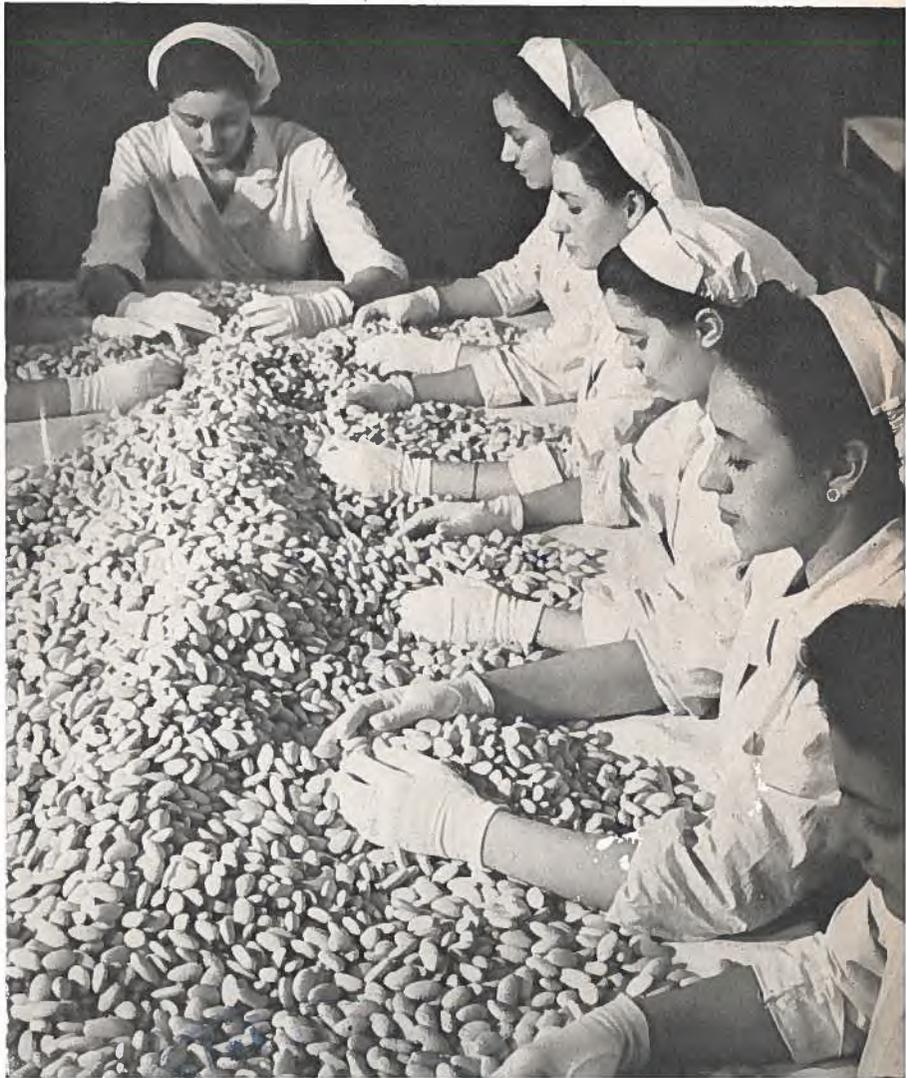


# foreign trade

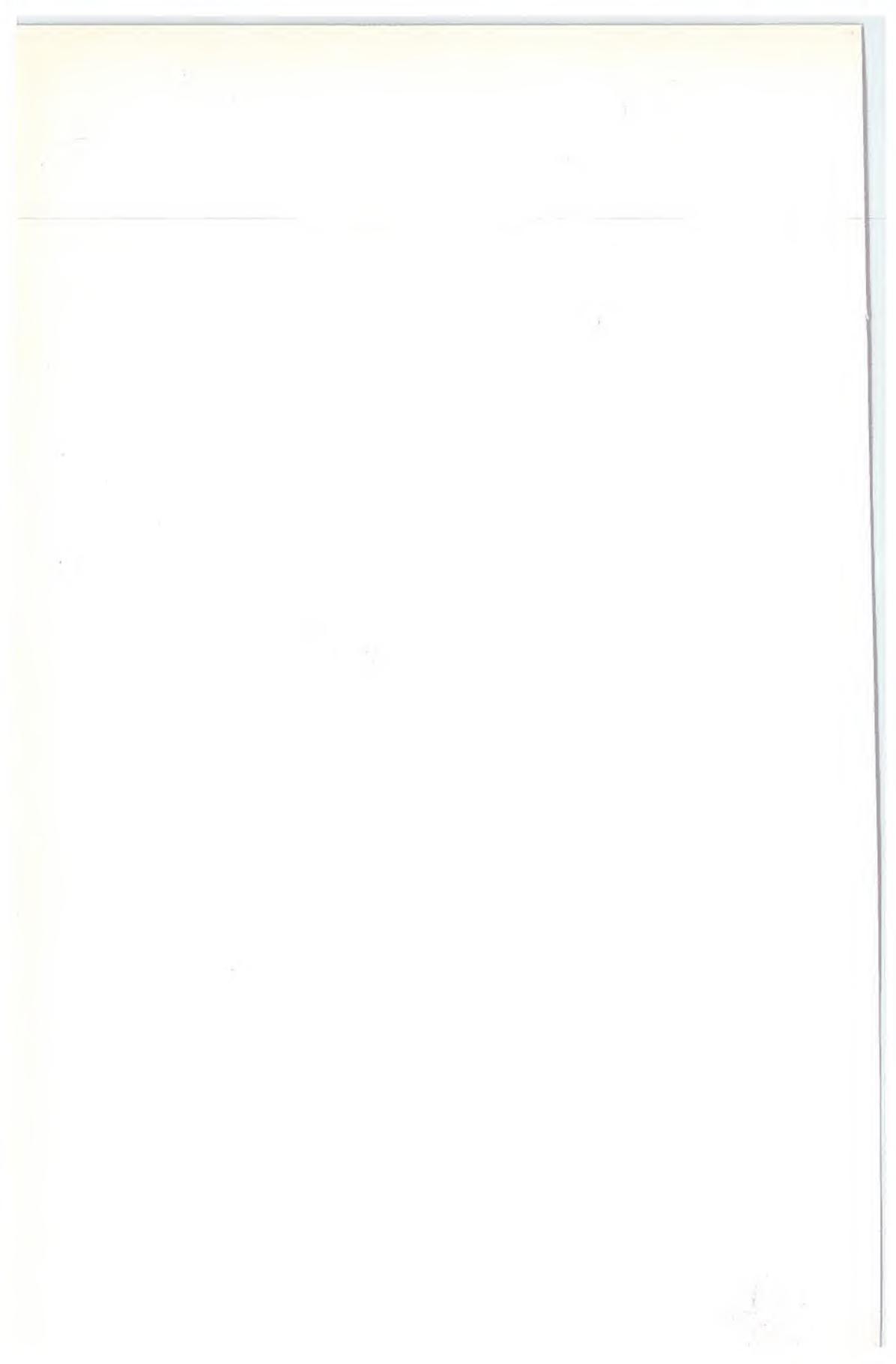
AUGUST 30, 1952



OTTAWA  
CANADA



Italy: the Business Background (page 2)





# foreign trade

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**COVER . . .** These Italian girls, at work in a candy factory in Milan, feel lucky that they are not victims of Italy's chronic malady, unemployment. For a report on this and other phases of the Italian economy, see page 2.

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# Italy: the Business Background

*Despite continued unemployment and a fall in exports, the first six months of 1952 saw many favourable economic factors at work.*

**R**OME—In the first six months of 1952, Italy's trade problems were heightened by new import restrictions in many of her important markets—particularly the United Kingdom, France, and Australia. Some industries—textiles and producers of other consumption goods, for example—are on short time. Others are waiting for offshore procurement orders, which have been forthcoming only indirectly and on a small scale.

Though the production index for the first quarter was good, its strength came largely from novelties and non-staple lines. Weaknesses showed up in the established and traditional industries. The mining industry's index, for example, (March 1952=139) was bolstered by the rapidly growing output of methane (index=8551) and the engineering index (134) by the expanding manufacture of calculating machines (1291).

## **Favourable Factors**

The Stock Exchange, sluggish and probably sceptical about the dividend outlook for the current year, has capitalized its favourite equities on a 10 per cent basis.

Despite these apparently negative trends, or hesitations, there is no real indication of pessimism and there are many favourable economic factors. The grain crops are shaping up well: in fact, government authorities are promising that purchases from abroad will be reduced appreciably. The draining of the Po Valley flooded area was completed much sooner than expected and this has meant timely spring sowing on land seriously devastated last winter. The tourist season began well and has continued at record-breaking levels. In fact, it will probably, by the end of the year, be a postwar high. Electricity and fuel supplies are abundant. Import costs are tending to fall.

In the financial field, the position of the Treasury and of the Bank of Italy remains sound and strong. The 1952-1953 Budget will show a somewhat higher deficit than last year, but the fiscal reform policy introduced by the Finance Ministry last year is beginning to bear fruit. Expenditures are expanding, but the cash position is easier than it has been for many years. Since July 1950, the Treasury's account with the Bank of Italy has shown a consistent credit balance; since January last it has been at least at a level of 120,000 million lire. On May 10th the interest rate on ordinary treasury bills was, for the first time since 1949, lowered by  $\frac{1}{2}$  per cent, with the object of directing more money into private enterprise. It is hoped

that this measure will prove effective and a fillip to trade. If it does, other government financial measures with the same avowed purpose will follow in the forthcoming weeks.

The demand for banking accommodation is no longer as keen as formerly and notwithstanding higher inventories, trade and industry are showing a satisfactory liquidity.

