcia di Pisa, Tonda di Napoli, and Bianca di Pistoia. Foreign varieties grown are Kennebec, Sirtema, Sieglinde, Berlin Round, Bintje, Ackersegen, and Eigenheimer. With the exception of Kennebec, most of these varieties come from the Netherlands and Germany.

Consumption

Per capita consumption of potatoes in Italy, at 47 kilos per year, is far lower than in other countries of central and northern Europe where the average is 100 kilos, with peaks of 180 in Ireland, 150 in Germany, and 100 in France. It is expected that, with greater prosperity in Italy, potato consumption will go up, especially in the north and in mountainous districts where the climate calls for a higher calorie intake. Approximately two thirds of the national potato production is sold for human consumption (the yellow-fleshed varieties are preferred), about 600,000 metric tons are used annually as seed, 300,000 tons as animal feeds, and a small quantity for starch. The remainder is exported.

Seed Potatoes

In normal years, about 50 per cent of Italy's potato imports are used for seed. Under special decree, 60,000 metric tons of seed potatoes from EEC countries and 8,500 tons from third countries may be imported annually duty-free. Large

TABLE I
ITALIAN TRADE IN POTATOES

Country of Origin or Destination	Imports		Exports	
	Jan.-Dec. 1961	Jan.-June 1962	Jan.-Dec. 1961	Jan.-Dec. 1962
	(metric tons)			
Austria	11,944	.....	11,519	6,422
France	27,168	6,404	.....	.....
Netherlands	28,095	10,093	.....	.....
West Germany	8,939	.....	119,201	91,501
Britain	.....	.....	16,320	61,262
Switzerland	49,751	9,879	.....	7,526
Yugoslavia	14,904	.....	.....	.....
Canada	.....	25,730	.....	.....
Belgium-Luxemburg	.....	.....	.....	10,021
Others	29,844	18,942	30,102	20,845
Total	170,645	71,048	177,142	197,127
Total, Jan.-Dec. 1960	80,504	.....	229,681	.....
Total, Jan.-June 1961	.....	78,647	.....	148,720

TABLE II
DUTIES ON IMPORTS OF POTATOES INTO ITALY

Tariff Item 07.01—A—III	EEC Countries	Third countries
Other potatoes:		
a) for the manufacture of starch (1) (1) subject to compliance with rules and conditions to be stipulated by the Ministry of Finance	Free	2.70 per cent
b) Not specified:		
1. for the manufacture of dextrin and glucose (1)	Free	5.40 per cent
2. Other	8.10 per cent	14.50 per cent
Including 10 per cent temporary reduction as of August 28, 1962.		
Plus:		
a) Stat. Amm.	0.50 per cent	
*b) I.G.E.	2.30 " "	
*c) Imp. Conguaglio	2.00 " "	

*(b) and (c) on c.i.f. plus duty-paid value of imported items.

quantities of these are used by the "Potato Multiplying Centres"; there are 27 now in the Alpine and Apennine districts. These centres are usually run by agrarian consortiums, seed-production agencies, or co-operatives set up for the purpose. In 1959, 2,616 hectares were planted for seed (the latest figures available) and produced 43,900 metric tons of seed compared with 25,700 in 1954. Cultivation is concentrated on original foreign or first Italian reproduction tubers, mainly Berlin Round, Majestic and Kennebec. Only Kennebec and Katadhin may be imported under the present duty-free quota.

A regulation of the Italian Ministry of Agriculture prohibits the cutting of potatoes for seed. Consequently importers prefer potatoes not more than 160 grams in weight and 55 millimetres in diameter.

Government Regulations

Seed Potatoes—All shipments of seed potatoes must be accompanied by a Canadian Department of Agriculture certificate stating that they are free from various diseases and viruses. They must be shipped in original bags or cases sealed with a lead seal by the controlling services of the country of origin and bear a tag indicating the variety, the genetic classification, and the name and address of the foreign grower. Importers like a similar tag enclosed in the bag.

Table Potatoes—All shipments of table potatoes to Italy also require a certificate of freedom from certain diseases but do not require lead seals.

Exporters are advised to obtain complete regulations from the Canada Department of Agriculture or the Agriculture and Fisheries Branch of the Department of Trade and Commerce.

Duties on imports of potatoes into Italy (with the exception of the 68,500 ton duty-free quota for seed potatoes) are listed in Table II.

In 1961, when Italy had a near record crop of potatoes, imports totalled 170,645 metric tons. The 1962 crop, which was adversely affected by a long dry summer, was 9.5 per cent below that of the previous year. Imports, at 209,916 metric tons, were 18.7 per cent above the previous year.

Outlook for Sales

The 1962-1963 winter brought the coldest weather in forty years. As a result, many other Italian vegetable crops have been damaged by frost and prices have sky-rocketed. Consequently, it is expected that imports of potatoes, particularly table stock, in the period January-June 1963 will be substantially higher than in previous years.

National production of potatoes will probably not increase to any great extent. The exodus of farm laborers from the rural areas to the industrial centres is causing producers some concern. In addition it is expected that, with the higher standard of living in Italy, consumption of potatoes will rise. It would therefore appear that Italy, although still maintaining its export trade in potatoes, will become more and more important as a market for supplies from other countries. Canadian exporters can continue to obtain a share of this business, but it cannot be emphasized too strongly that they must comply with all regulations on the import of potatoes into Italy. This is particularly important for seed potatoes. ●

Fisheries Products—Domestic production declined last year and imports, particularly fresh fish, are rising. Italians look to Canada mainly for salt cod, canned salmon, and some frozen salmon. Close attention to quality of salt cod, good supplies of chums needed, if our sales are to increase in the future.

M. S. STRONG, *Commercial Counsellor, Rome.*

THE Italian fisheries make only a modest contribution to the national income. In 1961 the total catch of all species reached 212,683 metric tons and was valued at approximately U.S.\$97.1 million (0.23 per cent of the gross national product of U.S.\$41.5 billion). About 0.7 per cent of the total labour force is actually engaged in the fishing industry, afloat and ashore.

Mediterranean fisheries are carried out mainly from scattered small ports along the coast of Italy, in coastal waters. The fishing grounds of the Tuscan Archipelago, the Sicilian Channel and the central and northern regions of the Adriatic are the most productive. Since World War II, however, Italian fisheries in the Adriatic have been restricted by

agreements with neighbouring countries. Italian deep-sea fishing ships operate mainly in the North Atlantic and off the coast of Mauretania.

