Our Stake in the British Food Market (page two)

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It isn't as large as it might be, says the Agricultural Secretary in London—and goes on to discuss the size of the market, changes in consumer patterns, and promising opportunities for selling more Canadian processed foods.

Luck Won't Land German Orders 6

Lady Luck is as fickle in Germany as anywhere else, says our Düesseldorf office; don't trust her. German businessmen want to buy from Canadians who have prepared themselves thoroughly before they set foot in the country. You can begin your own preparation by reading this article.

Don't Overlook Iceland 9

Instead of flying over the island on your way to or from Europe, stop off and look for business there. If you are selling consumer goods, prospects are promising, despite the competition and shipping problems, says our Oslo office.

Are There Opportunities in Libya? 18

The Commercial Secretary in Rome, who covers this North African country also, went to Libya last fall to investigate market possibilities, now that oil strikes have transformed the trade prospects. His conclusion: we could probably treble our present sales of less than $400,000 a year, with active promotion.

What's Current in Commodities? 22

Canadian toy manufacturers are planning a Toy Fair in London in February, a follow-up to the selling mission they organized in 1962. Why is Britain such a good market? The facts and figures in these pages provide the answer. Opportunities in a nearby country, Belgium, will also repay investigation.

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Canada sells the British over $300 million worth of agricultural products a year.

What are our best sellers?

Could we win an even larger share of this $4.5 billion market against stiff competition?

In what new directions should we move?

A number of Canadian food processors have first explored the British market by exhibiting at selected trade fairs, under Trade and Commerce sponsorship. Here is a view of part of the Canadian Government display at the Fourth Delicatessen Exhibition held in London, England, from February 25 to March 1, 1963.

Our Stake in Britain's Food Trade

W. M. MINER, *Commercial Secretary (Agriculture), London.*

AGRICULTURAL products to a value of some $4,500 million reach the British Isles each year from practically every country in the world. This flow has continued for decades, so that major suppliers such as Canada speak of historical trade patterns and traditional exports. World-wide prices for agricultural products are often established or highly influenced in this, the largest market in the world for food. Canada's stake in the British market is a large one, because we sell almost one billion dollars worth of merchandise there each year, and one-third of the trade is in food and agricultural products. But to the casual observer wandering through a small London food shop, Canada appears to be selling scarcely anything.

This reaction is not surprising, partly because the British food market is large and composed of many small shops interspersed among a smaller number of supermarkets and self-service stores. The main reason for it, however, is the composition of our agricultural trade, which consists primarily of bulk products for processing in Britain. Much of their Canadian identity is thus lost before they reach the retail shelves. None the less, a casual observer in London is inclined to ask—"What foods does Canada sell here?" and "Why not more?"

Large and Changing Market

It is difficult to realize the immense quantities of food that Britain imports. In an average month, the following quantities of agricultural products normally move through British ports (in long tons):

wheat 175,000
meat of all types 98,500
butter 36,000
apples 19,600
cheese 11,500
canned fruit and vegetables 46,800

From September 29 to October 17, 1963, 89 ships were due to arrive with a broad range of fruit and vegetables. In the month of October, 15 ships were afloat destined for Britain with about 32,100 tons of butter and cheese from New Zealand alone. Practically every conceivable foodstuff is offered here to tempt the British housewife.

Imports of food and beverages continue to increase despite substantial domestic production which already supplies half of British food requirements. Consumption of most foods is rising year by year, with the greatest gain in processed and convenience foods. The North American patterns of consumption and distribution are evident here. A growing share of food wholesaling and retailing is handled by chain stores, co-operatives, and the large voluntary groups of independent grocers. These organizations are seeking volume trade at lower margins and are giving up the personal service that has been a feature of Britain's food trade. The number of supermarkets and self-service stores is steadily increasing.

In these circumstances, brand promotion has become more important and volume suppliers are better able to offer these brands at competitive prices. This places the larger domestic food manufacturers and the main processed food exporters in a stronger position. The catering trade is growing more rapidly than any other segment of food distribution. Smaller volume items are being handled by merchants dealing in delicatessen and specialty products. The greatest expansion is taking place in the field of processed foodstuffs and Canada is sharing in this growth. This review of our present trade shows what we sell now and helps to answer the question, "Why not more?"

Trade in Traditional Products

The backbone of our agricultural exports to Britain (see Table I) is made up of wheat, tobacco, other cereals, seeds, fish, fresh apples and cheese. This trade goes on year by year, fluctuating mainly in response to variations in supply, with Canadians managing to maintain their annual total at an impressive $300 million, approximately. This represents nearly 30 per cent of our total sales to Britain and 85 per cent of our agricultural exports.

Cereals Dominate Trade

Canada is one of the principal suppliers of many of these traditional products; in 1962, 30 per cent of Britain's imports of cereals and cereal preparations came from Canada. Wheat going to Britain constitutes our most important single agricultural export to any market. In the twelve months ended July 31, 1963, 78.4 million bushels of Canadian wheat were shipped to Britain, representing 55.7 per cent of total wheat imports. Other grains are sold regularly but in widely varying quantities, and the same is true of cereal byproducts. Despite a sizable home production and the new shift in British cereal policies aimed at achieving greater balance in the market, the high quality of Canadian wheat and other cereals should ensure a continuing trade. The volume depends not only on world production and demand but on the terms of access to the British market.

TABLE I

SOME TRADITIONAL CANADIAN EXPORTS TO BRITAIN

	1961	1962	1963 (6 mos.)
	(thousands of Can.$)		
Livestock, hides and skins*	1,375	1,732	163
Wheat	140,533	140,225	73,890
Wheat flour	22,238	22,781	10,997
Barley, oats and other cereals	5,037	13,785	5,368
Cereal byproducts	686	2,826	580
Fresh apples	3,849	4,542	2,687
Dried peas and beans	652	659	826
Oilseeds	29,396	24,440	8,455
Soya bean oil and linseed oil	6,423	5,213	3,020
Tobacco and tobacco products	24,986	26,707	22,655
Grass and legume seed	990	1,691	283
Fish and fishmeal	12,665	13,568	5,749
Sausage casings	1,167	1,678	623
Cheddar cheese	5,791	8,310	2,198

*Excluding furbearing animals.

Demand is strong for oilseeds, cake and meal—as it is for dried peas and beans and grass and legume seed. The difficulties of the 1963 growing season in Britain and the cool, damp autumn have left their mark on both the quality and quantity of home-grown grains and seeds. A similar situation prevails in most of Europe, so with the possible exception of grain for livestock use, immediate prospects for cereals and seeds appear bright.

The future for Canadian fresh fruit, particularly apples, is less certain. The first harvests from new orchards in France and expanding sales from Italy already pose problems for our apple exporters, who must compete for a share of the global import quota applied to this product. In a volatile, highly centralized market, proximity of supply is obviously important. Keen attention to quality and presentation and aggressive merchandising will help to meet European competition but our sales this year are almost certain to be lower.

Tobacco and Fish

For tobacco, the market is large and firm, with the export of Canadian leaf depending upon our ability to merchandise a product of the desired grade and quality on the basis of a regular volume and competitive prices. Cheddar cheese sales are smaller this year, not because we cannot compete, but because of insufficient production of the high-quality cheese necessary to meet British demand.

Fish exports depend largely on our ability to make available to the

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British market at competitive prices the quality products that they are accustomed to buying from us. The principal fisheries products sold are canned salmon, lobster and sardines, frozen salmon, halibut and lobster meat, as well as frozen blocks and fillets of groundfish to fill gaps in the British catch. For most of these products also the demand is firm but the price is usually less attractive than in the United States and this limits the quantity on offer.