Figures on savings give an impression of solidity and seem to justify the belief that a business revival can be financed without inflation. Nevertheless, as there are heavy drains on the Italian Treasury (especially the defence program) and a continuing pressure on commodity prices, the financial position still requires close scrutiny.

### **Unemployment Rampant**

Labour troubles, the chronic Italian problem, continue. Short strikes have again occurred and the overall national unemployment situation remains serious. A painful aspect of the problem is indicated by a recent report of the Central Statistical Institute. Half of the jobless in the provinces of Milan, Pisa and Naples, and one-third of those in Sicily, have never been employed. As a result, they are untrained and unqualified for any useful trade or work. More than 300 thousand potential new members of the labour force become available each year and are not provided for either by emigration or increased production.

The lower percentage for Sicily does not suggest that conditions on the island are better. In that area, no less than 44·3 per cent of those never employed have had university or high school education; in the north, the percentage is only 18·3 per cent. In other words, unemployment is



*A view of the Olivetti factory, at Ivrea, northern Italy, makers of typewriters, calculating machines, etc. Their excellent production record helped to bolster Italy's declining exports during the first half of 1952.*

rampant not only among the working classes, either agricultural or industrial, but also (and more particularly in the middle classes) among intellectuals and graduates.

During the winter months, the unemployment figure remains steadily above two million despite policies whereby government and industry alike create additional positions, resulting frequently in two, three or even four persons being assigned to one job. An extensive program of public works for large-scale irrigation has been put into effect. Another agricultural development project being seriously considered would be financed by a 4 per cent levy on salaries and wages. These two schemes are aimed at remedying the outstanding weakness of the Italian economy—the disequilibrium between the north and south, between industrial and agricultural development. This problem is continually being studied.

### **Foreign Trade**

Imports into Italy during the first half of the year indicate a considerable overall increase for the year as compared with 1951. This applies particularly to raw materials, some finished goods, machinery and other equipment, solid and liquid fuels, iron ore, rubber, and textile fibres, including textile cellulose. Prices in these classifications have been generally lower than in 1951. Greater quantities of wheat had to be imported because of last year's poor crop and Canada benefited materially.

In the first four months of the year, imports cost Italy 16.3 per cent more than in the corresponding period last year. Allowing for sagging prices, volume has increased by an estimated 20 per cent.

Exports, however, have been dropping ever since September 1951 and it is becoming more difficult to maintain 1951 levels. This is particularly true in the textile industry which has been losing ground fast. It also applies, in a lesser degree, to the motor car, sulphur, marble and some specialized machinery industries, as well as other traditional Italian specialties. Chemicals and other fertilizers, rice and various other food products have, however, reached higher levels than in 1951. On the whole, Italian exports have contracted by slightly over 4 per cent.

The situation has had a marked effect on the balance of payments position. This was adverse to the extent of 187,600 million lire at the end of April, compared with 96,700 million at the end of the first four months of 1951. This deficit is not equally spread over the various currency areas. Within EPU Italy still has a credit, but a smaller one than at the end of 1951. The deficit with the sterling area can still be partly met out of old sterling balances. In the dollar area, the deficit is greater than at the end of 1951. The holdings of foreign currencies by the Italian Foreign Exchange Control Board, despite these situations, have been reduced by less than 1 per cent. While it might appear that losses have fallen on dollar reserves on the market, there does not seem to be any appreciable change in the returns to date. For example, on the free market the dollar is only 4 per cent above the official rate, somewhat less than a year ago.

Bearing in mind psychological and other factors, the confidence in the lira remains as high as at the end of the same period in 1951.

—SHIRLEY G. MACDONALD

*Commercial Counsellor for Canada.*

# Pin-Pointing Pakistan's Resources

*Canadian airmen, geologists and technicians will undertake a four-year aerial and geological survey of Pakistan, as part of Canada's share in the Colombo Plan.*

IN November, twenty Canadians, some of them accompanied by their families, and two aircraft—a B-17 and a Lockheed-Hudson—will arrive in Pakistan. They constitute the vanguard of some 100 Canadians who will, over the next four years, carry out an important assignment as part of our contribution to the Colombo Plan.

Aerial photographers, laboratory technicians, photogrammetrists, "mosaickers", geologists—all these highly trained people will co-operate in preparing a detailed inventory of Pakistan's natural resources. When it is presented to the Pakistan Government about July 1956, it will serve as the blueprint for future development.

It seems appropriate that Canada should undertake this inventory. Studying and mapping our own under-developed areas has given Photographic Survey Corporation Ltd., the company which has been awarded the contract, the know-how to tackle this big job. In the last few years, it has done extensive mapping and geological surveys for the Newfoundland Government and at the moment is mapping the whole Province of Alberta from the air. Working in a foreign country isn't new to it, either; it has carried out assignments in Central and South America and in the West Indies.

## **Airmen and Geologists**

But this is one of the biggest jobs it has tackled and calls for co-ordinating the efforts of several hundred people, about 100 of them working in Pakistan and the others here in Canada. Step one is taking the pictures. Working along carefully plotted flight lines, crews of the two aircraft will photograph nearly 160,800 square miles of Pakistan. Each day's prints will be developed in miniature in a laboratory set up in Quetta; will be checked for accuracy and coverage of the area. Then the film goes to Toronto for more detailed processing.

## **Working on the Ground**

At this point, the geologists take over. They study the prints and mark on them the geological structures which they find interesting. The "mosaickers" then combine these prints into rough mosaics of the various areas. And these mosaics, in turn, become guidebooks for the field parties of geologists who will study the terrain on the ground. This particular part of the job, incidentally, will begin about January 1953, when the first batches of photographs begin to arrive from Pakistan.

The five working parties of geologists, with about six to eight in a party, will sail in November 1953. They will start investigations as soon

as they arrive, taking their rough mosaics to the areas covered, checking on the interpretation, and gathering additional information on mineral resources. Two years later, they'll be back in Toronto with their findings.

### **Reporting Findings**

Last of all comes the compiling of the report, a task that will take about six months. The geologists plot the results of their on-the-spot examinations on sketch maps to a scale of one mile to one inch. Then, under the supervision of the company's chief geologist, the final compilation will be prepared. Before the negatives are shipped to the Government of Pakistan, the director of the Surveys and Mapping Branch, Department of Mines and Technical Surveys, will probably inspect them to make certain that they come up to required specifications. A detailed geological report will accompany the maps and photographs.

This painstaking geological investigation with the object of pin-pointing mineral resources does not comprise the whole survey. The company will also photograph and map areas suitable for irrigation projects and will make town planning and soil surveys. Photos taken for these purposes will be sent to the Toronto office. There, using special equipment, technicians will "rectify" them—i.e., compensate for the tilt of the plane, and thus remove any distortion. Then the rectified prints will be fitted together into a "controlled mosaic".

### **Priority Projects**

In photographing and gathering data, areas where development work is already planned will receive first attention. The following projects will get priority:

- The Nari-Bolan irrigation project.
- Survey of the Upper Indus River, between Swat and Mianwali, to discover irrigation or hydro-electric potentials.
- Topographical maps and a soil survey of the Thal Project, in which Canada is already interested, for irrigating 1,700,000 acres of new land.
- Study of the Quetta-Kalat block.
- Examination of other irrigation areas, such as the Upper and Lower Sind Barrages, which also derive water from the Indus.
- Mapping, on a large scale, of over-crowded Karachi and Hyderabad and their environs, as a basis for town planning.

In carrying out the project, the Pakistanis will have a part. The Canadian company plans to set up laboratories in Pakistan for processing the negatives. Pakistanis will serve as laboratory assistants and four of them will be trained as technicians and work directly with company personnel. One or two Pakistanis will accompany each geological working party and may first be brought to Canada to receive training in field work. They will share too in the compilation of the final data and the writing of the report.

In discussing this natural resources inventory, Nik Cavell, administrator of the Colombo Plan for Canada, pointed out its importance as the foundation of Pakistan's future development. Its findings will indicate how and where food production can be increased, where settlement could be extended, the potential water supplies, types of soil, mineral resources, fish and game population. This is the ultimate value of the work Canadians will be doing in that far-distant country in the next three years.

# Sweden's Forest Industries

*With a notable rise in prices and a brisk export demand, the pulp and paper industries had a prosperous 1951. Will this prosperity continue?*

**S**TOCKHOLM—The year 1951 might well be considered a record one in the history of the Swedish timber trade. The brisk demand—especially from Sweden's traditionally largest customer, Great Britain—produced towards the beginning of the year a surprising rise in prices. This in its turn contributed to increased production and increased offers of wood for export. The total sawmill output in 1950, estimated at 1.5 million standards, increased in 1951 and approached the peak reached in the thirties—1.6 million standards. The latest expansion has occurred particularly at the small sawmills. Total exports rose from 750 thousand standards in 1950 to approximately 850 thousand in 1951—a postwar record.

The year was marked also by the return of Great Britain as the leading foreign market (up from 93 thousand in 1950 to 330 thousand standards in 1951), and increased sales to other members of the Commonwealth and to Southeast Asia. In 1950 the Netherlands held first place as a buyer of these products (195 thousand standards against 140 thousand in 1951).

The wallboard industry expanded its production from 275 thousand tons in 1950 to 330 thousand tons in 1951. Of this, 180 thousand tons were exported, 80 thousand tons going to Great Britain. Australia and the Netherlands were the next largest foreign markets.

There were no significant developments in the plywood industry. Domestic consumption grew to over half the output and exports remained stationary at approximately 16 thousand metric tons. Principal customers were Great Britain, Western Germany and Denmark.