Composition of Fleet

In 1961 the Italian fishing fleet was made up of 45,915 units totaling 167,665 gross tons. There is a trend towards using larger craft with a longer range, (see Table I), and some of these have refrigerated space. Of chief importance in ocean fisheries is the Genepesca Company which has two modern plants at Leghorn and Formia. This firm at present owns seven trawlers (two of which fish in the North Atlantic) and has three more stern trawlers on order.

The Italian Government makes loans available to assist inshore and medium-distance fishermen to buy boats, motors, nets and other fishing gear. Ocean fisheries do not receive this help. Loans at 2 per cent interest are granted from a special fund set up in 1956 which will be available until 1970. The upper limit of these loans is 10 million lire and if any loan is over 1 million, it runs for not more than 10 years; under 1 million, for three to five years. A mortgage is taken on the vessel and its equipment.

Production Declining

Italian fish production, which rose to an all-time high of 212,682 metric tons in 1961, does not appear to have been as large last year. During the first nine months of 1962 it reached 149,000 metric tons, over 10 per cent less than in the similar period of 1961. Stormy weather and strong winds in the last three months of the year affected it adversely during that quarter.

Roughly 35 per cent of the total annual catch of salt water fish consists of pelagic species, 45 per cent of demersal fish, and the remainder of shellfish, molluscs and other Mediterranean species for which no breakdown is available.

Imports and Sources

The pattern of fish imports during the past decade has changed little; the main difference is the larger imports of fresh fish. A good percentage of this is tuna destined for the canning plants.

The principal suppliers of fresh fish are Japan, Norway and Denmark. Salt cod is imported chiefly from Denmark, France, Iceland, Norway, West Germany, and Canada.

Imports from Canada are confined to salt cod, canned salmon and some frozen salmon. Salt cod exports from Canada have declined in recent years because of insufficient production of the particular cure preferred in some parts of Italy.

TABLE I
ITALIAN FISHING FLEET

	1959		1960		1961	
	No.	Gross tons	No.	Gross tons	No.	Gross tons
Motor trawlers	3,337	79,893	3,470	90,006	3,615	94,795
Motor boats	9,584	29,337	10,638	30,983	11,422	32,387
Sail and row boats	31,861	46,540	31,119	41,797	30,878	40,483
Total	44,782	155,770	45,227	162,786	45,915	167,665

TABLE II
ITALIAN FISH IMPORTS

	1960	1961	Jan.-Oct.	Jan.-Oct.
			1961	1962
(metric tons)				
Fresh and Frozen Fish	66,076	64,516	52,890	56,483
Fish, Salted, Dried or Smoked in hermetically sealed containers	9,038	6,972	5,288	8,862
Herring	2,796	2,220	1,016	343
Salted cod	40,593	47,863	34,045	30,393
Stockfish	8,176	7,676	5,587	6,285
Pilchards	455	288	332	185
Anchovies and sardines	1,572	3,253	2,896	419
Molluscs, crustaceans and testaceans	6,377	5,901	4,771	5,200
Canned Fish				
Anchovies and sardines	8,856	9,051	7,386	6,320
Salmon	848	671	558	668
Tuna	8,829	6,322	4,952	6,330
Other canned fish	8,482	6,213	5,305	9,666
Total	162,098	160,946	125,026	131,154

During the past two years, Canada has ranked third as a supplier of canned salmon, after the U.S.S.R. and Japan. Shortage of chums, Italy's main purchase, and relatively higher prices have contributed to this decrease in Canadian sales.

Distribution and Consumption

Fresh fish is consumed chiefly in coastal areas and in the larger cities. Each large city has a municipal market where the fish is sold at wholesale. With the exception of the Genepesca chain of about 150 retail shops and 70 freezing cabinets in specialized shops, most of the fresh and frozen fish is sold in small fish shops and in open markets. Salt cod and stockfish are consumed chiefly in the country districts where there is little or no refrigeration.

Consumption of fish has gone up sharply in recent years. According to Italian statistics, recently released, it has risen from 6.07 kilos

per capita per year in 1959 to 7.50 kilos in 1962. A higher standard of living, the rising cost of meat, and better distribution facilities have apparently contributed to this increase.

The next few years are unlikely to bring any marked increase in Italian Mediterranean fisheries. Some assistance may be given in future, however, to distant-water vessels because of the declining returns of groundfish. Should this happen, Italy will probably participate more actively in Atlantic fisheries. In the meantime, imports of fresh and frozen fish will continue to increase.

Improving distribution and more retail outlets with refrigeration, as in the ever increasing number of supermarkets, will do much to stimulate consumption.

Canada will undoubtedly continue to share in the market for

salt cod, but much greater attention will have to be paid to quality. Dried salted cod imported from France, Spain and Norway is continually improving in quality and although it is not up to the standard of the Canadian hard dried light

salted cod preferred in many parts of Italy, it costs much less and is gaining in popularity.

Consumption of canned salmon has declined in recent years, chiefly because of more sales of canned tuna. The Canadian product is pre-

ferred to the Russian or Japanese and if there are adequate supplies of chum and prices are in line with those of other producing countries, there seems to be no reason why Canada should not regain its position as chief supplier. ●

Timber—spruce logs and undressed lumber, Douglas fir and hemlock dressed lumber should sell well, if offers meet Italian specifications, prices are right.

W. J. JENKINS, *Commercial Secretary, Rome.*

ITALY'S timber imports exceeded, it is estimated, two billion board feet last year. This growing demand, plus freedom from import restrictions and an interest in Canadian woods among Italian importers, means that you should find a market here. But to succeed, you must either supply the specifications that Italian users want, or convince them to accept yours. You may prefer the latter, but the former is probably easier. A number of Italian importers and agents are looking for Canadian sources of supply of spruce, hemlock and Douglas fir. The following paragraphs outline their requirements.

What Market Wants

Softwood—The greatest demand is for spruce logs and undressed lumber, and Douglas fir and hemlock dressed lumber. Spruce is extensively used in construction, particularly for forms. Douglas fir and hemlock generally end up as doors, door frames, windows and shutters.

The spruce logs should be 13 feet (4 metres) long, and at least 7 inches in diameter at the narrow end. Spruce lumber must also be 13 feet long. Purchase orders frequently specify that 80 per cent of the contract is to be 4 metres long, with the remainder 4.5, 5 or 6 metres. There is some demand for small lengths ranging from 1 to 3

metres. Because the undressed lumber is used for forms, it cannot be roughly sawn nor can the thickness vary. For hemlock and Douglas fir the length is of secondary importance and 15 foot boards are acceptable.