The market for the main items in our agricultural trade is well known and understood by buyers and sellers. The principal exporters with commodities to sell at competitive landed prices have little difficulty in finding customers. Opportunities for additional business become quickly known on both sides of the ocean and there is small likelihood of useful trade being overlooked. This does not mean that the trade is static or does not require constant promotion and surveillance. In fact, the market for these traditional bulk products is highly competitive and companies which want to remain in business must be on top of the trade.

Processed Foods Popular

The volume of processed foods moving into Britain each year is large but despite sizable exports, Canada only supplies between 1 to 1½ per cent of the total. In the face of their marginal position in the trade, Canadian exporters are hard pressed to overcome the severe competition from larger volume suppliers such as Australia and South Africa. In addition, Britain produces most of its own canned vegetable needs. Canada's success to date (see Table II) has been confined to a few canned fruits, canned vegetables (mainly corn and tomato juice), pickles and breakfast cereals. Our sales of honey have proved most encouraging. Our exporters are taking advantage of the developing frozen food market and despite keen competition from both British processors and other importers, Canada should continue to be an important and growing source of supply.

How to Expand Sales

There is obviously scope to expand our sales of processed foods to Britain. Canada has the right type of produce and we are accustomed to the form of merchandising becoming common here. The tariff treatment accorded our products is at least comparable with that given to any of our Commonwealth competitors. What we seem to require is lines capable of reaching a volume sufficient to support promotion. To attain this volume, Canadian exporters have recently taken certain steps. For a few companies their sales of specific products or groups of products already warrant promotion expenditures. Other firms are initiating a common label approach to reduce production costs and support brand advertising. There are many food processors who prefer to choose new or different lines, perhaps delicatessen items, and try to establish a worthwhile volume for a few select products.

TABLE II

CANADIAN SALES OF PROCESSED FOODS TO BRITAIN

	1961	1962	1963 (6 mos.)
	(thousands of Can.$)		
Honey	576	567	314
Meat including poultry	1,742	1,759	1,130
Breakfast cereal foods	618	350	364
Canned apples	372	1,061	462
Canned peaches	70	234	15
Canned pears	278	951	155
Other canned fruit and pie fillings	120	994	615
Frozen vegetables	404	375	†1,337
Canned corn	489	838	154
Canned tomato juice	703	872	200
Other canned vegetables and vegetable juices	241	425	697
Pickles, relishes and sauces	402	734	319
Sugar preparations and confections	137	465	266
Casein	241	520	182
Alcoholic beverages	265	316	104
Precooked frozen dinners, preparations, n.e.s.	206	903	230

†Includes $925,000 for frozen potato products.

Some inducement is necessary to obtain that essential first order from an importer and to convince the customer to make an initial purchase. This may entail advertising, special prices, demonstrations or giveaways. Some products can be sold for catering use or for the delicatessen trade, eliminating to some extent the need for promotion. Regardless of the product, continuity of supply is essential. It is fair to say that the British market for processed foods is sufficiently large and buoyant to react favourably to any serious sales program.

New Trade Developments

Recent sales of processed foods have included specialty-type canned goods, frozen foods (including catering-size packs), and cooked poultry. An interesting trade developed last year in fresh onions, carrots, Bartlett pears and live lobsters. A glance at the following partial list of Canadian foods recently available in Britain may be helpful to potential exporters.

Canadian Foods Recently Available in Britain

Canned corn
Canned Chinese foods
Canned pie fillings
Sweet pickles and relishes
Canned chicken
Frozen corn, cauliflower, brussels sprouts, spinach and broccoli
Fresh pears
Fresh onions, carrots
Live lobsters
Frozen fruits and vegetables for catering
Frozen pies, pastries
Cooked frozen poultry

There are numerous excellent British companies ready to handle these types of products. Some of them will buy direct for retail sale or for repacking but most of the new business has been arranged by commission agents or import brokers. These companies ask for a good, consistent-quality product or range of products under an attractive label and available on a regular basis, with scope for rapid expansion to meet demand if the food "catches on". They are looking for food products that appeal to the middle-income group; many of the housewives in this group work outside the home and will pay more for convenience-type foods. The products must be competitive in price and conveniently packed. In addition, they almost invariably require some special inducement to encourage a first sale. Although these products may be sold in one of Britain's few supermarkets, they are more likely to be distributed through a small food shop in competition with nationally advertised brands from the United States, Australia, South Africa, Britain or Europe.

Although the list of products recently available here does not refer to a full range of branded merchandise, there is an unsatisfied demand for new and complete lines. A number of British companies are actively seeking a full range of canned goods where quality, consistency and volume can be offered and maintained.

There is a rapidly expanding medium-income group in Britain which could provide customers for Canadian processed foods for the next two decades or more. A recent consumer survey conducted by a private London company revealed that housewives most likely to buy foreign goods were under 35 years of age and their husbands were in the top third income group. These customers are seeking and obtaining many of the conveniences normally associated with modern living and an increasing share of their income will obviously be spent on convenience-type foods. The influence of this group is already apparent from the list of Canadian foods recently marketed in Britain for the first time.

Looking ahead, importers suggest the following types of products for future volume trade:

Frozen vegetables and fruits
catering sizes and new retail lines, some with sauce
portion and twin packs
dinners

Frozen pastries, pies

Delicatessen lines
both retail and catering sizes

Instant and freeze-dried foods

Canned specialties
poultry meat
Chinese foods
pasta products

Food consumption patterns in Britain seem bound to follow the North American. It is up to Canadian food processors and exporters to find the products which fit in with these developments and to establish them in this important market. ●

Britain Passes Weights and Measures Act

THE new Weights and Measures Act that came before Parliament this spring has been passed and has received Royal Assent. The sections of particular interest to Canadian exporters, covering foodstuffs, will go into effect on July 31, 1965.

The Act is designed primarily to protect the consumer against short weight or deceptive packaging and the delay in putting the sections concerned with these into effect is to give manufacturers time to use up stocks of packages or labels and prepare new designs. The Act was discussed in detail in an article in *Foreign Trade* of May 4, 1963.

The Act as passed remains substantially unchanged from the original Bill and is divided into the following parts:

Part I *Units and Standards of Measurement*—This defines units of measurement, provides for testing equipment, and establishes a Commission on Units and Standards of Measurement.

Part II *Weighing and Measuring for Trade*—This defines the units of measurement, weights and measures lawful for trade use, and lays down patterns and specifications for equipment.

Part III *Public Weighing or Measuring Equipment*—This concerns the provision of public equipment.

Part IV *Regulation of Certain Transactions in Goods*—Section 21, by reference to a number of schedules, makes the manner of selling a wide range of goods and the quantities in which they may be sold, statement of quantity if prepacked, etc., subject to certain rules.

Part V *Local Administration*

Part VI *Miscellaneous and General*—This includes transitional arrangements for milk and bread.

Part IV is of principal concern to Canadians because its Section 21 refers to a number of schedules listing certain groups of food and other products that will be subject to specific requirements covering the marking of weight or quantity. Part 12 of Section 21 gives tables of maximum permitted weights for containers for certain classes of foodstuffs.

Paragraph 4 of Section 21 states that the Board may make further regulations about the manner in which containers must be marked with information on the quantity of goods contained. With these powers, it seems likely that more specific regulations will be made under the Act for such products as canned fruits and vegetables. These have so far not received individual attention.