## **Outlook for '52**

Forecasts of the timber market for 1952 indicate somewhat lower production and exports than during 1951; in fact, exports are expected to decrease by 50 thousand standards. Financial difficulties in most of Sweden's customer countries are reducing building activity and the high wood prices make it difficult for them to import and use sawn timber. Of particular significance is the big cut in imports now signalled from Great Britain because of that country's unfavourable balance of payments. The reduction in British imports may be offset to a certain degree by increases in other markets, notably Western Germany, which this year may well

advance to second place among Sweden's customers. France and Greece are also expected to buy more; the Netherlands and Denmark will probably take less. On the whole, there should be sufficient demand for the reduced quantities of wood which Sweden may be able to offer in 1952.

### Wallboard Production

The Swedish wallboard industry has, so far this year, cut down production considerably to meet the decline in export demand. This falling-off is primarily due to the drastic lowering of British purchases and the disappearance of the Australian market, but even the United States, which last year imported only 6,000 tons, has been completely lost as a customer. Australia last year bought 26,500 tons and this year nothing, and a high Australian import duty was established on July 1, 1952. However, the fact that Australian importers did not seize the opportunity to buy wallboard before July 1st indicates that the interest is gone. The United Kingdom in 1951 accounted for 56 per cent of Sweden's exports of wallboard; purchases this year, however, are less than half the amount for the same period last year.

### The Pulp Picture

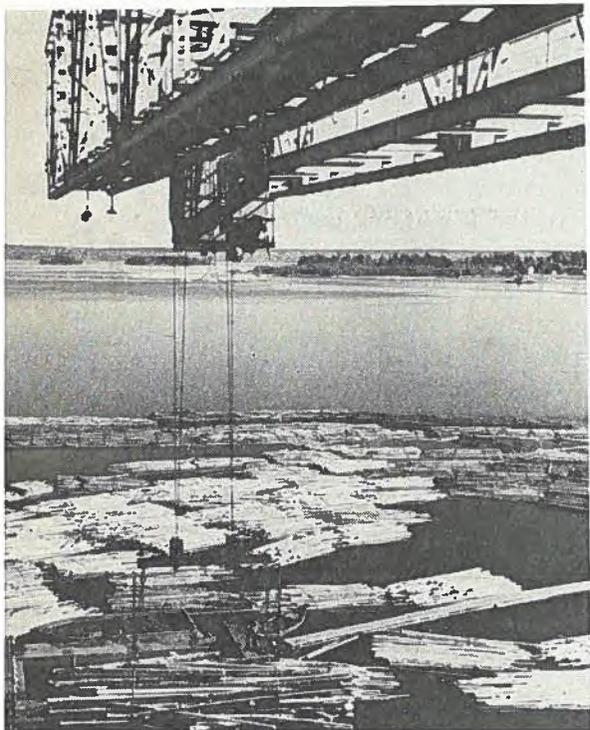
Final official figures of Swedish production and exports of wood pulp in 1951 are not yet published, but some preliminary figures can be given.

The total output of sulphite pulp for sale (market pulp) and for use in producers' integrated mills is estimated at about 1.4 million metric tons—some 50 thousand tons more than in 1950. The production of sulphite pulp for sale was probably about the same quantity as in 1950—some 1,175,000 tons, including 400 thousand tons of dissolving pulp (350 thousand tons in 1950).

The production of sulphate cellulose was about 1.1 million tons, some 75 thousand tons more than in 1950. The output of sulphate pulp for sale was about 750 thousand tons (of which 275 thousand tons was bleached pulp) as compared with 700 thousand tons in 1950.

The production of mechanical pulp (for sale and domestic use) will probably total 775 thousand tons (dry basis), or some 50 thousand tons more than in 1950. The output for sale was about 325 thousand tons against 300 thousand in 1950.

*This timber elevator at the Ostrand sulphate mill hoists up timber rafts; sends them on their way to the cutting and grinding machines.*



Deliveries of market pulp to the domestic market in Sweden were about 150 thousand tons of sulphite, 80 thousand tons of sulphate and 40 thousand tons of mechanical pulp. These figures are all slightly higher than those in the previous year. Total exports of pulp declined slightly from 2,091,051 in 1950 to 2,008,841 metric tons in 1951, but the value more than doubled—from 1,119,259,000 to 2,588,352,000 kronor.

#### **Effect of Price Rises**

The sharp increase in pulp prices first became of major importance in September 1950 and, because of unprecedented world demand, increased steadily through the first three-quarters of 1951. Since that time, the combined effects of the imposition by the U.S. of ceiling prices on imported pulp, increased production capacity in North America, and reduced consumption in certain European markets have resulted in the stabilization of pulp prices at levels two to three times above the average for 1950. At the end of the year and since the beginning of 1952, an indication of buyers' resistance to prices in the European market and a feeling of caution among Swedish producers have brought about various reductions in the export price of pulp, particularly in Great Britain.

It is expected that the pulp production for 1952 will remain about the same as in 1951, but exports will likely be lower, because of increased domestic consumption and recently imposed import restrictions in customer countries. It is estimated that exports of mechanical pulp to Great Britain in 1952 will be reduced by six per cent and chemical pulp by 16 per cent.

The value of these exports, on the other hand, will definitely be lower. Already Great Britain has decreed maximum prices on imports of Scandinavian pulp. Other European countries are currently negotiating with a view to bringing their own buying prices in line with those established in Great Britain. The threat by these countries to follow the British Ministry of Materials' recent move in imposing ceiling prices on imported pulp has precipitated a series of negotiations between buyers and sellers, and, under the circumstances, Swedish producers have come to the conclusion that they must of necessity make considerable price reductions. It is already apparent that the new price level which is now being established on the West European pulp market will, on an average, diverge little from the British maximum price level. Average price reductions between 20 and 25 per cent are to be expected.

#### **Paper Production and Exports**

According to statistics of the Paper Mills Association, newsprint production remained almost unchanged at 325 thousand tons in both 1950 and 1951. The output of other paper and cardboard, however, rose from 855 thousand to 913 thousand tons, or by seven per cent. In each year 200 thousand tons of newsprint were exported. About one half of the increase in output of other paper and cardboard was for export. Total exports of these grades consequently reached 550 thousand tons.

Prices in the paper industry followed, on a smaller scale, the powerful inflationary trend of the pulp industry. The value of Sweden's exports of newsprint nearly doubled and reached 217 million kronor although, as mentioned above, the quantities exported remained the same as in the previous year.

The total Swedish exports of these commodities (newsprint, other paper and cardboard) in 1951—742 thousand tons to a value of 1,128 million kronor—were about 15 thousand tons more than in 1950.

### Export of Pulp, Paper and Wallboard

(1,000 tons)

	Chemical pulp	Mechanical pulp	Total chemical and mechanical pulp	Paper and board	Wallboard
1936-38 average..	1,949	321	2,270	560	22
1947 .....	1,573	224	1,797	552	76
1948 .....	1,468	215	1,683	587	95
1949 .....	1,636	258	1,894	613	98
1950 .....	1,808	382	2,091	727	138
1951 .....	1,712	297	2,009	742	183

Export sales in 1952 are not expected to equal those of 1951. Great Britain, which during the past year bought 15 per cent of Sweden's export of newsprint and over 30 per cent of other types of paper, is expected to decrease her total imports of paper and paper products by about 50 per cent. For newsprint proper, however, a certain increase is expected, even if, according to local producers, Britain can obtain more from Canada. On the other hand, in certain South American markets Swedish producers are already experiencing increased competition from Canada. As a result, resistance to the high Scandinavian newsprint prices is being keenly felt.

—B. J. BACHAND

*Commercial Secretary for Canada*

## Hardwood Flooring Markets

**N**EW ORLEANS—Canadian firms interested in selling hardwood flooring in the Southern States must meet competition from southern manufactured oak flooring. At present, first grade oak flooring is quoted f.o.b. mill at \$185.00 per M; second grade, \$162.00; third grade, \$140.00. The price for third grade is unusually firm because of strong market demand.

For purpose of comparison, Canadian firms should add to their f.o.b. mill price: duty, 4 per cent ad valorem on birch and maple flooring; freight, Montreal to New Orleans, \$1.23 per 100 lbs. per 36,000 lb. carload, or about \$27.68 per M; exchange, which fluctuates between 2 and 3 per cent from day to day.

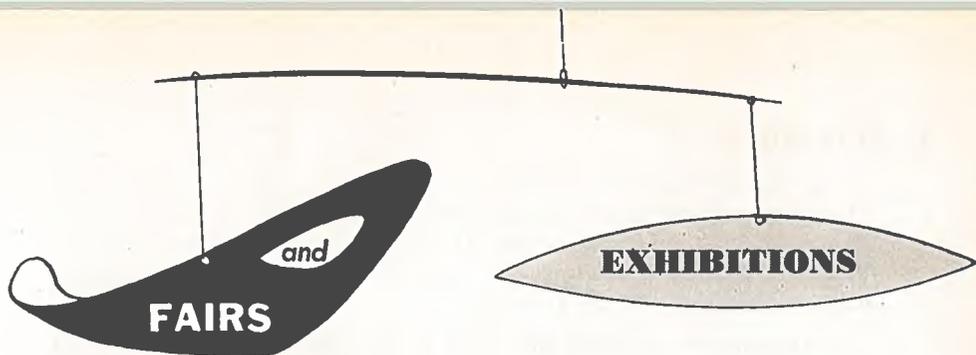
Freight charges will, of course, vary according to source of supply and destination. Shipments from Peterborough, Ontario, for example, to destination as indicated, are subject to the following freight rates:

	Fort Worth, Texas	Memphis, Tennessee	Atlanta, Georgia
Per cwt. (100 #).....	\$1.50	\$1.02½	\$1.15½

Any Canadian mills which, in the light of this information, consider they are strongly competitive should write the Consul of Canada and Trade Commissioner, 201 International Trade Mart, New Orleans, Louisiana, who is in touch with the trade in the Southern States.