Hardwood—Italian hardwood imports total about 600 million board feet a year, half of which is tropical woods from Africa and Asia. Austria, Yugoslavia and Rumania are the principal suppliers of beech and oak. Italy has a large furniture industry.

Plywood—Italy only imports about 2,000 tons of plywood annually, largely from Yugoslavia, and exports approximately six times that amount. Domestic production in 1961 was 125 million board feet.

Veneers—Italy imports roughly 5,500 tons of veneer annually, largely from Yugoslavia, and exports about 4,500 tons.

Railroad ties—Imports of railroad ties exceed 10 million board feet a year. Again Yugoslavia commands the market, supplying about 80 per cent of the imports.

Import Controls and Taxes

Timber and timber products do not require import licences and foreign exchange is freely available for their import. The only quotas

are those applied by treaty to timber originating behind the Iron Curtain. Those quotas exceed demand and importers generally are not concerned about them.

The tariff items for lumber and plywood cover several pages of the Italian Customs Tariff. But in brief, the import duties range from 4 per cent for logs to 18 per cent for plywood. Undressed lumber pays only slightly more than logs, but the import taxes on dressed lumber are markedly higher. The duties are levied on the c.i.f. value.

Business Channels

Orders are either placed by distributors who order for their own account, or brokers. The broker's commission is generally 2 per cent, with an additional 3 per cent if broker guarantees payment (up to a maximum of 80 per cent of the order). The Commercial Division of the Canadian Embassy in Rome can put you in touch with several reliable importers and brokers who wish Canadian connections.

Italian buyers prefer offers c.i.f. Italian port in Italian lire or U.S. dollars. Although timber dimensions can be in inches and feet, the quotations should be per cubic meter. Credit is not essential for trade but some suppliers offer it. Finnish firms sometimes agree to 50 per cent against documents and the remainder after 60 days. Dealings with the Austrian firms are apparently based on trust. An Austrian supplier shipping to an old client would ship by rail and would expect payment in 30 to 60 days. Although metal, glass and marble are replacing wood in some applica-

tions, total consumption of lumber is undoubtedly growing, in step with Italy's remarkable growth in recent years. Per capita consumption of timber is very low, 80 cubic metres per 1,000 inhabitants, compared with 209 cubic metres per 1,000 inhabitants within the European Economic Community as a whole. So there is room for growth.

Market Outlook

Italian forests probably do not cover more than 14 million acres and only a quarter are coniferous. Depletion and increased government restrictions on cutting have caused production to drop 20 per cent in five years. Total production is around 1.3 billion board feet.

Imports have probably increased 50 per cent since 1959. During this period there was a greater growth in demand for logs, particularly hardwood, than lumber. One does not have to be an optimist to predict that Italy's foreign timber purchases will continue to expand.

Competition

Competition is severe. Italy's traditional supplier of spruce, Austria, is reportedly having some difficulty providing the quantities needed. But if one competitor is easing off, another is strengthening its efforts to sell. The Soviet Union is making a determined effort to reach the quotas permitted by the Italian-U.S.S.R. trade treaty. These quotas are 300,000 cubic metres of logs and 300,000 cubic metres of lumber in 1963, and 350,000 cubic metres of logs and lumber respectively in 1964 and 1965. She has recently appointed several new representatives in Italy, and has lowered her price for spruce lumber from 24,000 lire per cubic meter to 22,200 Italian lire per cubic meter f.o.b. Red Sea port.

There is no doubt, however, that Canadian woods interest Italian importers. There are sales to be made, if Canadian suppliers can meet the competition and if they can agree with buyers in Italy on price and specifications. ●

How Government

The Italian Government's direct participation in business has come about for a variety of reasons. It is now a vital aspect of economic policy and important in an understanding of the economic structure.

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

ESTIMATES of the proportion of Italian business which is government-controlled range up to 40 per cent of the total production of goods and services. It is possible to arrive in Italy on a state-built ship run by a state-owned steamship line, obtain lire at a publicly-owned commercial bank to buy a state-produced car, and travel over much of the country staying in "crown corporation" motels (with reservations made by the government travel agency) burning state-produced gasoline in the car engine. You can do business in oil, steel, chemicals, engineering, textiles and many other products with companies controlled by the Italian Government and then leave by a publicly-owned airline. It is theoretically possible (although highly unlikely) to make your departure in a state-made light aircraft, puffing on a state-made cigarette.

A variety of circumstances and motives have led to the accumulation by the Government since 1933 of this industrial and trading empire, by far the largest in the country; there does not seem to have been at any time a deliberate policy of mass intervention in business. In some instances, notably during the depression of the thirties, it was a matter of relieving the banks of their holdings in private firms to restore liquidity to the banking system. In other instances, state participation was a matter of controlling utilities, of channelling investment into regions or specific industries, or simply for revenue purposes, such as the state tobacco monopoly. More recently, the great ENI oil and gas complex has been

built from a shaky oil company valued at around \$100,000 in 1946 into a vertically integrated empire earning today over \$10 million in annual after-tax profits.

Supervised by Ministry

A Ministry of State Participations was established in 1956, following a review by the Italian Government of public policy towards state partnership in business. The Ministry's functions are to co-ordinate the activities of publicly-owned enterprises (and those in which the State has a share) in such a way that their operations, and in particular their investment policies, reflect government economic and political policy. Apart from the railways, post office, arsenals and other enterprises which are (as in many countries) either government departments or equivalent to our Crown Corporations, the State exercises its rights in business enterprises mainly through two large holding companies: the Institute for the Reconstruction of Industry (IRI) and the National Hydrocarbons Agency (ENI).

Reconstruction of Industry

This holding company, IRI, was created by the Government in 1933 during the depths of the depression to purchase financial interests in Italian business enterprises from the Italian banks, which had in many cases controlling interests in these enterprises. These purchases were intended to increase the volume of financing available to the business community and also, because many of these companies were in difficulty, to reorganize and develop them before disposing of

Participates in Business

them on the market. At last count, IRI controls, or has substantial holdings in, more than 100 enterprises and these holdings are valued at nearly \$1.5 billion. These firms include some of the leading banks, the largest steelworks and shipyards, a car-maker, an international airline, several shipping companies, and a wide variety of other manufacturing and utility companies. A brief table of organization showing the main products and services of IRI is given below.

Holding Companies of IRI

STET—Operates Italy's urban telephone system through five main subsidiaries.

FINMARE—The Italian Line, Lloyd Triestino, and others have 62 per cent of the Italian passenger fleet and 9 per cent of dry-cargo ships.

FINCANTIERI—The seven main companies own 80 per cent of the country's shipyards.