Canadian exporters in doubt about the effect of this Act should consult the Office of Trade Relations and Trade Policy, Department of Trade and Commerce, Ottawa, or the Agricultural Counsellor, No. 1 Grosvenor Square, London, W.I., England.

—BASIL M. FILLMORE,
Commercial Assistant (Agriculture), London.

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Luck Won't Land German Orders

If you come to West Germany relying on luck alone to bring you customers, you won't be able to compete with the well-briefed salesmen from other countries. But come prepared to answer all questions, bring literature in German, appreciate and adjust to the differences in this market—and you will get results too.

HOWARD E. CAMPBELL, *Consul, Düesseldorf.*

WHAT are they doing and where do they come from—all the brief-case-carrying, multilingual guests in the hotels of Frankfurt, Hamburg and Duesseldorf? They are selling or trying to sell the goods of France, Italy, Holland, Britain, Japan, the U.S., Canada and other countries to Germany's 55 million prosperous consumers. How successful are they? The best answer is Germany's imports, worth $12.4 billion in 1962.

Although Germany ran up this staggering import bill last year, not all overseas hotel guests aspiring to sell here did so. Some went home without an order. Why? Probably each would have a different story—various versions of bad luck. Those who *did* sell would have different stories too, but luck would figure very little in them.

Bone Up First

The foreign salesmen who have been successful in Germany came equipped with as much information as they could get about Germany, everything about it—its climate, people, methods of doing business, customs regulations, hours of business, packaging regulations and dates of important trade fairs.

They realized before they came that they were going to bump into customs and conditions different from those in their home market and would be doing business in a foreign language as well. They did their homework thoroughly. When they arrived, they were ready to answer all questions and to make it easy for the German customer to buy.

What are the questions a foreign salesman is likely to hear in Germany and how can he make it easy for buyers to order his product?

First of all, buyers here, just as in Canada, want to see the product being offered—or, failing that, specifications and descriptive literature, *in German,* that describe it accurately. Once they know exactly what is being offered, they ask:

How much is the delivered price in German Marks?

What are the terms of payment?

How long does it take to obtain delivery?

What quantities are available?

Is a 3 per cent discount given for prompt payment?

The overseas salesman who can answer these questions makes it easy for the buyer to say, "Ship me one thousand", or "Ship me one hundred thousand".

Information on Germany is not hard to come by. There are three Canadian government trade offices in Germany—

Canadian Consulate General
2 Hamburg, Ferdinandstrasse 69
(Tel. Hamburg 326149)

Canadian Consulate
4 Düesseldorf,
Bismarckstrasse 95
(Tel. Düesseldorf 20525)

Canadian Embassy
Commercial Division
532 Bad Godesberg,
Frankengraben 35
(Tel. Bad Godesberg 76995)

Upon request, they will investigate the market for your products and let you know if local firms are interested. All you have to do is send samples or five or six copies of descriptive literature on your products, with prices c.i.f. German or Dutch ports, to the trade officers. If the prospects are encouraging, a senior officer in your company should plan to visit Germany. The Trade Commissioner can make appointments for him with people in the trade and, if necessary, can provide an interpreter to go with him on his calls.

What's Different?

The Canadian visitor will find a few differences and many similarities between Canada and Germany. The climate is much the same. In the mountains of Bavaria the weather is much like that of British Columbia; in the Rhine River valley it is more like the Maritimes—with rainy, mild winters and cool summers; in the area around Hamburg it tends to be overcast and rainy most of the time.

German hotels are much like those in Canada and prices are roughly the same. The better hotels are usually fully booked, so it is a good idea to make reservations as far in advance as possible. Although a service charge of 10 to 15 per cent is added to the bill, it is usual to tip the chambermaid and the porter who carries your bags. Breakfast of coffee and rolls is often included in the room charge.

Food served in German hotels and restaurants is wholesome and the portions generous. Wines are excellent and, by Canadian standards, inexpensive. German beer also enjoys a good reputation. Meal prices are about the same as in Canada: a continental breakfast (coffee, rolls and jam) costs about 75 cents, lunch runs around $2.00, and dinner $3.00, including a glass of wine or beer. A service charge of 10 to 15 per cent is usually added to the bill by the waiter so it is not necessary to tip him.

Getting There

From Montreal it is only a ten-hour plane ride to Duesseldorf in the industrial heart of Germany. No visas are required for visits of less than three months but you will need a passport for identification. Visitors usually come through customs with a cursory check of their baggage. Canadians are allowed to bring in duty-free up to 400 cigarettes, or 75 cigars, or 500 grams of smoking tobacco. Commercial samples of negligible value for use in soliciting orders are exempt from import duties, but customs authorities may require these samples to be made useless as merchandise by perforation, marking, tearing, or other treatment. Samples with commercial value may be brought into Germany without payment of duty, but the traveller must complete a customs form (Zollvermerkschein) and deposit with Customs the amount of import duty. This is refunded when the traveller takes his samples out of the country.

Interviewing Customers

Cities in Germany, including Duesseldorf, look a lot like cities in North America, but there are some subtle differences—and some not so subtle. The language is one difference that isn't subtle. The German people do speak German. Although English-speaking visitors can get along in English at the airport and in the larger hotels, if they aspire to do business, they must take an interpreter with them on their calls. Some of the businessmen here can speak English but when discussing business they want to speak German—and they want descriptive sales literature, *in German,* and measurements and weights in the metric system.

The character and scope of the German market differs from the market in Canada. The population

Important German Trade Fairs

Baby and Children's Wear
Cologne
Autumn

International Leather Goods Fair
Offenbach
February and May
Twice yearly. Wide range of leather goods.

International Toy Fair
Nürnberg
February
Annual

Spring Fair
Frankfurt
February
Annual

Autumn Fair
Frankfurt
September
Annual

German Industries Fair
Hannover
April-May
The most important trade fair in Germany; concentrates on engineering and heavy industry.

International Exhibition of Packaging Machines, Confectionery Machines and Packaging Materials
Duesseldorf
May
Packaging machinery and equipment.

International Handicrafts Fair
Munich
May-June
Annual. Covers a number of other industries apart from art handicrafts.

INTERKAMA
Duesseldorf
November
Next in 1965. Scientific and precision instruments, regulating and control apparatus.

ACHEMA
Frankfurt
Summer
Held every three years; the next is in June 1964. Covers chemical engineering, laboratory apparatus, etc.

INTERSTOFF
Frankfurt
May and November
Twice a year. Textile fabrics for the clothing industry.

Men's Fashion Week
Cologne
August
Annual. Men's and boys' ready-made clothing.

German Industries Exhibition
Berlin
October
Annual. Largely a prestige show, but about 1,000 exhibitors take part.

ANUGA
Cologne
Autumn
Most important fair for food and drink. Held every two years. Alternates with Munich IKOFA exhibition.

PHOTOKINA
Cologne
March
Every two years. The leading fair for photographic and cinematographic apparatus.

International Hardware and Domestic Goods Fair
Cologne
February and September
Twice a year. Covers hand tools and miscellaneous domestic wares as well as extensive range of domestic electrical appliances.

International Fashion Weeks
Duesseldorf
Several each year
Held in March, April, September and November.

International Furniture Fair
Cologne
January-February
Held every two years; next one in 1964. Alternates with INTERZUM.

Sports Goods Fair
Wiesbaden
Spring
Annual

DRUPA
Duesseldorf
May
Printing and papermaking machinery. Held every four years; the next will be in 1966.

IKOFA
Munich
September
Food and drink. Held every two years, alternating with Cologne ANUGA exhibition. Next in September 1964.