—GERALD A. NEWMAN

*Consul of Canada and Trade Commissioner*



### **Machine Tools—CITF '53**

The machine tool section at the Canadian International Trade Fair in 1953 will overflow the huge Industry Building, judging by the number of requests for space already received. Plans are being made to use additional space in one of the other buildings for this section. As in the past, the allocation of space is influenced by the date on which applications are received. Next year, materials handling equipment will be displayed with the machine tools, engineering and plant equipment.

### **Everything for the Druggist**

Added attractions at The Chemists Exhibition, London, England, will be a full-scale model dispensary and a technological exhibit demonstrating the principles of emulsification. Dates of the exhibition are Sept. 20-Oct. 2 and the place is the Royal Horticultural Society (Old) Hall, Vincent Square.

The wide range of exhibits will include ethical medical preparations and pharmaceuticals, soap, cosmetics, perfumery, and the many products stocked by the modern druggist. For the pharmacist in the hospital, in manufacturing or retail business, the equipment and machine displays should prove particularly interesting.

The Secretary, The British and Colonial Druggist Ltd., 194-200 Bishopsgate, London, E.C.2, will provide further information.

### **Tools and Tackle**

"For the trade only", is the National Hardware Show, Oct. 6-10, in Grand Central Palace, New York City. Open to exhibitors from other countries, the show features a wide variety of the goods normally sold by hardware stores, including hand tools, houseware, electric tools, builders' hardware, light industrial and agricultural equipment, garden tools and equipment. Fishing tackle and hunting equipment take up a complete section.

An export section, sponsored by the *American Exporter*, will maintain a staff to register visitors, arrange hotel reservations, and foster meetings between visitors and exhibitors.

Details can be obtained from Frank Yaeger, managing director of the show, or from the *American Exporter*, 386 Fourth Ave., New York 16, N.Y.

## April in Milan

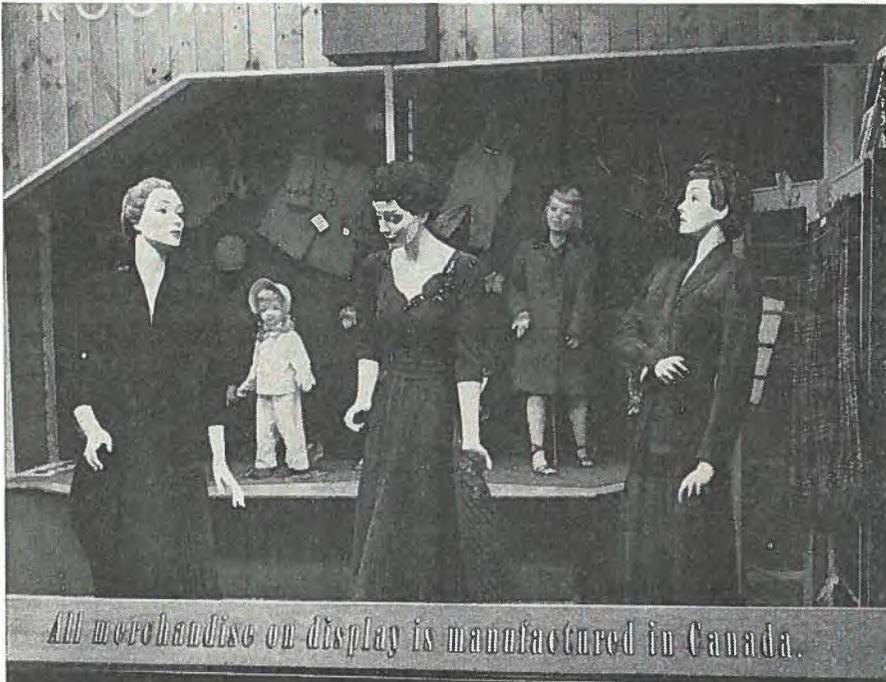
Is your company interested in developing business with Italy? The Italian Government invites you, as a first step, to exhibit at the Milan International Fair, April 12-29, 1953. Last year over three thousand foreign firms took space at the Fair and more than four million business visitors attended.

Applications to participate will be accepted up to November 30, 1952; the Canadian Government is already planning its official exhibit. For further information about the Fair, write to the Commercial Attaché, Italian Embassy, 133 Sparks Street, Ottawa.

## United States Fairs

Canadian businessmen may be interested in visiting or exhibiting at the following United States fairs and expositions, slated for September and October. (For a list of United Kingdom Fairs, see *Foreign Trade* of August 16.)

- 7th National Instrument Exhibit, Cleveland, Sept. 8-12.
- 17th National Chemical Exposition, Chicago, Sept. 9-13.
- Dairy Industries Exposition, Chicago, Sept. 22-27.
- Iron and Steel Exposition, Cleveland, Sept. 30-Oct. 3.
- National Metal Exposition, Philadelphia, Oct. 20-24.
- National Shoe Fair, Chicago, Oct. 27-30.



Part of the display of Canadian-made garments for women and children, now on exhibition in the Canadian Showroom at Rockefeller Centre. It will continue throughout September; is attracting much attention.

# Southern Rhodesia Supports Sterling

*Import controls and an austerity budget loom large among the measures adopted by the colony to aid the sterling area and strengthen the internal economy.*

**J**OHANNESBURG—Southern Rhodesia, in common with other units of the sterling area, is making its contribution towards the recovery and convertibility of the pound. This contribution is also in the colony's own interest because it is over-spending on goods and materials from abroad, including the dollar area.

In April, the interior economy of Southern Rhodesia received attention. This attention took the form of an austerity budget. Southern Rhodesia has thus taken the proper steps not only to support sterling but to live within her means and to justify the confidence expressed by the British and other overseas investors in her present and future development.

## **Import Control**

Import control in Southern Rhodesia follows much the same pattern as in other parts of the Commonwealth. There is a prohibited list of luxury and other non-essential products; provision for importing from dollar and other non-sterling areas only absolutely essential items not available from sterling countries, and machinery to ensure that payments to all non-sterling countries do not (as in 1951) exceed non-sterling receipts from all sources, including the proceeds of gold sales.

In December 1951 when, in face of a huge deficit, it was decided to extend existing controls over dollar imports to cover all goods from outside the sterling area, the situation was serious enough. Appropriate measures were taken to reduce drastically dollar and non-sterling allocations for the period January 1 to June 30. In March, however, it became apparent that, to implement the decisions taken at the Commonwealth Finance Ministers' meeting, further restrictions in dollar and other non-sterling trading must be introduced. These allocations (with a few exceptions) were then cut in half, by doubling the licensing period for allocations to commercial importers and by halving the allocations to industry. Certain special products such as steel, gasoline and fertilizer were not affected by the cut but the allocations for rice, silk and rayon piece goods, blankets, cement and other vehicles were cancelled entirely.

The revised allocations are estimated to provide imports in 1952 to the value of £4.5M from the dollar area and about £5.5M from the rest of the non-sterling area. The comparable figures for 1951 were approximately £5.7M and £9.8M respectively. The proportionately small cut in dollar purchases reflects the screening of such imports that has gone on since 1947.

Under the licensing system, dollar permits can be used for purchases from any dollar or non-dollar non-sterling area, but non-sterling permits

can only be used in non-dollar non-sterling areas. The prohibited list covers luxury foodstuffs, wines, spirits, toilet preparations, clothing, carpets, furnishings, furniture, cutlery, glass, chinaware, earthenware, motor cars, jewellery and fancy goods. There is no restriction of trade with the sterling area.

### **The Budget**

The 1952-53 budget introduced early in April reflects the Government's determination to make ends meet on overseas and internal accounts. It was framed with the object of stimulating production and reducing imports. The proposals have been criticized freely as too severe but the realists accept them as the right and only medicine for an overstrained economy. Southern Rhodesia's extraordinary industrial development has gone on without due regard for the necessary accompaniments of increased transport facilities, labour, materials, and power. It has created a serious imbalance between spending and production.

Austerity measures have been adopted to remedy the situation. They include a levy of £10 per head on all adult whites, Indians, and coloureds, a rise of 6d. in income tax, a new supertax of 2½ per cent on all income below £4,000 per year, (the present maximum rate of supertax on income over that figure is raised to 4/6d. in the pound), application of suspended duties on a wide range of import items, and several other measures. The entire gold production is henceforth to be sold on the free market, and, to encourage the investment of dollars, a depletion allowance for tax purposes is conceded to the mining industry.

By these means it is expected to convert a deficit of £654,000 on revenue account for the financial year 1951/52 to a surplus of £9,000 at March 31, 1953. Estimated expenditure in 1952/53 is £28,126,000 and revenue £28,789,000.

### **Industrial Development**

The Colony's rapid development since the war, both industrially and commercially, and the demands of an increasing population have been the main factors in bringing about the present economic difficulties.

Since 1946, real output has increased by 60 per cent and the volume of exports by 50 per cent. The immigration policy up until 1952 encouraged new settlers who could staff and provide a market for the growing number of industries. Since the beginning of this year, however, immigrants to settle permanently have been limited to 2,700 per quarter. The average intake during 1951 was nearly 4,000 per quarter.

Southern Rhodesia's earnings come largely from tobacco (for which the United Kingdom is the chief market) and minerals, the most important of which is gold. The 1950-51 crop of tobacco was worth £12,926,000—a decrease from the previous year because of drought. During the first five weeks of the current selling season the auctions, which are no longer subject to controls, disposed of a total of 16,951,675 lbs. of flue-cured tobacco at an average price of 43d. per lb., compared with 12,089,233 lbs. at an average of 44·9d. during the first five weeks of the 1951 sales.