FINSIDER—Nine main operating subsidiaries produced 90 per cent of Italy's cast iron (3.3 million tons in 1962), 55 per cent of the steel (5.5 million tons), and over 10 per cent of the concrete.

FINMECCANICA—Manufacturing subsidiaries produce automobiles, aircraft, machinery, railway equipment, electrical appliances, electronic apparatus, and many other products. In 1962, sales exceeded \$315 million.

FINELETTRICA—These companies produce 26 per cent of domestic power (18.1 billion kwh. in 1962).

Direct Subsidiaries of IRI

RAI/TV—Serves 9 million radio and 3.4 million TV subscribers.

ALITALIA—Flew over two million passengers in 1962.

BANKS—Four commercial banks hold 20 per cent of Italy's deposits; handle a large share of foreign transactions. Two credit institutions and an investment bank encourage development of depressed areas.

MOTORWAYS—Constructs and operates the network of toll superhighways.

MANUFACTURING COMPANIES—Produce paper, glass, fabrics, mercury and other products.

The IRI Group operates within the general framework of Italian business; it has no special privileges and competes directly with private

interests. In point of fact, private interests and private money contribute heavily to the financial structure of IRI: the Government "endowment fund" for IRI stands at lire 258 billion, or less than 30 per cent of assets at the end of 1961; the rest of the capital is made up of bonds and long-term loans. Private interests also hold substantial proportions of the share capital of four of the six main holding companies and of many of their individual subsidiaries. The Government's lire 258 billion is thus multiplied many times in its effect on the economy.

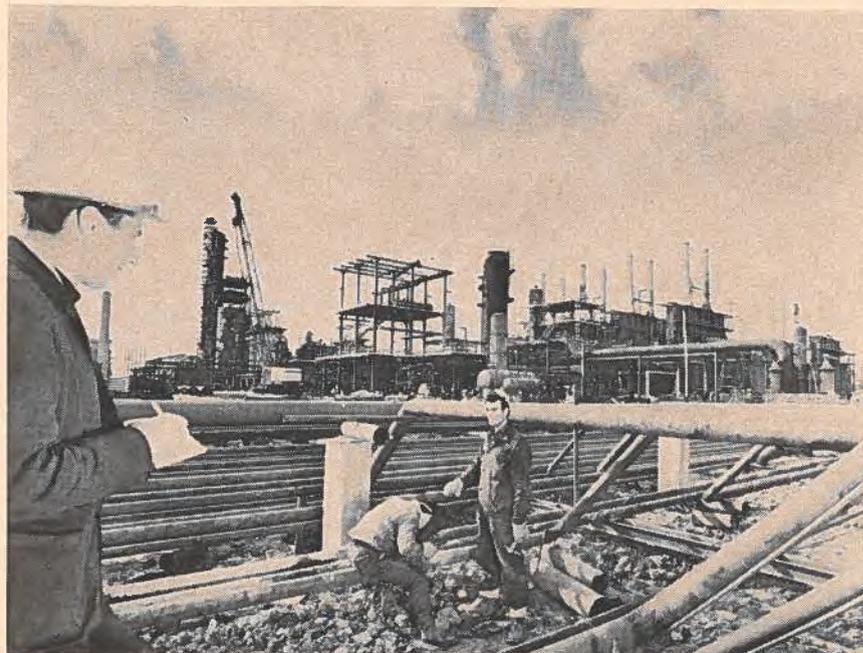
National Hydrocarbons Agency

Public ownership of oil companies goes back to 1926 when AGIP, now part of ENI, was established to explore for, refine and distribute petroleum products and to develop natural gas. Just after the war, a large gas field was discovered near Milan, followed by

several oil strikes in the early fifties. After a vivid debate on the philosophy of public ownership in this industry, ENI was set up by Act of Parliament in 1953 with exclusive development rights to most of the known oil and gas-bearing areas of Northern Italy. The Act also authorized ENI to refine, explore and market these products in competition with private industry. Existing government interests in the industry were transferred to the agency and in 1956 the group was given the task of exploiting atomic energy for electric power production.

The expansion from this modest beginning has in the last ten years been breathtaking. The group now controls 80 companies in Italy and abroad, does its own research, exploration and financing, owns a network of pipelines and a fleet of tankers, and operates a chain of service stations, many of which are associated with its own network of modern motels. Inter-connecting subsidiaries or associates manufacture oil and gas machinery and equipment, carry out consulting engineering work, and make a wide

This petroleum derivatives plant at Brindisi in southern Italy is owned by ANIC, which is responsible for petrochemical manufacturing and co-ordination of refining within ENI, one of the Italian Government's two main holding companies.



variety of petrochemical products, ranging from polyvinyl chloride through synthetic rubber and carbon black to fertilizers. The original \$50 million capital has been turned into assets estimated today at many times this value.

Like IRI, the agency operates through a number of holding companies, in which it has either the majority or the total shareholding; these in turn control groups of companies, not all wholly-owned, in the four main sectors of activity: exploration and production, refining and manufacturing, distribution, nuclear power.

Assist National Development

The control of these two enormous groups gives the Italian Government a powerful tool to assist in carrying out its plans for the continued industrialization and development of the country, particularly in Southern Italy, Sardinia and Sicily, areas where wholly private capital has hesitated to make substantial commitments because of

long-standing social and economic under-development. The lack of sufficient risk capital in the country as a whole, particularly in the immediate postwar years, has undoubtedly favoured the continued expansion of these public corporations.

Although they are operated as private corporations, the two groups' investment policies reflect these purposes. The basic directives of ENI include, for example, the following:

1. "To contribute through industrial and commercial enterprise of its own to the country's economic development, particularly in the South, eliminating wherever possible . . . economic stagnation."
2. Official policy takes the view that "the growth of an economic system does not come about through a type of automatic expansion . . . Close (public) interest in certain fields is essential, particularly those concerning loans and credit, in-

vestment trends, the location of manufacturing industries and the drafting of production plans, all of which . . . must be supervised, guided and promoted." One way that this policy is furthered is to require the public corporations to devote 40 per cent of new investment to Southern Italy.

Over the years there has been much criticism of the direct intervention of the State in fields within which private enterprise has traditionally held full sway. Italy has, however, been confronted with enormous social and economic problems since the war and indeed is still faced with them in large degree. State enterprises have without doubt made valuable contributions to the solution of the basic Italian problems of under-development and lack of risk capital. They are expected to continue to play their important part in Italy's expansion. Indeed, Italian integration into the Common Market may give them added importance on the business scene. ●

Business Notes from Italy

Antibiotics

Cyanamid-Italia has inaugurated two new plants at Catania (Sicily) to produce a wide range of antibiotics and an agricultural insecticide. This represents Sicily's first investment in the pharmaceutical field and the antibiotics produced should be sufficient to cover domestic demand.