SPOGA
Cologne
November
Annual. Sports goods, camping equipment, garden furniture, etc.

is three times that of Canada, with a standard of living almost as high. Consumption of goods of all types is tremendous. In the first six months of this year, imports reached $6.3 billion in value—over twice Canada's total exports during the same period.

With 55 million prosperous people packed into an area less than one quarter the size of Ontario, there is a larger concentration of customers than in any part of Canada. The market is not only big but it is also closer to Eastern Canadian manufacturers than their customers in British Columbia.

In talking to German businessmen, Canadian salesmen will find that despite the pressure of his workday, the executive over here has retained the courtly manners of Old Europe. He greets all visitors politely and expects to exchange a few pleasantries before getting down to business. However, when the pleasantries are over, he wants full details on the product, the landed price in Germany, and discounts allowed. He also wants a good supply of descriptive literature, *in German,* and samples to show his colleagues and customers. A typewritten or duplicated presentation *in German* is far more useful to him than more elaborate documentation produced only in English.

Trade Fairs and Holidays

In planning his visit to this country the Canadian businessman might profitably time his trip to coincide with a German trade fair featuring products in his field. These fairs attract buyers, distributors and agents from all over Europe and provide an opportunity to make contacts with businessmen over here. Some of the more important German trade fairs are listed in the accompanying box feature.

Another thing to think about in planning a trip to Germany is the schedule of holidays. Nothing can be more frustrating than arriving to do business and finding everything shut down. Legal holidays vary from district to district, but the main ones for 1964 are as follows:

January 1	New Year's
March 27	Good Friday
March 29	Easter Sunday
March 30	Easter Monday
May 1	Labour Day
May 7	Ascension Day
May 17	Whitsunday
May 18	Whitmonday
May 28	Corpus Christi
June 17	Day of German Unity
November 1	All Saints Day
November 18	Repentance Day
December 25	Christmas
December 26	Boxing Day

German shops and post offices usually open at 9 a.m. and close at 6.30 p.m. Small shops and post offices may close for lunch between one and three p.m. On Saturdays all shops close at 2 p.m. except on the first Saturday of each month, when they remain open until 6 p.m. Banking hours vary in different parts of the country but in the larger cities they are from 9 a.m. to 4.30 p.m. All banks are closed on Saturday; however, foreign exchange counters in the major airports and railway stations are usually open.

Adaptations and Agents

Canadians interested in selling electrically-operated equipment should bear in mind that 220-volt, 50-cycle alternating current is used in most parts of Germany. Products such as electric heating appliances, stoves, oil burners, etc., should be modified to meet German standards before being offered on the market. English translations of these DIN regulations can be obtained from Deutscher Normenausschuss (DNA), Köln, Friesenplatz 16. The plugs used to connect appliances, lamps, etc., are different from those used in Canada and are invariably fitted with a ground wire.

Methods of distributing goods in Western Germany vary with the product, but most overseas suppliers find it best to work with an agent. If such a representative can carry stocks, all the better. Commissions paid range between 7 and 10 per cent for consumer goods down to as low as 2 per cent for heavy machinery. Generally speaking, few agents cover the whole of the Federal Republic and it is necessary to appoint a representative in each of the Länder (provinces).

Payments and Patents

With goods from all over the world being offered to them, German buyers have been able to obtain better terms of payment than prevail in most countries. Overseas suppliers to this market have been accepting payment on the basis of 30 days after receipt of goods. As an inducement to make prompt payment, some firms offer a discount of 2 to 3 per cent for payment within 10 days.

For overseas salesmen offering new products, the German Association of Patent Attorneys (Deutsche Patentanwaltskammer) can, in an emergency, arrange for patent protection in this country for up to six months. This is a great convenience for businessmen who haven't had time to patent their inventions before coming here. There are offices of the Deutsche Patentanwaltskammer in all the major cities and the members of the Association are on hand at the major German trade fairs to help people who have patent or trade-mark problems.

Canadians Can Sell

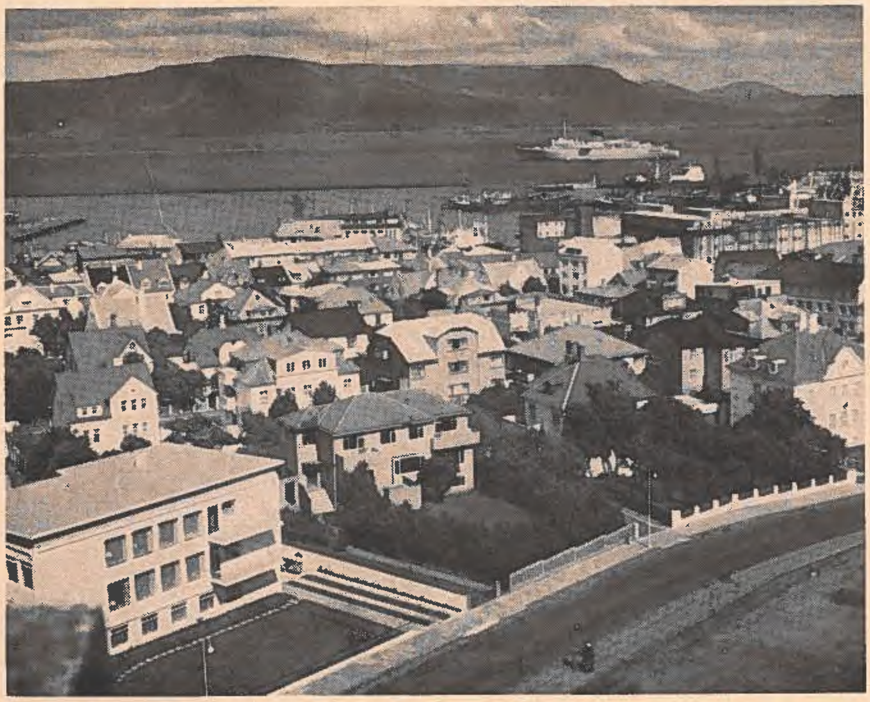
During the past year Canadians have been selling everything from electronic equipment and cameras to women's fur hats and toiletries in Germany.

"Did you sell anything?" a member of a visiting Canadian Trade Mission asked his fellow mission member recently.

"Did I sell anything ! ! !" he replied, "I got a trial order for three of our floor-polishing machines and the customer says if they're as good as I claim, he'll want a hundred thousand dollars worth a year!"

This conversation reflects a not unusual result from a personal visit. It is a result that has been and can be repeated many times over by Canadians who come to this market. ●

Don't Overlook Iceland



If you think of Iceland as a barren island with a low standard of living, read this report. Our Trade Commissioner in Oslo, who visited Reykjavik recently, passes on his impressions and points out why this is a modest but expanding market, worth more attention. The picture of the capital above illustrates the progress there.

J. E. P. LANCASTER, *Commercial Secretary, Oslo.*

THE visitor to Iceland cannot fail to be impressed by the boom conditions there, especially in the capital, Reykjavik. Traffic tie-ups point to the tremendous increase in car registrations; well-stocked shops feature the products of many nations; brand-new four-lane and six-lane boulevards arched by modern fluorescent and mercury-vapour lamp standards radiate across the town; new high-rise apartment houses point into the northern sky with their 12 and 14 stories. All these make the visitor quickly aware of Iceland's new-found affluence.