Two important factors which influence the economic life of Rhodesians (in fact, of all southern Africans) are communications and power. Since 1947, in an endeavour to meet the needs of a rapidly growing industrial community, the Southern Rhodesian Government has spent £20 million

on rolling stock, marshalling yards and general equipment for the railway system. This effort to catch up with the times has been hampered by labour and material shortages. Dependent on two ports—Beira in Portuguese territory and Durban in the Union of South Africa—the nearer of which is 200 miles from Southern Rhodesia's eastern border, for the receipt and despatch of goods, it is most necessary that the railway lines to these ports have adequate carrying capacity. Unfortunately, this objective has not been reached and congestion of traffic has seriously interfered with progress. The decision has now been taken to build a new line to the border of Southern Rhodesia, to be carried on by the Portuguese Government to the port of Lourenço Marques. This link, it is hoped, will be finished in 1954.

At the moment, electricity is provided largely by the thermal power station. To keep pace during the past few years with the expansion in output of the agricultural, mining and secondary industries, production has nearly doubled. This increase in production of power from steam continues with the assurance of adequate supplies of coal. Sizable hydro-electric power schemes are afoot; one dam is already completed and a second will come into operation by the end of this year.

#### Mineral Production

The value of mineral production for the years 1947-51 was:

Mineral	1947 £'000	1948 £'000	1949 £'000	1950 £'000	1951 £'000
Gold .....	4,508·6	4,437·0	5,197·1	6,344·8	6,043·7
Asbestos .....	1,738·5	2,604·6	3,986·7	4,615·5	5,452·1
Coal (sales) .....	623·0	748·0	912·3	1,126·7	1,325·5
Chrome .....	432·1	825·4	986·4	1,219·9	1,531·0
Total .....	7,585·7	8,903·5	11,293·2	13,606·7	15,039·1

In addition to this amount, £45,559 was received from gold premium sales during October, November and December.

Total value of mineral production has thus increased 98 per cent over 1947. All minerals contributed to this increase. The actual quantity of gold produced in the period declined from 523 thousand fine ounces in 1947 to 487 thousand fine ounces in 1951, but the increase in price, consequent on devaluation of the pound sterling, resulted in an increase in value. Price rises were also partly responsible for the increases in value of the other three minerals noted in the table but all three also showed substantial increase in quantity as well.

#### External Trade

Southern Rhodesia's external trade during 1951 was marked by a substantial increase in imports, both in volume and in value, the latter being £26,877,503 greater than in 1950. Exports in 1951 actually declined in volume although they rose in value by £3,536,768 compared with 1950. As a result of the larger expansion in imports, the adverse balance of visible trade rose from £10,620,818 in 1950, (when export values amounted to 82 per cent of the cost of imports) to £33,961,553 in 1951, when they amounted to only 60 per cent.

Year	Imports f.o.b. value £000's	Exports f.o.r. value £000's
1950 .....	58,875	48,254
1951 .....	85,752	51,791

In view of the efforts being made to reduce imports from non-sterling countries, it is interesting to note that 81·2 per cent of the Colony's imports during 1951, valued at £ 69,664,435, were from Commonwealth countries, excluding Canada. Imports from non-sterling countries were £ 16,087,847, or 18·8 per cent of the total. Against this, exports and re-exports to countries within the sterling area were valued at £ 42,922,563, or 83 per cent of all exports, compared with £ 8,868,166 to non-sterling countries, or 17 per cent of the total.

Southern Rhodesia's visible adverse trade balance of £ 33,961,553 for the year was thus made up of £ 26,741,872 with sterling and £ 7,219,681 with non-sterling countries. The non-sterling portion of the trade deficit, however, exceeded by only £ 1,112,008 Southern Rhodesia's export of gold, which amounted to £ 6,107,673 and was marketed almost wholly in the United Kingdom.

#### **Adverse Balance Larger**

For the first quarter of 1952 the adverse balance of trade was £ 10,373,000, as against £ 9,145,000 for the first quarter of 1951. (The figures take into account the Colony's gold exports.) Large imports of maize and sugar contributed to the increased balance.

A feature of growing importance in Southern Rhodesia's trade is the increased movement of goods and materials between the Colony and the Union of South Africa, largely the result of the customs union agreed upon three years ago. During 1949, the year in which the agreement came into operation, exports of Southern Rhodesian products to the Union more than doubled over 1948 and in 1950 increased by about 71 per cent over the 1949 figures. This improvement in trade came mainly from increased exports of textiles and clothing. In Union exports to Southern Rhodesia the improvement has also been considerable and has been spread over a larger variety of products, including tires and tubes, footwear, electric cable and wire, mining machinery, cotton piece goods, blankets and rugs, asbestos, cement products, etc.

#### **Trade with Canada**

Despite the control of imports from hard currency sources, exports from Canada to Southern Rhodesia increased from \$1,202,237 in 1950 to \$2,669,469 in 1951—an increase of over 100 per cent. Chief products contributing to this greater volume of trade were wheat, milk products, timber, paper, metal products such as screening and pipes, farm implements and parts, mining machinery, tools, motor cars and trucks, aluminium, chemicals and compounds, aircraft and parts. As with the Union of South Africa, the emphasis is on raw and semi-processed materials for industry.

Southern Rhodesia's exports to Canada also showed a substantial increase over the two years—rising from \$401,260 to \$1,496,481. The statistics reveal increased shipments of chrome ore, asbestos manufactures, industrial diamonds, and mineral substances.

The balance of trade in Canada's favour, which stood at \$800,977 at the end of 1950, rose to \$1,172,988 in 1951.

—BLAIR BIRKETT

*Canadian Government Trade Commissioner.*

# The French Textile Industry

*. . . . a report on raw materials, production and markets in 1951.*

**P**ARIS—Among the few French industries which showed little improvement in 1951 was the textile industry. Because it is made up of a large number of small family enterprises, it tends to be extremely conservative, high and rapid profits often prove too tempting, and too frequently owners are cautious about investing further in an inherited plant in whose future there is a lack of confidence.

This cautious outlook was further accentuated during the year by the instability in the world fibre market and by the realization that postwar rehabilitation of textile industries throughout the world had brought production dangerously close to the saturation point.

The shortage of cotton was not as serious as in 1951 and even the extreme scarcity of rayon pulp and cotton linters began to ease towards the middle of the year. The price of wool reached its maximum and began to recede. All these movements made for uncertainty at the manufacturing level. In addition, the drop in raw materials prices transferred the confusion to consumers, bringing about the well-known phenomenon of the "buyers' strike" in expectation of further reductions. Thus the industry started the year 1952 in continuing uncertainty and with the probability of a further recession.

## Linen and Hemp

Linen yarn production amounted to 28,116 metric tons, against 22,992 tons in 1950, 18,434 in 1949 and 25,716 tons in 1938. Hemp production amounted to 10,656 metric tons against 6,492 tons in the previous year, 7,704 tons in 1949, and 13,104 tons in 1938.

Both these fibres are used to an appreciable extent in mixtures with other fibres, particularly cotton, so it is difficult to estimate the total production of textiles from either or both. However, total production of unmixed linen or hemp textiles came to 25,296 metric tons against 18,984 tons in 1950, 14,700 in 1949, and 19,380 tons in 1938.

## Jute and Sisal

Jute imports, mostly from Pakistan, came to 118,752 metric tons, against 74,304 metric tons in 1950, 49,068 tons in 1949 and 81,804 tons in 1938. Yarn produced from this source totalled 101,172 metric tons. Sisal or manilla imports are not separately classed, but 44,160 tons of yarn were produced in 1951 against 36,600 in 1950, 41,736 in 1949, and 32,196 tons in 1938. Of this 31,908 tons went into the manufacture of binder twine, against 33,616 tons in 1950, 26,532 tons in 1949, and 24,816 tons in 1938.

Total imports of raw cotton in 1951 came to 247,332 metric tons, against 280,800 metric tons in 1950, 256,600 tons in 1949, and 277,800 tons in 1938. Partly because of high prices, therefore, imports went down

considerably. Contrary to previous buying trends, the United States accounted for a far smaller proportion of the supply—less than 40 per cent in 1951, compared with slightly over half the requirements in 1938 and 1950, and 67 per cent in 1949. The proportion coming from the French Union began to take on some importance—33,348 tons in 1951 against 26,400 tons in 1950 and only about 10 thousand tons prewar. Other important sources were Egypt, Mexico, Pakistan and Brazil, in that order.

Total production of cotton yarn amounted to 271,152 metric tons, against 250 thousand tons in the previous year, indicating a considerable use of stocks. Production of cotton textiles in cotton mills (excluding use in other mixtures) came to 163,668 tons, against 168 thousand tons in the previous year. Almost 60 thousand tons were exported in 1951, mostly to the French Union. Stocks on hand in the cotton mills increased by about 60 thousand tons during the period, reflecting fairly sluggish sales of about one kilo of cotton cloth per capita on the domestic market. This seems a relatively low consumption level.

### **The Wool Industry**

As in most countries, the wool industry depends largely on imports of raw materials. Because of high prices, imports were greatly reduced—to 87,852 metric tons in 1951 against 105,600 tons in 1950, 112,800 tons in 1949, and 125 thousand tons in 1938.

Total production of wool yarns was 120,252 metric tons, of which 27,384 was combed wool, 62,028 carded wool yarn, and the remainder knitting yarns. This compared with 126 thousand metric tons in 1950, of which 35 thousand were combed, 54,800 carded, and about 46 thousand tons used for knitting yarns. Exports of wool yarns came to 16,200 tons (plus 11,500 tons of wool tops) against 21,500 and 14,500 tons respectively in 1950.