Automobiles

A new assembly plant for FIAT cars is to be built in Portugal at Vendas Novas, near Lisbon. This plant, which will be under the management of the Portuguese FIAT company and controlled by the parent company in Turin, will provide an excellent shipping outlet for exports to the Americas.

Borates

Montecatini, one of Italy's leading industrial concerns in the chemical and mining fields, and the U.S. firm Minerals and Chemicals Philipp Corp. have formed the BORMED company. It is building a factory at Trieste to produce 100,000 tons of borates a year—

approximately one half of Europe's consumption of this product. The factory will be completed toward the end of 1964.

Cellulose Film

Olin-Mazzucchelli S.p.a., a new company formed by the U.S. company Olin-Mathieson Corporation and the Italian firm Mazzucchelli Celluloide, will shortly begin production of a novel type of cellulose film intended primarily for industrial packaging. Olin-Mathieson Chemical Corporation has been operating in Italy for a number of years through the Rome division of E. R. Squibb & Sons.

Chemicals

Italy's chemical industry has trebled its output over the last ten years. Its production of plastics and man-made fibres amounted to 25,000 tons in 1952, out of a total of 275,000 tons for all the EEC countries; of EEC production of 2,284,000 tons in 1962, 500,000 tons came from Italy, so that its participation in over-

all EEC production went up from 9.1 per cent to 21.9 per cent in the ten-year period. Last year Italy produced 90,000 tons of the EEC total of 288,000 tons of synthetic rubber and in 1961, 24.8 per cent of the Community's output of 172,900 tons of manmade fibres.

Electric Power

Electric power production totalled 62.7 billion kwh. in 1962 compared with 58.9 billion in 1961, an increase of 3.8 billion kwh., or 6.5 per cent. Hydroelectric production dropped by 6.8 per cent to 38.5 billion kwh. (41.3 billion in 1961) but thermoelectric production increased by 37.7 per cent to 24.1 billion kwh. (17.5 billion in 1961).

Power transmission lines of not less than 120 volts increased considerably in 1961, to 35,614 kilometres compared with 33,921 in 1960. Connection with the central power net of all centres having at least 200 inhabitants was completed that year and that of villages of from 100 to 200 inhabitants begun.

A bill has been passed by both Houses of Parliament instituting a government agency for Electric Power (Ente Nazionale per l'Energia Elettrica). It will be responsible for the production, export, import, transportation, transformation and distribution and sale of electric power throughout the country, and will take over all private organizations that are now carrying out such activities, and their properties. Industrial concerns producing electric power for their own consumption only, and small enterprises producing not more than 15 million kwh. a year, are exempted.

Glass

The Italian firm Vetrococo, an associate of Montecatini (leading Italian chemical and mining industrial company), and the Belgian group Claverbel have formed the Vetrobela company to make plate glass. The factory is being built in Trieste and will produce 12 million square metres of plate glass a year—equal to one third of Italy's requirements.

Motor Vehicles

In 1962, 55.35 per cent of total Italian exports of motor vehicles was absorbed by Common Market countries, with Germany in the lead, taking 37.18 per cent of the total. EFTA countries took 13.75 per cent, the Americas 10.51 per cent, and Asia 5.37 per cent. Italy's exports of motor vehicles in 1962 rose to 319,094 units compared with 245,039 in 1961.

Nuclear Power

Italy will have six nuclear power stations by 1970: the 200,000 kw. nuclear station at Latina will start operating in a few months, the Garigliano power station (160,000 kw.) will be completed before the end of 1963, and work on the one at Trino Vercellese, also 160,000 kw., is progressing.

The Comitato Nazionale per l'Energia Nucleare (Italian Committee for Nuclear Power) is studying a further program that would involve the construction of two or three plants, each with a capacity of from 300,000 to 500,000 kw.

Paper

Italian paper production may have reached two million tons in 1962. Only 210,000 tons were imported, a mere 10 per cent of consumption, of which 130,000 tons were kraft paper and paperboard. Thus imports of all other paper, including newsprint, totalled 80,000 tons, less than 5 per cent of Italy's total production. This means that the country is almost self-sufficient in paper products.

A paper factory is to be built at Barletta (Southern Italy) by the Finanziaria Breda (financial holding company) and the C.B.D. Cartiere Donzelli. The name of the new company is Cartiera Mediterranea. Construction will start this spring and the factory will cover an area of approximately 1,500 acres. Annual production is scheduled at 50,000 metric tons of fine paper for industrial and technical use and special paper for containers. Production is expected to start in the second half of 1964.

Another company, Italperga, affiliated with Cartiera Mediterranea, will build a smaller factory at Barletta, covering about 300 acres, which will further process the paper produced by Cartiera Mediterranea and also make paraffin wax-coated liquid containers.

Polyethylene

A plant scheduled for inauguration in 1964 is being built near Cagliari in Sardinia by the Italian chemical firm Rumianca S.p.a. It will manufacture polyethylene under licence from Standard Oil of Indiana, using a special patented process. The plant will have an initial capacity of 10,000 tons a year.

Steel

A new factory for the manufacture of stainless steel is being built at Terni (north of Rome in Central Italy) by the Terninoss company and will probably be ready to start operations in the summer. With an annual capacity of 50,000 tons, this plant will greatly increase Italy's potential for stainless steel production, currently only 36,000 tons. Half of the Terninoss share capital is controlled by IRI (the Italian Government's holding organization) and the other half belongs to the United Steel Corporation of the United States.

Synthetic Rubber

Montecatini has begun producing a synthetic rubber called Dutral, which is supposed to be particularly suitable for insulating high tension electrical wiring. Potential production with existing facilities is 10,000 tons a year.



Venice is one of the major Italian ports; shipping services from both Canadian coasts and the Great Lakes call at it regularly.