Fisheries All-Important

Yet the economy of Iceland is narrowly based. Its agriculture is limited by the amount of arable land and the climate; it has no forests and limited mineral wealth. Its secondary industries are still in the early stages of development and, like agriculture, are geared to serve the domestic market. Icelanders in the past have naturally taken to the sea for their livelihood. Today, they still earn foreign exchange almost exclusively through the production and sale abroad of fish and fisheries products. With the use of advanced techniques and improved gear, fisheries production has expanded rapidly in recent years, particularly the herring fishery. Further processing of the catch to meet the needs of specific markets such as the United States and the production of fishmeal and fish oil have added to the value of output. Good markets in Western Europe, the U.S., the Iron Curtain countries (under bilateral trade agreements) and Africa (dried fish), made possible a surplus on Iceland's balance of payments in the early years of this decade up to mid-1963. They have also meant a large increase in purchasing power. Sales to Western Europe and the United States have provided the money to pay for imports and bilateral agreements with the Communist Bloc countries have assured the supply of many necessities.

Underlying Problems

Probing deeper, one discovers some problems. One is the tariff discrimination against Icelandic fisheries products because of the reduction in internal tariffs among the members of the European Common Market and the European Free Trade Association. Another is that the incessant demands for wage increases are not always matched by increases in productivity and so tend to weaken Iceland's competitive position in world fisheries markets. The easing of the import quotas led to a rapid rise in import demand

and increased the strain on the foreign exchange reserves. Prices even of basic products have risen considerably since 1962. All these developments point to an eventual deterioration in the balance-of-payments position and a drop in the exchange reserves. It is not surprising that Iceland recently introduced restrictions on credit supplied for imports of motor cars, household appliances, and heavy machinery.

What Kind of Market?

By world standards, Iceland offers a very modest market for imports. Its population has reached only 187,000—about equal to that of a medium-sized Canadian city. The annual population increase of 2 per cent, however, is the highest in Western Europe. As elsewhere, the trend is to urban living. Reykjavik, the capital and largest centre, has about 77,000 inhabitants and a further 14,000 to 15,000 live in adjacent areas. This means that about 50 per cent of the country's people are concentrated in this southwest region. The city itself, as I mentioned earlier, has many modern apartment blocks, wide and well-lighted roads radiating out to residential areas, and luxury hotels of a type not usually found in Canadian cities even with a much larger population.

Much of this development has a European rather than a North American flavour. Indeed, Icelanders consider themselves European and their tastes are generally continental rather than North American. Racially, they are closely akin to the Scandinavians. Hence the dictum, "Sell to Copenhagen and you can sell to Iceland"—and Canadian exporters would do well to keep this saying in mind.

Though this market is small, it depends heavily on imported goods; purchasing power is large by world standards and comparable to that of West European countries. The import trade is channelled in some degree by bilateral commercial agreements with the Iron Curtain countries and PL480 agreements with the United States. A large percentage, nevertheless, moves freely and without quota restrictions. Iceland claims that fully 86 per cent of its import trade with OECD countries, including Canada, is now free of import quotas. The main factors in choosing imports are thus shipping charges, quality, styling, and delivery dates. And because good markets for fish and fisheries products and firm prices seem to be assured, supported by expanding markets both in the U.S. and in the Soviet Bloc countries, purchasing power and demand for consumer goods should continue to be high.

Canada's Opportunities

What types of consumer goods can Canadians sell in Iceland? On my visit to the island in late September, I found prospects good for building materials and allied products (including fittings), spare parts (including automotive parts), various types of foodstuffs other than wheat flour, household goods and utensils, textiles (though many cotton textiles are still subject to licensing and quotas), readymade clothing, stretch nylon underwear for women and nylon stockings, cosmetics, toys, footwear (rubber, canvas and leather), certain types of paper and paper products. Even this list is not exhaustive.

Icelanders like to tell the Canadian visitor that their forebears discovered the eastern coasts of Canada. (Even today, probably more descendants of Icelanders live in the Canadian West than in any other area outside of Iceland itself.) During World War II, Canadian naval vessels beat their way through turbulent Atlantic waters to a peaceful haven in Reykjavik Harbour. Canadian Air Force planes used Iceland as part of the staging route to the European battlefront. Icelandic ships put into Halifax and other Eastern Canadian ports to obtain needed supplies.

That was in wartime; today there is no direct shipping or airline connection between Canada and Iceland and this is one of the problems in building up a larger market there. Goods have to be transhipped in New York or Glasgow and this means both delivery delays and extra costs. Because of the shipping charges, Canadian products in Iceland cost substantially more than those from Western Europe or the United States. Despite this handicap, a number of leading Canadian exporters are not only represented in Iceland but are doing business. Icelandic businessmen interested in new lines are prepared to consider Canada as a source of supply if these lines can be offered competitively. Last year we sold close to $300,000 worth of goods there, with foodstuffs and beverages, textiles, and rubber and plastic footwear figuring largely. For the first half of this year, our sales totalled nearly $130,000.

How to Sell

No promotion method yet devised can equal the results that a personal visit by the Canadian businessman will bring. Scheduled air flights linking New York with European cities and travelling via Iceland make visits simple to arrange. When travel is out of the question, introductions to Icelandic importers and distributors are possible with the assistance of the Canadian Embassy, Oslo, Norway. In making this approach, the Canadian exporter must provide us with descriptive literature and price lists, and samples if possible. Prices are usually quoted in Canadian or U.S. dollars f.a.s. New York. Terms may be sight draft to cover trial orders, but terms of 90 days may be offered when the products are introduced to meet competition from European and United States suppliers. Irrevocable letter of credit terms are rare. The Embassy is in a position to obtain reports on the commercial status of Icelandic firms as required.

It should come as no surprise that Icelandic companies, to compensate for the limited size of their domestic market, are frequently prepared to handle a wider variety of products than is the usual practice. Although some Icelandic importers may specialize in foodstuffs, others cover a much wider field—such as building materials, business machines, and foodstuffs.

Canadian exporters who wish to have their products introduced into Iceland might take a leaf out of the book of one small Ontario firm. When it was advised that although the quality of its products was excellent, shipping costs priced them out of the market, the reply was: "Please advise what the competitive price is. We are willing to absorb the difference!"

The market is there, and the purchasing power of the population supports the demand. The question is whether Canadian firms are able and willing to meet the challenge. ●

Markets in Brief: ICELAND

Area: 40,000 square miles.

Population: 187,000.

Language: Icelandic. Most businessmen speak English and correspondence can almost invariably be carried on in English.

Currency: Kronur; one kronur equals Can.$0.02506 (November 1963) at the official rate.

Foreign exchange and import controls: over 60 per cent of total imports to Iceland are liberalized. Licences for non-liberalized goods are issued under a system of global quotas for countries with which trade is carried on on a multilateral basis.

Weights and measures: metric system. Weights can be quoted in short tons and pounds but the metric system is preferred.

Capital and chief port: Reykjavik; population 77,000.

Marketing center: Reykjavik.

Economy: based almost entirely upon fish and fish products. There is a limited amount of agriculture and secondary industry.

Total Icelandic imports: 1962 (U.S.$)—89,366,000; 1961—74,985,000.

Chief imports: petroleum products, food and live animals, shaped wood, paper and paperboard, cooperage products, beverages and tobacco, meal and non-wheat flour, woven non-cotton textiles, agricultural machinery, motor vehicles.

Chief suppliers: (per cent) Common Market countries 21, United States 14, Britain 13, U.S.S.R. 12.

Value of imports from Canada: 1962—Can.$286,597; 1961—$218,864.

Chief imports from Canada: (per cent) 1962—whisky 22, wheat flour 15, woven fabrics 13, apple juice 7, rubber and plastic footwear 5.

Total exports: 1962—U.S.$84,159,000; 1961—$71,230,000.