Stocks of raw wool and woollen yarns decreased substantially during the year and this may place the industry in a better position to take advantage of lower prices in 1952.

The production of unfinished cloth was 80,268 tons compared with 80,050 tons in 1950. About 120 million metres of clothing tissues were produced, against 108 million metres in the preceding year. About 10,560 tons of cloth were exported.

Production of rayon yarn came to 57,108 metric tons as against 45,240 tons in 1950 and only about 28,000 tons in 1938. Staple fibre production continued to increase, amounting to 49,500 tons against 38,700 tons in 1950, 28,050 tons in 1949, and less than 6,000 tons in 1938. Exports of rayon yarn came to about 12,700 tons in 1951, against 11,800 in the previous year, and those of staple fibre to 8,450 tons against 10,600 tons. Thus total production was 106,600 against 84 thousand tons in the previous year, of which 21 thousand, or 20 per cent, were exported as compared with 25 per cent in the previous year.

The shortage of rayon pulp at the beginning of the year gave rise to the fear that a serious depression would hit the industry. A wise purchasing policy on the part of a centralized buying agency succeeded in avoiding this recession. Canada was able to profit substantially from this search for raw materials for French rayon pulp in a wider market.

—JAMES P. MANION

*Commercial Counsellor for Canada*

# Commodity Notes

## BRAZIL

**Sugar**—Preliminary figures indicate that Brazil's production of sugar for the crop year ending May 31, 1952, amounted to 26.5 million bags, 1.7 million bags more than for the previous season. São Paulo, with 8.1 million bags, headed the list of producing states, followed by Pernambuco (7.9 million) and Rio de Janeiro (4.6 million). Although São Paulo is now the leading producer, the southern states as a whole accounted for only 11.8 million bags of the total output, compared with 14.7 million bags for the northern states. Production for the 1952-53 crop year is estimated between 28.5 and 29 million bags, which would leave an exportable surplus of over 1.5 million bags—Rio de Janeiro, July 30.

## CHILE

**Copper**—The Chilean Exploration Company states that copper production at Chuquicamata will reach 160 thousand tons in the present year. This is the highest production to date and represents an appreciable increase in dollar exchange supplies.

A firm demand exists for Chilean copper, especially in the United States, at US\$0.35½ a pound, according to recent announcements. The amount mentioned as sold to date through the Central Bank is 50 thousand tons. Most of this went to the United States—Santiago, July 18.

## CUBA

**Codfish Consumption**—The Island imported 10.6 million kilos of codfish in 1950, valued at \$4.2 million. In 1951 purchases increased to 13.2 million kilos, or \$5 million worth. Canada and Norway continue to be Cuba's principal suppliers of codfish—Havana, June 30.

## FRANCE

**Automobiles**—An output of 256,209 vehicles during the first half of 1952 established a new high in the history of the French automobile industry, 14.5 per cent higher than in the corresponding period last year. Comparative figures for the two years are as follows (1951 in parentheses): private cars, 187,113 (158,261); trucks, 66,900 (63,077); buses, 1,274 (1,453); tractors, 759 (747); others, 163 (117)—Paris, August 5.

## INDIA

**Fertilizers and Cement**—Since the Sindri fertilizer factory went into production in October last, it has produced 52,565 tons of fertilizer and saved foreign exchange worth Rs.17.9 million. A proposal to set up a cement factory in the vicinity to use the waste has been favourably considered by the Indian Government, the sole owner of the plant. Production of cement has been entrusted to a local firm—New Delhi, June 3.

## ISRAEL

**Pharmaceuticals**—The Israeli pharmaceutical industry has expanded during recent months and preparations now produced include antibiotics, vaccines, biologicals, anaesthetics, hypnotics and sedatives, antiseptics and sanitizing agents, arsenicals for human and veterinary use. One of the five principal firms has received considerable orders for its penicillin and other antibiotics. These are processed from bulk materials imported from various sources, including Canada, and from Turkey and Greece mainly through barter arrangements—Athens, July 12.

## NEW ZEALAND

**Newsprint**—The Tasman Pulp and Paper Co. Limited has been registered in Auckland with a share capital of £ 6 m. The main object of the company as registered is to manufacture, deal in and sell paper pulp, paper, newsprint, paper board, timber and all products of timber and wood pulp. To safeguard the company in its main undertaking, many subsidiary objects are set out, including building and construction, timber-growing, and brick and tile-making—Wellington, July 21.

## PORTUGAL

**Cement**—Portuguese cement production exceeds demand by approximately 400 thousand tons a year. In 1951 about 200 thousand tons were exported, nearly four times the amount exported in 1950. Quality and local price are said to be competitive, but high freight rates tend to curtail export sales—Lisbon, July 7.

**Files**—Portuguese manufactured files have long enjoyed a high reputation in European and Brazilian markets. In 1950, 308 tons valued at \$332 thousand were exported. In 1951 the volume increased to 374 tons, but the value decreased to \$308 thousand. The United Kingdom, Brazil and Sweden were the most important buyers—Lisbon, July 7.

## TAIWAN

**Sugar**—Sugar is vital to Taiwan's export trade and is the largest single earner of foreign exchange. Estimates for 1952 put the total value of all exports at US\$117 million, up \$24 million from 1951. Of this sum the expected export of 450 thousand metric tons of sugar would bring in US\$64 million. Up to April 30, 1952, sugar exports have earned US\$34.6 million—or 76 per cent of the total value of exports—Hong Kong, June 27.

**Rice**—Taiwan anticipates a record rice production of 1.6 million metric tons for 1952. The expected increase over last year's harvest of 1.5 million tons is partly the result of a better yield per acre because of increased use of fertilizer, and partly the result of an all-time high of 790 thousand acres under cultivation. Of the yield, 160 thousand metric tons will be available for export—Hong Kong, June 27.

# Portugal in 1951

*Increases in exports of raw materials and foodstuffs and brisk two-way trade with her colonies helped Portugal reduce an unfavourable trade balance.*

**LISBON**—The trend towards economic recovery which first became apparent late in 1949 has continued, but Portugal's external position has improved more rapidly than her internal economy. Business conditions throughout the country continued depressed and the profits from the improved export trade have not found their way into general circulation.

Among the factors contributing to the better external position is the continuing demand at good prices for certain export products, particularly colonial goods, cork and tungsten. This, coupled with carefully regulated imports and an increase in invisible exports, has made it possible for Portugal to balance her international payments and even show a credit balance.

Direct financial aid under the Marshall Plan ceased at the beginning of the 1951-52 year. However, under the heading of Aid to Undeveloped Territories, the country is still receiving assistance to develop the Portuguese overseas territories, particularly Angola and Mozambique (Portuguese West and Portuguese East Africa). The money is going towards mineral exploration and development, establishment of industries, port and other transportation improvements, etc.

## **External Trade**

The total external trade of Portugal in 1951 increased markedly as the value of both imports and exports rose. Export values, however, increased more than import values and she was again able to reduce her unfavourable balance of trade.

Exports in 1951 were valued at about \$245 million as against about \$185 million in 1950. Imports in 1951 were valued at about \$315 million as against about \$280 million in the previous year, giving an unfavourable trade balance for 1951 of \$66 million, compared with \$87·5 million in 1950.

It should be pointed out, however, that these totals include imports from and exports to the Portuguese colonial empire. With the colonial figures subtracted, Portugal had an unfavourable balance in 1951 of \$87·5 million compared with \$91 million in 1950.

The visible volume of imports decreased by 127 thousand tons to a total of 2·9 million tons in 1951. Export tonnage increased by 724 thousand tons to a total of 2·4 million tons.

Contributing most to the increase in the value of imports were raw materials and machinery; foodstuffs registered a decrease. Greatest export increases were in raw materials and foodstuffs. Exports of manufactured products also went up but this is largely accounted for by shipments to the overseas colonies.

Over 30 per cent of Portugal's imports, representing a total of over three million contos, were made up of:

Petroleum products .....	1,002,000 contos*
Textile fibres .....	938,000 "
Iron and steel, including tinplate .....	729,000 "
Fertilizers .....	316,000 "
Wheat .....	198,000 "

Five-sevenths of Portugal's exports consist of the following 12 commodities:

Cork and cork products .....	1,390,000 contos
Cotton yarn and textiles (mostly exports to the Colonies)	896,000 "
Wolfram .....	549,000 "
Canned sardines .....	399,000 "
Port wine .....	382,000 "
Rosin .....	353,000 "
Wood and wood manufactures .....	261,000 "
Pyrites .....	219,000 "
Table wines .....	176,000 "
Olive oil .....	147,000 "
Embroideries .....	114,000 "
Fruits and nuts .....	110,000 "

All but four of the 37 principal commodities showed an increase in value.

#### Customers and Buyers

Excluding the Portuguese overseas colonies, the United Kingdom continues to be Portugal's best customer and largest supplier, with the United States in second place. The following table compares Portugal's trade with the more important countries:

	Thousands of Contos			
	1951		1950	
	Import	Export	Import	Export
United Kingdom .....	1,459	1,483	1,353	925
Overseas Colonies .....	1,105	1,744	1,289	1,349
Belgium-Luxembourg .....	888	253	678	284
Germany .....	516	352	298	195
Netherlands .....	512	204	256	129
France .....	509	316	397	256
Sweden .....	253	138	173	135
Switzerland .....	252	105	292	125
Italy .....	175	164	97	111
Spain .....	160	106	68	88
Norway .....	154	83	63	55
<b>North and South America</b>				
United States .....	1,434	1,016	1,235	690
Brazil .....	334	328	143	172
Curaçao .....	257	3	225	1
Canada and Newfoundland .....	207	58	178	55
Argentina .....	86	50	165	18
<b>Asia</b>				
Saudi Arabia .....	406	0	257	0
India and Pakistan .....	171	19	96	16

With the countries forming part of OEEC, the trend of trade over the past three years has been towards increased imports into Portugal from these countries. In 1949, 61.1 per cent of the imports came from those countries; the sterling area supplied 29 per cent of total imports. In 1950, 61.9 per cent came from OEEC countries and 21.5 per cent from the sterling area; in 1951, 62 per cent of imports came from OEEC and 18.9 per cent came from the sterling area.