SHIPPING SERVICES FROM CANADA TO ITALY

FROM

Pacific Coast

D'Amico Mediterranean Line
(Anglo-Canadian Shipping Co.,
Vancouver)

Italian Line
(Empire Shipping Co., Vancouver)

Italnavi Line
(Vanport Shipping Agency Ltd.,
Vancouver)

Splosna Plovba Line
(Seafreight Ltd., Vancouver)

Zim Israel Navigation Co. Ltd.
(North Pacific Shipping Co. Ltd.,
Vancouver)

Great Lakes

American Export Lines
(American Export Lines Inc.,
Toronto)

Canada Orient Line
(Keel Shipping Ltd., Toronto)

Fabre Line
(A. O. Minshall & Co. Ltd.,
Toronto)

Hellenic Lines
(Furness Withy & Co. Ltd.,
Toronto)

Montship Lines Limited—
Capo Line—G.E.N.
(Montreal Shipping Co. Ltd.,
Toronto)

Niagara Line—Concordia Line
Great Lakes Service
(Great Lakes Overseas (Can.)
Ltd., Toronto)

Watts Watts Line
(Watts Watts Shipping Agencies
Ltd., Toronto)

Yugoslav Great Lakes Line
(Robert Reford Co. Ltd., Toronto)

Zim Israel Navigation Co. Ltd.,
(March Shipping Agency Ltd.,
Toronto)

St. Lawrence and Atlantic

American Export Lines
(Moore-McCormack Lines (Can.)
Ltd., Montreal)

Canada Orient Line
(Keel Shipping Ltd., Montreal)

Fabre Line
(Saguenay Ltd., Montreal)

Hellenic Lines
(Furness Withy & Co. Ltd.,
Montreal)

Montship Lines Limited—
Capo Line—G.E.N.
(Montreal Shipping Co. Ltd.,
Montreal)

Niagara Line—Concordia Line
Great Lakes Service
(Canadian Overseas Shipping Ltd.,
Montreal)

Watts Watts Line
(Watts Watts Shipping Agencies
Ltd., Montreal)

Yugoslav Great Lakes Line
(Robert Reford Co. Ltd.,
Montreal)

Zim Israel Navigation Co. Ltd.
(March Shipping Agency Ltd.,
Montreal)

ON March 19 at the annual dinner of the Wellington Chamber of Commerce the Honourable N. L. Shelton, Minister of Customs, announced details of the import licensing schedule for the licensing year July 1, 1963, to June 30, 1964. In announcing the new schedule the Minister stated that:

"New Zealand would not have an import licensing system if as a country we were earning enough overseas funds from the sale of our exports to pay for all the imports we would like to have. We all

New Zealand's Import Licensing Schedule

know, from recent experience, the kind of trouble which comes from spending more than we earn and from the premature release of import control which, although popular while it lasts, is in the end an unprofitable and upsetting experience.

"The Government has for the past two years been trying to get more stability into the economy and into trading conditions. We believe that this policy has been successful and that the country is now ready for a period of steady growth. But, if we are to profit from experience, the emphasis must be on both growth and steadiness. That is the basis on which the new import schedule has been built."

In the Budget for the new schedule, provision for private imports (non-government) remains the same at £250 million (or \$750 million) for the licensing year. The number of code items has been reduced by about 15 per cent, following the new Customs Tariff grouping. This will give the importer

more flexibility and greater freedom of choice of materials within the industry group. The improvements are in addition to, and not general substitutes for, the industry group.

"A" Items

In the new schedule, 106 items compared with 15 at present are in "A" category, under which the initial licence represents 75 per cent of 1962/63 period licences and additional licences may be issued against actual need as demonstrated by sales or use in manufacture by the licence holder. These 106 items include a wide range of industrial raw materials together with many essential goods for retail sale. Among them are cotton fabrics, union textiles, sewing threads, children's shoes up to size 9½, steel (except types made in New Zealand), a wide range of metals, corrugated iron, wire netting, raw coffee, cocoa beans, spices in bulk, crude rubber, gypsum, waxes and tanning materials, shellac and certain gums and resins, kapok, petroleum jelly and some mineral oil products, many dry colours and pigments of the type used in paint manufacture, timber-preserving preparations, match splints, meat wraps, domestic and industrial sewing machines, infants' feeding bottles and teats, parts of aircraft, artificial eyes, sewing needles and gramophone needles, engineers' studs etc., and many chemical products, drugs, and medical preparations.

Percentage Allocation Items

Many items that previously came under this heading are now included in the "A" scheme, but several further items that were previously classed as "C" (or individual consideration items) have now been given percentage allocations.

To enable importers to make early arrangements to place their overseas orders and to plan their business for the new licensing year,

almost all of these basic allocations have been fixed at the 100 per cent level.

General Entitlement Schemes

Another improvement to give greater freedom of action is the introduction of two general entitlement schemes to assist manufacturers who hold licences for raw materials for use in their own plants.

● *General "A" Licences*—Manufacturers who are entitled to "A" licences in more than one item may amalgamate these into one general licence which may be used at the licence-holder's discretion to import goods up to the full monetary limit of the combined licences. This will give greater freedom of choice and enable changes in demand to be met more readily.

● *General Entitlement Licences*—In addition, a similar arrangement is being introduced to provide for amalgamation of licences covering over 100 items for raw materials or components for use in manufacture.

These licences will be limited to 75 per cent of the total monetary value as for "A" items. Increases beyond this level will be permitted where manufacturers have committed their initial licences and additional licences are called for on actual sales performance or use in their own production.

Motor Vehicles

In the past it has been the practice to issue separate licences for motor vehicles from dollar and non-dollar sources. This year the issue of separate licences has been discontinued and the licences will be available for imports from any source. It is expected that approximately the same number of motor vehicles will be available as in the 1962/63 period.

Token Licences

The Token Licence Scheme which was reintroduced in October 1962 is being continued. Although it cannot be said that goods covered

by this scheme are essential, the scheme recognizes the value of keeping small quantities of imported goods before the public, both to give some measure of added variety and to assist in the endeavour to improve the standard of domestic production.

Exempt Items

In the 1962/63 schedule the following were exempt from import licences and will continue to be exempt in the new schedule: butter,

cheddar cheese, unmanufactured tobacco, fertilizers, sulphur, petroleum, explosive powders, acetone oil, books written by New Zealand authors, and beet or cane sugar. Detonators and all printed books have been added to this category.

Import licences in the new schedule are based on a percentage of the 1962/63 entitlement. Details are available from the International Trade Relations Branch, Ottawa, or the Commercial Counsellor for Canada, Wellington. ●

IDA Loans Spark Projects

THE International Development Association has extended a credit amounting to \$14,850,000 for the development of industrial estates in Pakistan and road programs in El Salvador and Haiti.

The West Pakistan Industrial Development Corporation will use its credit of \$6.5 million to develop estates for small and medium-scale industries. These estates will be located at Gujranwala and Sialkot, near Lahore. A part of the funds will be employed in providing technical assistance to these industries.