Chief exports: 1962—frozen fresh fish, salted, dried and smoked fish, fish meal, fish oil.

Chief markets: (per cent) 1962: Britain 19, Common Market countries 17, United States 15, U.S.S.R. 13.

Value of Canadian purchases: 1962—Can.$1,182,790; 1961—$707,249.

Chief Canadian purchases: 1962—fish, marine and animal oil (over 99 per cent of total purchases).

Prices: quote in Canadian or U.S. dollars, f.a.s. New York.

Usual terms of payment: sight draft to cover trial orders. Ninety-day terms may be necessary to meet competition from European and United States suppliers.

Samples: of no commercial value, duty-free: with commercial value, dutiable at regular commodity rates but duty refundable on re-export.

Visas: visa is not required.

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

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

For detailed information on this market write to:

European Division
Office of Trade Relations and Trade Policy
Department of Trade and Commerce
Ottawa

or

Commercial Secretary
Canadian Embassy
P.O. Box 1379—Vika
Oslo, Norway

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How Greece Imports Goods

Firms shipping or about to ship to Greece will find this review of import controls, import procedures, methods of payment, etc., useful and may wish to retain it for future reference.

F. IAN WOOD, *Assistant Commercial Secretary, Athens.*

FOREIGN TRADE in Greece is carried on in four ways—through multilateral accounts, bilateral accounts, free currency, and barter.

Multilateral accounts—The bulk of the trade is conducted under the multilateral accounts system. Greece is a member of the European Monetary Agreement.

Bilateral accounts—Greece has bilateral trading agreements and clearing accounts with Chile, Bulgaria, East Germany, Czechoslovakia, Hungary, Poland, Rumania, the Soviet Union, Yugoslavia, Egypt and Israel.

Free dollars—Free dollars are provided to pay for merchandise originating or manufactured in the United States and Canada.

Barter trading—Barter trading is permitted within the bilateral clearing system, but is subject to approval by the Bank of Greece. Agreements of this type are in force between Greece and Czechoslovakia, East Germany, Hungary, Israel, and Poland.

In 1953 all quota restrictions on imports were abolished, except on a small number of items that require a special import licence. None the less, all imports except those for government account must have an "import approval". There is no prohibited list as such.

Some Imports Controlled

The following are the classes of imports still under control:

1. Commodities on List A. In large part, these are agricultural commodities and luxury products. Examples are articles incorporating precious gems and metals, wrist and pocket watches, textiles, potatoes and other vegetables, passenger cars and commercial vehicles. To bring in items on this list, the importer must obtain in advance special approval from the Athens Chamber of Commerce acting under the direct authority of the Ministry of Commerce.

2. Machinery and machinery spare parts specified in the tariff. Examples are certain diesel, internal combustion and gas turbine engines; a wide variety of pumps; most agricultural machinery and equipment; excavating, boring, levelling and extracting machinery, etc. Approval to import these products must be secured from the Ministry of Industry.

3. Certain commodities covered by special regulations, such as the sanitary inspection of animals and meat, etc., under the jurisdiction of the Ministry of Agriculture, and the approval of medicines and related products, under the control of the Ministry of Social Welfare. Monopoly items—such as matches, salt, playing cards, saccharin, and kerosene—which are under the control of the Ministry of Finance are also in this group. So are wheat and flour, imports of which must be approved by the Ministry of Commerce unless they are being shipped on government account.

All Imports Classified

There are five other lists in addition to List A, because all goods coming into the country must comply with certain regulations covering terms of shipment and methods and terms of payment. To facilitate and insure compliance, all products appear on at least one of these lists, as follows:

List P-6—includes largely raw materials and machinery of a type not produced in Greece. Examples are raw asbestos, natural and synthetic rubber, raw hides, wood pulp, steel alloys, zinc ingot, crude aluminum, and a wide range of machinery for which special approval must be obtained in advance from the Ministry of Industry.

List P-3—covers less essential raw materials and manufactured goods, the majority of which cannot be obtained in Greece. Examples are flaxseed, sulphur, fertilizers, cellulose film, rubber conveyor belting, wire rope, nickel, electrical auto parts.

List F—contains mainly foodstuffs and some manufactured goods. Examples are codfish, potatoes, fishmeal, tires and tubes for trucks and buses, wooden poles, newsprint.

List F-100—provides for a large number of retail products for personal use, often similar to those made locally, plus some foodstuffs and industrial goods. Examples are passenger cars, heaters, shoes, radios, electric refrigerators, valuable jewellery, vegetables and aluminum tubes.

List F-50—is a catchall and includes all goods not provided for elsewhere.

With the exception of List P-6, the import of products on these lists in certain instances may also require prior special licence under List A.

Import Procedures

Imports into Greece are effected in two principal ways—known as Procedure E and Procedure D.

For imports under Procedure E (from EMA countries, bilateral agreement countries, the United States and Canada), any authorized commercial bank may issue an import approval by registering the application with the Bank of Greece.

Procedure D—(AID imports, imports from countries not specified in E, those imported by public tender, and shipments on which the general provisions affecting the original terms of shipment, method of settlement or terms of payment have changed.) All imports in this group require prior approval by the Bank of Greece.

Before a Greek importer can finalize an overseas order he must complete certain formalities and obtain an import approval authorizing the bringing in of the products he requires. Provided everything is in order, this is issued within a few days.

Under no circumstances should the foreign supplier ship goods until he receives confirmation from the importer that the import approval has been issued (see "Shipment before Approval" below). For correct preshipment procedures, see the accompanying box feature.

When he has the import approval in his hand, the importer is then (and not until then) in a position to enter into a contract with a foreign supplier.

Irrespective of the method of settlement, import approvals are valid provided goods are shipped within six months and arrive in Greece within nine months from the date the permit is issued. This regulation does not apply to List P-6 items, which do not require an import approval before shipment.

In certain instances (see "Methods of Settlement"), validity of the import approval is contingent on the deposit of a cash margin against the c.i.f. value of the goods. The validity of the licence may be extended in exceptional cases.

Preshipment Procedures

Briefly, the correct preshipment procedures are:

1. Issue of a pro forma invoice—This may be issued by the foreign supplier or his agent in Greece, or by the importer himself if the foreign supplier has no local agent.

The pro forma must give country of origin, name and address of foreign supplier, precise description of the goods to be imported, quantity and price per unit, total value f.o.b., c. & f. or c.i.f., name of agent if any, and commission payable to the agent. (Canadian exporters are advised to follow closely the advice of their agents on this point.)

To minimize delays and the risk of extra expense in clearance of goods through Customs, the exporter should see that shipments are made strictly in accordance with the pro forma invoice.

2. Visaing of pro forma invoices—The pro forma invoice, in quadruplicate, must be visaed by the Import Invoice Control Service of a Greek Chamber of Commerce and Industry. One of the functions of this service is to check the prices appearing on the invoices against the supplier's price lists and catalogues to eliminate fraud. No visa is required for shipments valued at less than U.S.$200 f.o.b. or U.S.$220 c.i.f. Public and government services importing through public tender are not subject to visa control.

Visaed pro forma invoices are generally valid for one month except for foodstuffs (15 days), and machinery under special licence from the Ministry of Industry (three months). Validity may be extended.

3. Bank formalities—(import approval) the agent/importer must submit his application to import to his bank, with the visaed pro forma invoice; a written declaration stating the exact amount of commission to be paid (if no commission is due this must be stated in the required declaration), and a special import licence if the commodity falls under List A or if it is subject to prior approval by the Ministry of Industry, Ministry of Commerce, etc.