Portugal's efforts to increase her trade with the dollar area have been attended with considerable success. In 1949, 29.8 per cent of the

One conto=1,000 escudos=Can.\$35 approx.

total export went to that area and this increased to 34.6 per cent in 1950 and to 36.3 per cent in 1951. During this period, exports to the United States increased from 13.9 per cent of the total to 17.5 per cent. Exports to Canada and Newfoundland decreased from 1.4 per cent to 1 per cent. Exports to Latin American countries increased from 6.9 per cent to 8.8 per cent.

From 1947 on, Portugal's balance of payments showed a deficit. The year 1951 marked a turning point. The Bank of Portugal reports an overall favourable balance for Portugal and her colonies of about \$79 million.

#### **Production Picture**

The 1951 crop year was, in general, good. The wheat crop of approximately 594 thousand tons was considerably above the ten-year average and 20 thousand tons more than in 1950. About 198 thousand tons were imported and it is probable that during 1951-1952 a similar amount will have to be obtained from abroad.

Output of olive oil for the 1951-1952 year will probably be double that of 1950-1951 and about 37 per cent greater than the five-year average. This will permit increased exports, most of which will probably be absorbed by Brazil.

The rather cold summer of 1951 retarded the maturing of grapes and as a result production of wine decreased by approximately 12 per cent, as compared with 1950, and by 20 per cent compared with the ten-year average. The total production is estimated at 7.6 million hectolitres. Port wine exports which, since the end of the war, had fallen off, showed a marked revival in 1951. The United Kingdom, traditionally Portugal's best customer for port wine, again became an active purchaser.

A feature of 1951 was the unprecedented activity in the cork market. As a result 232,109 tons of cork, valued at 1.4 million contos, were exported compared with 209,970 tons valued at 892 thousand contos in 1950. This industry, like the wine industry, has suffered from a falling-off in demand and the revival of the trade in 1951 was most encouraging.

Portugal is one of the most heavily forested countries in Europe and exports for 1951 totalled some 250 thousand tons. Pitprops accounted for well over half of this trade. The United Kingdom, South Africa and Spain are Portugal's best customers.

#### **The Textile Industry**

The Portuguese textile industry has probably suffered more than any other (with the exception of the sardine canning industry) as a result of shortages and high cost of raw materials. It was only during the latter part of 1951, when additional supplies of raw cotton were made available from the Colonies, that the cotton mills were able to begin working full time. The woollen industry, however, continued to operate for only three days in the week. High cost of the finished products has brought about strong consumer resistance and retailers have been left with heavy current stocks. In many instances these stocks have had to be moved at a sacrifice to meet fixed charges. Retailers have thus hesitated to do more than buy "from hand to mouth" and this further depresses the industry.

—L. S. GLASS

*Canadian Government Trade Commissioner*

# General Notes

## AUSTRALIA

**New Diesel Engine Plant**—A leading British diesel company intends to establish a subsidiary company in Victoria. It is reported that it will be the biggest diesel plant in Australia and may enable Australia to export diesel engines and equipment to Far Eastern countries. The British company plans to raise £500 thousand capital in London and Melbourne to underwrite the new enterprise, and preliminary negotiations with the Victoria Government are in progress. The company specializes in car engines—Melbourne, July 17.

## BURMA

**Decimal System for Rupee**—The Burmese currency has been put on a decimal system, effective July 1, 1952. The Burmese name of the rupee will be kyat, and henceforth it will be divided into 100 units. Each will be called a pya and will replace the present anna—Bombay, July 25.

## CHILE

**Loans for Cattle Industry**—The Minister of Agriculture is preparing a memorial for the Central Bank requesting loans through the Agrarian Credit Bank to develop the cattle industry. The amount mentioned is Ch\$500 million—Santiago, July 3.

## INDIA

**Loan for Steel Industry**—India is seeking loans from the International Bank on behalf of the Industrial Finance Corporation, the Damodar Valley Corporation, the Mysore fertilizer project, and the pig-iron industry. A Bank mission has just completed an examination of India's plans for more extensive development of its iron and coal reserves to increase its output of steel. A loan for this purpose will probably be granted. India has already received three loans from the Bank: \$8.5 million for agricultural machinery to carry out land reclamation; \$32.8 million to buy railway locomotives; and \$18.5 million for the Bokaro-Konar hydro-electric project—New Delhi, July 28.

## UNITED KINGDOM

**Exports to Canada**—While the total value of United Kingdom exports in July (£207.9 million) was, on a daily rate basis, 9 per cent below the average for the second quarter, exports to Canada (£13.4 million) were 33 per cent higher than the average for the second quarter and almost up to the high level of the second quarter of 1951. Exports to the United States were £12 million, the same as the average for the second quarter.

Imports in July amounted to £290 million, 9 per cent less than the monthly average for the first six months of the year. The excess of imports over exports was £69.1 million, compared with a monthly average of £78.4 million in the first half of this year—London, August 14.

## Netherlands Stimulates Dollar Sales

**T**HE HAGUE—Netherlands exporters can now obtain insurance against losses on sales campaigns in the dollar market—insurance that covers a portion of the costs of market surveys, advertising campaigns and general sales promotion. Premiums are calculated on the amount of the insurer's risk in the total cost of the campaign and on a portion of the increased turnover resulting from the sales promotion.

### Dollar Problem Is Serious

The Netherlands still has a serious dollar problem in spite of the great improvement in her foreign currency position during the past twelve months. The "Export Note" submitted to the Government last spring emphasized the importance of increasing dollar earnings by exports. It also proposed market development insurance as one of a series of measures to help exporters earn dollars.

Netherlands businessmen were reluctant to face the greater risks usually experienced in dollar markets. At the same time, it was apparent that sales success in Canada and the United States depended largely on carrying out detailed market research and following up with a good sales campaign. By providing insurance against losses on dollar sales promotion, the Government expects that more exporters will be ready to develop such sales. Market development insurance is new to the Netherlands and only the broad framework of its operation has been designed. Experience will be the chief guide in the detailed working-out of the plan.

### How It Works

The Netherlands exporter submits his proposed sales campaign to the Government's Economic Information Service, which then makes an independent survey to determine the sales possibilities for the goods to be exported. If the Government is satisfied that the project is worth backing, the exporter may take out insurance.

The amount of risk which the Government assumes is determined by a somewhat complex formula. The first step is for the exporter and the government agent to work out an agreed ratio between the cost of the sales campaign and the estimated sales during a given period. The Government then gives insurance on the difference between the figures arrived at by applying the agreed ratio to the estimated and actual sales results.

To illustrate, assume that the sales campaign cost is 10 per cent of the expected sales, or a ratio of one to ten. The estimated total value of sales is \$500 thousand over a two-year period. The amount to be spent on the sales campaign is then \$50 thousand. Suppose, however, that the actual sales during the two years amount to only \$300 thousand. For sales amounting to \$300 thousand, by applying the agreed ratio of one to ten, the cost should have been \$30 thousand. The exporter's loss on

his sales campaign cost, in relation to sales, is thus \$20 thousand. The Government will assume up to 50 per cent of this loss, which in this case would be \$10 thousand.

The premium a Netherlands exporter will pay for market development insurance is in two parts. The first payment is a small amount calculated on the portion of the risk which the Government assumes. The remainder of the premium payment consists of a small percentage of the turnover achieved in excess of the sales figure agreed upon by the exporter and the Government in the insurance contract.

The vagueness in defining the amount of premium to be paid results from the many indefinite factors which must be considered in arriving at the risk involved. Thus each application for market development insurance must be judged on its merits, and the insurance contract tailored to individual requirements.

—W. G. PYBUS

*Assistant Commercial Secretary for Canada*

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## Trade Commissioners on Tour

**T**O familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

**F. H. Palmer**, Consul General of Canada and Trade Commissioner in Manila, Philippines, began a tour of Canada on June 15; will visit the following cities in the next few weeks:

Montreal—Sept. 8-19

Ottawa—Sept. 20-23

Toronto—Sept. 24-Oct. 1

**F. W. Fraser**, formerly Commercial Counsellor for Canada in Melbourne, is continuing his Canadian tour and will visit the following cities during September and October:

Halifax—Sept. 12

Toronto—Sept. 22-29

Saint John—Sept. 15

Hamilton—Sept. 30

Quebec—Sept. 18-19

Ottawa—Oct. 2-4

Montreal and vicinity—Oct. 6-16

Mr. Fraser will become Commercial Counsellor in Stockholm at the end of the year.

**R. F. Renwick**, formerly Assistant Commercial Secretary in Bombay, has been appointed Assistant Commercial Secretary in Tokyo. Before sailing for his new post he will complete his Canadian tour in Vancouver, Sept. 15-19.

Businessmen may get in touch with these officers at Boards of Trade in Halifax, Saint John, and Montreal; Canadian Manufacturers Association in Toronto; Chambers of Commerce in Quebec and Hamilton; and the Dept. of Trade and Commerce (355 Burrard St.) in Vancouver.