The program is one feature in Pakistan's Second Five Year Plan of assistance to industry. Although production has expanded significantly since 1947, many industries are in particular need of technical assistance to bring them into contact with modern technology and management methods. Most of these enterprises are rural processing or cottage industries manufacturing products that in more industrialized countries are produced in highly mechanized plants. Better premises, easier access to credit and raw materials, and assistance in marketing are required.

The IDA credit will provide funds to cover half of all expenditures on the project. The credit is for a term of 50 years and repayment of principal will begin in 1973.

El Salvador will use its development credit of \$8 million for improvement and extension of its highway system. Seven trunk roads and four new feeder roads, totalling about 227 miles, will be built.

El Salvador's highways are its chief means of transportation and the project will facilitate internal as well as external trade. It will open to more intensive cultivation potentially productive regions in the western and central parts of the country. The roads will accommodate a steadily increasing traffic and substantially reduce transportation costs. Three of them link the two largest cities, San Salvador and Santa Ana, with each other and with the country's two main ports, La Libertad and Acajutla.

Total cost of the road construction and maintenance project is estimated at \$13.5 million. The loan is for a period of 50 years, with repayment of the principal starting in 1972.

Haiti will also use its share (\$350,000) to assist in financing highway maintenance and rehabilitation for a one-year period. Up till now, poor roads and high transport costs have discouraged farmers from producing cash crops and thus increasing production above the subsistence level.

The total cost of the project is estimated at \$974,000. The Haitian Government will finance the remaining expenditure in local currency. ●

FOREIGN TARIFFS

AND TRADE REGULATIONS

Afghanistan

EXCHANGE RATE—The International Monetary Fund and the Government of Afghanistan have agreed to an initial par value of 45 afghanis per United States dollar, effective March 22, 1963. An IMF press release stated that Afghanistan is undertaking a comprehensive reform of the exchange system which will eliminate most of the previous multiple exchange rate practices while maintaining the present freedom from import restrictions and controls on invisible and capital transactions. In addition, the IMF has agreed to a drawing of U.S.\$5.6 million by Afghanistan.

Argentina

ADDITIONAL TEMPORARY SURCHARGES IMPOSED—The Canadian Commercial Counsellor in Buenos Aires reports that Argentina has imposed additional temporary surcharges on a wide range of products effective February 28, 1963. From that date goods classified in Argentine Surcharge Lists Nos. 3 to 8 are subject to additional surcharges graduated as follows:

Those products subject to a surcharge of	will carry	an additional surcharge of
40 per cent		6 per cent
80 " "		12 " "
100 " "		15 " "
150 " "		22 " "
200 " "		30 " "

Exempted from these increases are products (mostly raw materials) included in Surcharge Lists Nos. 1 and 2, as well as goods shipped (afloat) or covered by irrevocable documentary credit opened in authorized local Argentine institutions prior to the date of the present decree.

These new additional surcharges are scheduled to remain in effect until July 7, 1964, and like the old surcharges that they supplement they are assessed on the c.f. value.

Chile

NEW DOCUMENTATION REQUIREMENT ANNOUNCED—The Canadian Commercial Secretary in Santiago reports that effective April 1, 1963, all shipments to Chile must be covered by a "Suppliers' Certificate", filled out in duplicate and duly signed by the supplier concerned.

This new documentary requirement was imposed by Chilean Central Bank Circular No. 271, which states

that the Bank will not supply the necessary foreign exchange cover unless the certificate is provided.

Exporters should be guided in this matter by instructions from their customers in Chile.

Italy

ANTI-DUMPING LEGISLATION INTRODUCED—The *Official Gazette* of the Italian Republic No. 40, of February 12, 1963, published law No. 39 dated January 11, 1963, entitled "Institution of anti-dumping duties and countervailing duties". The law came into effect on February 27, 1963.

Dumping Duties—The import of a commodity under dumping conditions arises when the price of the goods is:

(a) lower than the comparable price charged in the ordinary course of trade of like goods intended for home consumption in the exporting country.

(b) or, in the absence of said price on the domestic market of the exporting country, the price is lower than the highest comparable price charged for the export of similar goods towards a third country in the ordinary course of trade.

(c) or, in the absence of such prices of reference, the price is lower than the cost of production of the said goods in the country of origin, increased by a reasonable amount for selling charges and a margin of profit.

Countervailing Duties—Foreign goods which benefit in the country of manufacture or of export under any title, directly or indirectly, of premiums, bonuses or subsidies, are subject on import to countervailing duties.

The anti-dumping duty is applied to the ascertained difference in price as indicated by (a), (b), and (c) above.

The countervailing duty is applied on the rate of premiums, bonuses or subsidies accorded in favour of imported items.

The application of anti-dumping and countervailing duties and the determination of the amount of such duties are established by Presidential Decree on proposals made by the Ministers for Foreign Trade and Finance on the basis of investigations and findings conducted by an Interdepartmental Committee set up in accordance with Article No. 7 of the law. Other members of this committee are representatives of the

Italian Chamber of Commerce, Manufacturers' Association, Agricultural Federation, and other organized business interests.

Full details of this decree may be obtained from the European Division, International Trade Relations Branch.

Japan

IMPORT QUOTAS—The Ministry of International Trade and Industry has announced tariff quotas for the first half of the 1963 fiscal year (April 1-September 30) for imports of certain restricted items. Items of interest to Canada, with their quotas, include the following:

	metric tons
Nickel lumps, unalloyed	100
Nickel foil, powders and flakes, unalloyed	20
Uncalcined gypsum	109,000
Antimony ore	3,382
Copper lumps, unalloyed	10,000
Brass or bronze lumps	100
Tubes and pipes of nickel and copper alloy	30

In addition, a tariff quota of 550 metric tons has been set for the full fiscal year for high speed steel.

These quotas are subject to change during the quota period. Although details are not yet available, it is understood that items imported within the quota are duty-free.

TRANSPORTATION NOTES

Australia

INTERNATIONAL JET PORT—Melbourne will be the site of a \$30 million international jet port. Five thousand acres for the proposed terminal have been acquired at Tullamarine, ten miles north of Melbourne and about two miles from the present airport at Essendon. Construction will begin during the 1963-1964 financial year. The jet port, designed to handle supersonic jet airliners, should be ready to handle international and domestic jet aircraft by 1967. Australia's two major domestic airlines are also buying four Boeing 727 jets to begin operations in 1964. They will spend an estimated \$27.5 million for the aircraft, spare engines and parts—Melbourne.