Payment for the goods must be arranged at the time the import approval is issued or within a specified time limit. ●

Shipment before Approval

If goods are shipped before import approval is obtained, the Greek importer faces the following fines calculated on the c.i.f. invoice value:—

Items in Lists P-3 and F	2 per cent
" " " F-50	10 " "
" " " F-100	15 " "

The same fines apply if goods arrive in Greece after prescribed time limits.

A 5 per cent tolerance is permitted on the quantity (and consequently the value) of commodities imported. The total value exceeding the 5 per cent tolerance will be subject to the fines listed above.

Should the terms of the import approval have to be altered because of a substantial increase or decrease in the quantity shipped, the original import approval must be amended. Under Procedure E, the amendment may be approved by a commercial bank. Under Procedure D, the Bank of Greece must authorize it.

When exceptional terms are requested or when formalities have not been completed correctly, amendments to the import approval must be authorized by the Bank of Greece.

Methods of Settlement

Payment for merchandise to be imported may be arranged on the following terms:

● **Letter of Credit**—Payment for all imports may be settled by letter of credit. This must be established at the same time the import approval is issued if import is to be effected under Procedure E. Under Procedure D there are twenty days of grace from date of issue of import approval to time of settlement.

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To import commodities included in List F-100, importers when establishing the credit must deposit in cash 36 per cent of the c.i.f. invoice value as an advance on import duties and other taxes.

The letter of credit is valid provided shipment is made within the prescribed time limit, and it can be transferred in favour of another beneficiary only within the same country. But letters of credit covering the import of machinery and spare parts cannot be transferred.

• **Cash against Documents**—All products may be imported on terms of cash against shipping documents. For goods on List F-50, the importer must make a cash deposit with the bank involved amounting to 63 per cent (45 per cent against the invoice value and 18 per cent advance payment on import duties and taxes) of the c.i.f. invoice value of the shipment.

For imports of goods on List F-100, a cash deposit totalling 126 per cent (90 per cent against the invoice value and 36 per cent advance on payment of duties and taxes) of the c.i.f. invoice value is required. An accounting is made at the time of final settlement. Under Procedure D, the cash margin must be deposited within 10 days (Athens-Piraeus area) or 20 days (for the provinces) from date of issue of the approval, or the import approval is null and void.

Should an importer declare in writing his intention not to import either a part or all of the goods for which he was granted an approval, the cash deposits will be refunded proportionately, provided three months have elapsed since the deposits were made.

No cash deposits are required for imports effected by government ministries and state entities and in certain other special cases.

• **Time Drafts**—With few exceptions, only imports under Lists P-3 and P-6 may be settled by time draft. A maximum three months is allowed from date of settlement for commodities under List P-3, 12 months for commodities under List P-6, and 36 months for machinery and machinery parts included in List P-6. Longer payment periods or extension of maturity for time drafts may be authorized in exceptional cases.

On accepting time drafts for commodities under List P-3, the Greek importer must provide a personal written guarantee for 8 per cent of the amount of the draft to ensure payment within the regulation period. The fine for late delivery is 1 per cent of the c.i.f. invoice value for each month of delay until the maximum 8 per cent is reached.

For commodities in List P-6, the personal guarantee amounts to 4 per cent of the amount of the draft and the fine is 0.5 per cent per month of delay until the maximum 4 per cent is reached.

Greek banks are not authorized to guarantee due payment of drafts accepted in settlement of goods which have been imported.

Interest will be paid to foreign suppliers over the prescribed period, under certain conditions.

Settlement may be made immediately on receipt of documents, or at the latest, within 45 days from date following the day of arrival of goods at the first Greek port. For commodities under List P-6 this is extended to 90 days.

Intervening banks are authorized to accept settlement for imported goods after the expiry date on payment of a fine of 1 per cent of the c.i.f. invoice value for each month of delay up to 12 months, and 2 per cent for each month thereafter up to a maximum of 25 per cent.

Advance Payments

Advance payments may be made to foreign suppliers in all cases.

Against letter of credit—The Greek bank may require a letter of undertaking of a foreign bank guaranteeing refund of the amount advanced if shipping documents are not presented within the validity of the credit.

Against shipping documents—Advance payment may be made either against delivery of the shipping documents by the foreign supplier or under the conditions outlined above.

Shipment of Samples

Samples of no commercial value are admitted free of duty. Those of commercial value are exempt from import duty and other taxes up to an amount of U.S.$1.00.

Samples of commercial value intended for re-export may be imported upon being declared, on the basis of a cash deposit or an acceptable bond covering duty and taxes involved. A bond covering the estimated value of the samples may also be required. The deposit is refunded or the bond released upon re-export within six months.

Catalogues and all other printed advertising matter requiring payment of less than 12 cents duty are admitted free, provided they are addressed to legitimate business houses. Advertising matter exceeding these limitations is dutiable but exempt from turnover tax.

Detailed information on shipping documents required under the Greek import regulations is given in "Greece—Shipping Documents and Customs Regulations", prepared by the International Trade Relations Branch, Department of Trade and Commerce, in consultation with the Commercial Counsellor, Athens, and available on request.

Clearance through Customs

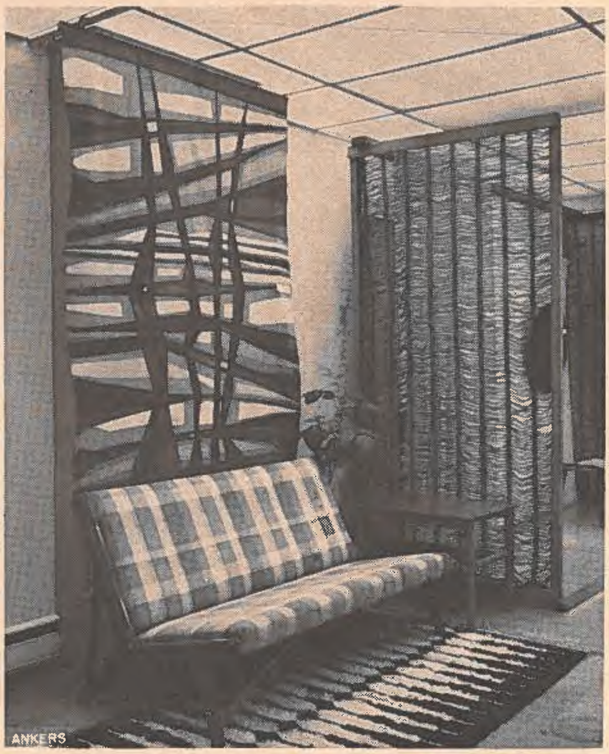
The importer's bank issues the necessary customs clearance permit after settlement and upon delivery of shipping documents.

For goods under Lists P-3, P-6 or F, clearance must be made within 90 days of date following day of issue of the clearance permit and within 45 days for goods under Lists F-50 and F-100.

Failure to clear goods within the specified periods results in a fine of 2 per cent on the c.i.f. value for each month of delay up to a maximum of 25 per cent. •

Denmark Trades in Textiles

Textiles for interior decorating designed to complement Danish furniture have become an important Danish industry. Canada supplies some synthetic fibre yarns for spinning and certain fabrics; is also offering readymade clothing in this market, with some success.



Demand from furniture-makers for textiles to complement their designs led to a revival of the Danish textile industry, and particularly the weaving of rugs and of draperies.