# Trade and Tariff Regulations

## **Barbados Issues Import Licensing Notice**

Importers in Barbados have been reminded, in a Notice of the Superintendent of Agriculture dated July 2, that under the Animals (Importation) Control Regulations 1951 it is necessary to obtain a permit from the Director of Agriculture, Barbados, to import any animals into the Colony.

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## **Bermuda Permits Import of Certain Items**

The Bermuda Supplies Commission advised importers on July 29 that crystallized fruits, pie crust mix, and pineapple juice will be permitted to arrive in the Colony from Canada and the United States on and after August 15, 1952, and packaged rolled oats on and after October 1.

In a notice of July 30 importers were advised that potatoes may arrive on and after August 11, 1952.

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## **Chilean Customs Duties Raised**

Santiago, August 7—FTS—As from July 1, 1952, the surcharge on customs duties on goods payable at the free exchange rate and the gold rate has been increased from 1,830 per cent to 2,020 per cent.

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## **Removals from Colombian Prohibited List**

Bogota—FTS—By Decree No. 1830, effective August 1, 1952, the following articles formerly included in the prohibited imports list are now permitted importation provided they are utilizing the rights to foreign exchange earned by the exports of certain specified Colombian products other than coffee:

Item 18-b. Salted, dried, smoked, cooked or simply prepared meats other than ham.

Item 117-b. Other meat preparations and preserves different from those in Item 118, except liver patés.

Item 118. Meat extracts solid or liquid, even when flavoured with vegetable substances.

Item 890-2. Automobiles with bodies or complete:

Passenger and sport cars weighing each over 1,240 kilogs, but not over 1,650 kilogs.

Under a bilateral country arrangement, the following goods are permitted importation provided they are paid for with foreign exchange resulting from sugar, beer, rice or any other specified products exported from Colombia to the country of origin of these imports:

Item 120-a. Preserved or prepared fish other than salted, smoked or dried, imported in cans, terrines or hermetically sealed containers:

1. Sardines.
2. Others (including salmon).

Item 120-b. Preserved or prepared fish other than salted, dried or smoked, imported in other forms.

### **Protective Tariff Rates in Peru**

Lima, August 4—FTS—During the current year the Peruvian import tariff rates applicable to a number of products have been increased for the protection of local industry.

In February, the rates of duty on various yarns and textiles were increased considerably. Subsequent tariff increases applied to certain types of crockery, sheet glass and canned foodstuffs. The most recent import duty increases became effective August 25, 1952, and apply to a long list of paper and cardboard products, various soaps and certain glass manufactures.

Information on the items affected may be obtained from the International Trade Relations Branch, Department of Trade and Commerce.

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### **Trinidad Issues Import Licensing Notice**

Port of Spain, August 18—FTS—The Trinidad authorities have advised importers that a specific import licence is required for all goods under World Open General Licence where the supplier is a resident of a country other than the country of origin and shipment.

In such circumstances, importers should obtain specific import licences before placing their orders.

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### **U.S. Customs Regulations for Invoicing Printed Matter**

The attention of exporters of printed matter is directed to new United States Customs regulations on invoicing requirements for printed matter, as set forth in T.D. 53056 of the Weekly Treasury Decisions of July 31, 1952, which states as follows:

“In order to assist U.S. Collectors of Customs in properly classifying paper and paper products (other than books, newspapers, and periodicals which are not fashion periodicals) bearing printing of any kind, whether or not the printing was done by a lithographic process, customs invoices for such products shall contain, in addition to all other information required by law or regulation, a statement of the process employed in printing the paper or paper products.

“This requirement shall be effective as to certified or commercial invoices filed after the expiration of 30 days after the publication of this ruling in the weekly Treasury Decisions.”

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## **Data for Exporters**

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

# Department of Trade and Commerce

## HEAD OFFICE DIRECTORY

*This directory is intended as a useful reference for the business man who wishes to consult head office personnel on particular problems. Correspondence should be addressed to the heads of branches or divisions. Local government telephone numbers follow each name. (In Ottawa dial 9, followed by the local; when calling from out of town call the Government, 2-8211, and ask for the local only.)*

### No. 1 Building, 375 Wellington Street\*

	Gov.	Local
<i>Minister: The Rt. Hon. C. D. Howe, P.C., M.P. ....</i>		3693
<i>Parliamentary Assistant: G. J. McIlraith, M.P. ....</i>		7042
<i>Deputy Minister: Wm. Frederick Bull .....</i>	6748-2326	
<i>Executive Assistant: H. A. Gilbert .....</i>		2380
<i>Trade Policy Adviser: H. R. Kemp .....</i>		5151
<i>Associate Deputy Minister: M. W. Sharp .....</i>	2888-5838	
<i>Economic Adviser: O. J. Firestone .....</i>		4176
<i>Assistant Deputy Minister: Oliver Master .....</i>		2421
<i>Comptroller-Secretary: Finlay Sim .....</i>		2262

### ECONOMICS DIVISION

<i>Director: V. J. Macklin .....</i>	5658
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### TRADE COMMISSIONER SERVICE

<i>Director: G. R. Heasman .....</i>	2530
<i>Assistant Director: H. W. Cheney .....</i>	3058
<i>Assistant Director: L. H. Ausman .....</i>	6800

#### *Area Trade Officers*

<i>Asia and Middle East: R. K. Thomson .....</i>	8286
<i>Commonwealth: A. B. Brodie .....</i>	2144
<i>Europe: K. Nyenhuis .....</i>	5040
<i>Latin America: A. Savard .....</i>	7641

*Western Representative: L. M. Cosgrave, 355 Burrard St., Vancouver.*

*Newfoundland Representative: Stott Bldg., St. John's, Newfoundland.*

### COMMODITIES BRANCH

<i>Director: Denis Harvey .....</i>	5417
<i>Administrative Assistant: J. G. MacKinnon .....</i>	6905

#### Export Division

<i>Director: H. B. Scully (Acting) .....</i>	6519
<i>B.W.I. Trade Liberalization Plan: J. G. MacKinnon .....</i>	6905-5670
<i>Token Shipments to United Kingdom: A. E. Fortington .....</i>	5680

#### Import Division

<i>Director: C. F. McGinnis .....</i>	7163
<i>Export Controls in Other Countries: W. G. Hopkins .....</i>	6552

### Transportation and Communications Division

<i>Director: G. S. Hall .....</i>	6236
<i>Traffic Section: J. H. Longfellow .....</i>	7835

\* Unless otherwise noted, all offices of the Department are in No. 1 Building.

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Food, Steel, Non-Ferrous Metals, all Strategic Materials: S. C. Cooke .....	6976
Textiles, Lumber and Products: K. A. Peaker .....	5508
Chemicals, Leather, Automobiles and Trucks and Parts: D. Alger .....	6963

### Commodity Sections

#### (Export and Import)

<b>Automotive, Agricultural and Construction Equipment</b>	
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Automotive and Self-Propelled Construction Equipment:	
H. B. Scully .....	6519
Agricultural Machinery and Implements: G. C. Clarke .....	3873
<b>Chemicals, Oils and Minerals</b>	
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Oils and Fats: R. T. Elworthy .....	5177
Non-metallic Minerals: E. J. Bonkoff .....	5823
<b>General Products</b>	
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Toys, Recreational Products, Musical Instruments: P. G. Jones ..	4160
Office, Hospital, Radio and Store Equipment: D. G. W. Douglas ..	6197
Handicrafts, Photographic Equipment, General Manufactured Products: P. E. Jensen .....	5337
Plumbing, Heating and Hardware Products: G. W. Rahm .....	6958
<b>Imported Foods</b>	
E. B. Paget .....	4161
<b>Machinery, Metals and Electrical Equipment</b>	
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Assistant Chief: A. A. Dejausserand .....	5207
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<b>Wood and Wood Products</b>	
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Logs and Lumber Products: R. Bonnar .....	5127
Paper: E. Clarke .....	6974
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### Export and Import Directories

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Animal Products: A. J. Stanton .....	5859
Fish and Fish Products: T. R. Kinsella .....	7385

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United States: B. S. Shapiro .....	8469
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M. Schwarzmann .....	7594
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Advertising: Roy A. Abrahamson .....	6435

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Miss M. J. Bourque .....	2760
M. Roy .....	2760

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Assistant Director: F. P. Cosgrove .....	7818

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Birks Bldg., 107 Sparks St.

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Chief Credit Officer: A. W. Thomas .....	2-4828
Secretary: T. Chase-Casgrain .....	2-4828

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Assistant Director (Weights and Measures): C. S. Phillips .....	2000
Assistant Director (Precious Metals Markings): W. L. Berry ....	7075

### INTERNATIONAL ECONOMIC AND TECHNICAL CO-OPERATION DIVISION ("COLOMBO PLAN")

**No. 2 Building, 70 Lyon St.**

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Assistant Administrator: R. W. Rosenthal .....	8429
<b>Technical Co-operation Service</b>	
<i>Chief:</i> J. A. Macdonald .....	5542
Assistant Chief: J. T. Hobart .....	6030

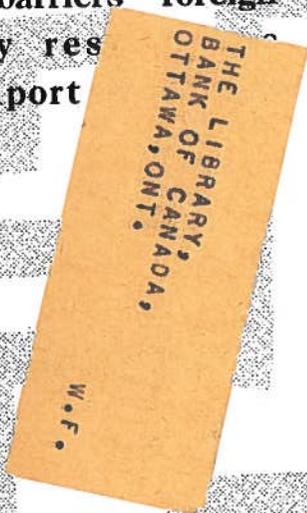


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Hard-currency markets—where there is relatively little in the way of import restrictions—are few and far between. Venezuela is one of them.



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