INCREASE IN PIGGY-BACK TRANSPORTATION

—The piggy-back method of transporting semi-trailers across the Nullarbor Plains has increased substantially. The gross revenue for this operation for 1960-61 was \$1.75 million compared with only \$74,000 five years earlier. The growth of piggy-back transport has exceeded all expectations and special railway cars are continuously being made and brought into service.

Large numbers of visitors from the eastern states visit Western Australia by car and until the introduction of piggy-back, faced a long and tiring trip across the Nullarbor. Now they travel in comfort by air-conditioned trains while their cars follow on freight trains. The number of passenger motor vehicles carried in this manner increased 30 per cent during the year—a total of 2,400 vehicles compared with 1,800 during 1959-60—Melbourne.

Belgium

FLOATING MOTEL—A Belgian company is building at Hoboken a "floating motel" for service between

Ancona (Italy) and Haifa (Israel) in 65 hours. It will be capable of carrying 550 passengers, 125 motor cars and three buses at a speed of 25 miles per hour. This deluxe motel will be equipped with stabilizers, air-conditioned cabins, a playroom for children, a swimming pool, shops, TV, open air bar, five kennels, a library, a bank and a spacious promenade deck. Cost is in the neighbourhood of \$6 million. The owners hope to carry 35,000 motorists per year, and to organize international conferences on the high seas—Brussels.

PORT FACILITIES AT ANTWERP—A Ten Year Plan which came into effect in 1956 will increase the capacity of Antwerp Harbour by about 50 per cent. When this plan was adopted, it was felt that provision had been made for the efficient handling of port traffic in the immediate future, but the volume has increased so rapidly that it is now realized that even more docking facilities will be needed and construction of these will begin this year.

Antwerp's harbour facilities now cover an area of 21 square miles, including 40 miles of quays. About 16,000 seagoing ships now call there every year; the 1961 total of 16,945 (46,156,438 d.w.t.) was more than double the traffic of 1950 and in the same period the volume of merchandise handled increased by 80 per cent.

A few years ago the Scheldt River between Antwerp and the North Sea was only deep enough to permit the passage of ships of up to 35,000 tons. Now, as a result of extensive dredging, vessels of 47,500 tons can reach the port.

Although it is the EEC's second port, 75 per cent of the goods handled either come from, or are destined to, Belgium and Luxemburg. A third of Belgium/Lux-

emburg imports and exports pass through Antwerp; one of the main export commodities is an average of 6 million tons of steel and steel products a year.

Because of the increasing importance of the petroleum refining industry, which is centered in the Antwerp region, and because Belgium is not included in the European oil pipeline network, the authorities are discussing plans to make Antwerp accessible to oil tankers of from 50,000 to 70,000 tons now being constructed in world shipyards and, later on, to tankers of 100,000 tons—Brussels.

Colombia

SHIP REPAIRING—Construction of a new and modern ship repair yard in the Colombian Pacific Coast port of Buenaventura was started recently. Primarily intended for the use of the Colombian Navy, it will also serve the fishing industry and should mean considerable saving in the exchange now being spent for ship servicing and repair in foreign ports. Each of the 80 fishing boats working along the Colombian Pacific Coast now spends an average of \$5,000 a year in Panama—Bogotá.

Denmark

CANADIAN PLANE FOR OIL SURVEY—Prospecting for oil is being carried out in Denmark by aerial survey. Kenting Aviation Ltd., Toronto, has the contract for this three-month survey—Copenhagen.

AIRPORT TAX—The international passenger tax at Kastrup Airport, Copenhagen, was raised from D.Kr.7 to D.Kr.15 on January 1, 1963, and a domestic tax of D.Kr.5 was introduced effective April 1, 1963—Copenhagen.

El Salvador

PORT FACILITIES—Central America's newest and most modern port, Acajutla in El Salvador, has now entered its second year of operation. Constructed at a cost of U.S.\$10 million, the port has stimulated industrial growth in El Salvador and authorities hope that it will become an important point of entry for goods destined to nearby Central American countries.

The pier has four loading berths, two semi-portable cranes, two 50-ton capacity scales, and a system of towing tractors from ship berth to the railroad and highway. Four warehouses have already been constructed and four more are projected, which will permit two million tons of cargo to be handled a year.

The two cranes have a reach of 50 feet and a capacity of three metric tons. Autocranes, forklift trucks and tractors are also available to unload cargo—Guatemala City.

India

SHIPPING—The National Shipping Board, the highest policy-making body in this field in India, has approved an increase in foreign participation from the existing 25 to 40 per cent in order to speed up the expansion of the country's shipping tonnage and secure additional foreign exchange. This rise is restricted to tramp and tanker tonnage and will not cover the liner trade or coastal shipping—Bombay.

United States

PIGGY-BACK TERMINAL—Construction of a \$1.1 million piggy-back terminal near Chicago has been announced by the Chicago North Western Railway. Some 2½ miles of track with parking area will cover 20 acres and will be capable of handling a daily turnover of at least 600 of the largest highway vehicles. There will be twelve loading tracks with room for expansion to seventeen—Chicago.

Venezuela

ORINOCO BRIDGE—Last December Venezuela's President inaugurated construction of a suspension bridge over the country's largest river, the Orinoco. The bridge is expected to cost 120 million bolivars and to be completed in three years. It will be capable of carrying four lanes of traffic to a maximum height of 57 metres above water level at the narrowest section of the river, near Ciudad Bolivar. The project will link the practically unsettled Guayana region, with its iron deposits and steel mill, with the other parts of the country—Caracas.

West Germany

LONG-DISTANCE INLAND TRUCKING—The number of long-distance freight-carrying trucks in Germany with a capacity of more than four metric tons has increased 41 per cent, from 22,816 to 32,068 vehicles, from December 1958 to December 1961. A capacity study shows that the trend is to larger trucks. The number of vehicles in the 4.0 to 4.9-ton carrying capacity category increased during this period by only 3.8 per cent to 10,390 units, but the number in the 5.0 to 5.9-ton category rose by 53.3 per cent to 8,747 vehicles in December 1961, and in the 6.0 to 7.49-ton category by 81.4 per cent to 9,484 units. As a percentage of the whole, the share of the 4.0 to 4.9-ton category actually decreased from 43.9 to 32.4 per cent during the three years, but the 5.0 to 5.9-ton rose from 25 to 27.3 per cent and the 6.0 to 7.49-ton from 22.9 to 29.5 per cent. The heaviest trucks—those with a freight-carrying capacity of 7.5 metric tons or more—increased during the period by 75.9 per cent to reach 3,296 units, raising their percentage share of the whole from 8.2 to 10.3 per cent—Hamburg.

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