K. O. HILLYER, *Assistant Commercial Secretary, Copenhagen.*

ATTRACTIVE, unique designs, sturdiness, resistance to abuse, modern styling—this is Danish furniture, known around the world. Yet this description applies equally to the complementary Danish textiles, particularly those used in upholstery and interior decorating. This is not strange because the growth of the Danish textile industry has kept pace with the development of the furniture industry.

Denmark has had to re-establish and re-create the textile art of which it is now justifiably proud. Unlike other Scandinavian countries, where folk weaving persisted throughout the centuries, it was not until the furniture designer demanded tough, attractive materials to complement his modern design that the techniques and methods of textile manufacture and design received intensive study. Research and development have now advanced to the point where textiles, particularly rugs and draperies, have become rich and unusual interior decorations that do not complement but rather highlight and thereby enhance the deliberate simplicity and modesty of Danish furniture design.

So well integrated in design are the furniture and textiles made in Denmark that the increasing acceptance of Danish furniture design has led to the acceptance of Danish textiles also, particularly for interior decorating. As a result, Denmark has both a healthy and growing textile export trade.

Textile Manufacturing

The textile manufacturing industry consists of over 350 establishments employing over 33,000 people. It includes manufacturing of all types, from the spinning of cotton, woollen and synthetic yarns, weaving of all types of fabrics, the manufacture of upholstery, drapery fabrics, and table linen, the weaving of carpets, to the production of stockings, knitted goods and fishnets.

During 1962 and the first few months of 1963, total investment in the textile industry in Denmark declined slightly, because of the uncertain outlook for all industry as attempts were made to secure Danish entry into the Common Market. However, production in most branches continued the expansion which has been its prime feature over the past five years. The spinning of both cotton yarn and synthetic yarn increased; so did the production of linen and silk. Table I gives production figures for the major branches of the industry for 1960 to 1962.

Depends on Imports

The Danish textile industry depends to a large extent on imported

TABLE I

PRODUCTION OF MAJOR COMPONENTS OF DANISH TEXTILE INDUSTRY

	Units	1960	1961	1962
Cotton yarn	tons	8,345	8,457	8,000 (est.)
Worsted yarn	tons	2,464	2,549	2,494
Flax yarn	tons	522	557	600
Cotton goods	tons	6,531	7,058	6,500
Apparel, upholstery and draperies	1,000 metres	3,543	3,713	3,960
Carpet weaving	1,000 sq. metres	1,245	1,278	1,405

raw materials. The only part which is a completely natural development using solely local resources is the spinning of flax and the weaving of linen. Flax is usually grown under contract from the major spinning and weaving firms specializing in linen. As a result, local production is sufficient only for Danish linen production and the trade in flax and linen forms an insignificant part of the total trade in textiles.

For most other textile products, raw materials or semi-processed materials must be imported to meet the rising demands of Danish textile producers. Major suppliers of raw cotton are the United States, Peru and Nigeria, with the United States usually supplying over half of the total imports. Wool imports into Denmark, mainly in the form of washed raw wool, come from New Zealand, Britain, West Germany, Australia and Argentina.

What Canada Offers

Canada is not a natural supplier of either raw cotton or wool. But what about synthetics? Canada has been successful in selling synthetic yarns to Denmark but only to a limited extent, probably because of the relatively easy access that British and European chemical manufacturers have to the Danish market. Total imports of synthetic raw materials for the spinning industry, including fibres both regenerated and new, reached 4,522 metric tons in 1961; the majority of this was imported from neighbouring West Germany. In addition, 4,771 metric tons of yarn made from synthetic fibres both new and regenerated were imported during the same year. The corresponding figures for 1962 were 5,497 metric tons of fibres and 5,336 of synthetic yarns. In 1962 Canada sold 160,396 pounds of yarns and threads made from synthetic fibres in Denmark.

Competition Increasing

Denmark, like many other industrial countries, has experienced severe competition in textiles from low-cost producers. Imports of textiles (both raw materials and finished goods) have increased to the point where they now make up 10 per cent of the total import bill. The following percentage increases for the major groups from 1961 to 1962 illustrate the increasing competition in this market.

Yarn	18	per cent
Yard goods	7.5	per cent
Hosiery	30	per cent
Clothing	25	per cent

However, as local production continues to rise, there is small likelihood that imports will be curtailed more severely than at present. Where local industry is under definite strain because of imports, licensing has been imposed to control the expected increase in sales.

Exports Are Essential

Although historically the development of the Danish textile industry resulted from the demands of the home market, export trade in Danish finished goods is now considered essential if the industry is to prosper and expand. This means concentration on the manufacture of finished goods for the export as well as the home market, with special emphasis on upholstery and drapery fabrics, the two fields in which success has been marked. Total exports from Denmark of textile products were worth $58.3 million in 1962 (an increase of 11 per cent over 1961). The largest items in this trade were the following:

	(million $)
Nylon yarn	1.8
Woollen drapery fabrics	2.5
Woollen carpets	2.1
Hosiery, nylon yard goods	2.2
Knitted woollen ladies' wear	2.8
Ladies' nylon stockings	1.5

These products were destined mainly for Norway and Sweden, which together absorb almost 55 per cent of these exports. The Common Market countries account for 16 per cent and the EFTA group (other than Norway and Sweden) for another 12 per cent.

The Danish textile manufacturers, drawn together in the Federation of Danish Textile Industries, have made a great effort to enhance the quality and attractiveness of Danish textiles and to promote exports around the world. It is customary now for prominent Danish designers to work in close conjunction with most textile mills. This "cross-fertilization" has already begun to produce dividends in the export from Denmark of distinctive patterned and woven goods. The Federation has also been successful in sponsoring exhibits for the entire industry in several other countries and in the permanent design centre in Copenhagen "Den Permanente".

Canadian-Danish Trade

The trade in textiles and their raw materials still makes up only a small part of total trade between Canada and Denmark. Textile products imported into Canada from Denmark in 1962 (including cordage and twine) were valued at just under $1 million, less than half the 1961 figure. The largest items in this trade were binder and baler twine (the sharp sales decline in 1962 was responsible for most of the drop in imports), commercial fish nets, wool carpets, wool draperies and knitted outerwear.

Canadian textile exports to Denmark are conspicuous for their variety if not for their volume. In 1962 they totalled just over $529,000; the main items were yarn and thread of synthetic fibres, commercial fishing line, and broad woven fabrics. Our textile exports to Denmark for the first six months of 1963 have dropped (current total is $90,000) mainly because of the smaller sales of synthetic fibre yarn. However, prospects are still excellent for Canadian exporters of finished clothing. The Danish visitors to the National Samples Show in April expressed surprise at the consistent quality of the garments available at competitive prices from Canadian clothing manufacturers. Since that time, several Canadian firms have successfully introduced their lines of garments to the Danish market. Individual sales may be small, but they are the beginning of a new awareness among Danish textile importers of the products Canada offers.

Danish textile exports have been built on quality and distinctiveness of design. Canadian textile products of similar quality can expect to find a ready market in Denmark. If your firm produces such a product, a letter to the Commercial Counsellor at the Canadian Embassy, Copenhagen, will initiate a survey on your behalf. It may eventually mean profitable sales in a market you have never really considered. ●

Venezuela's Flour Milling Industry

CANADA'S exports to Venezuela increased by 20 per cent from 1961 to 1962 to a total of $42.32 million. This gain reflected largely bigger wheat sales, which jumped from $4.6 million in 1961 to $11.8 million in 1962 because of the growth of the Venezuelan flour milling industry.

Venezuela's first flour mill was built in 1957 and since then seven other mills have gone into operation. The construction of these mills represents one of Venezuela's most successful efforts to substitute local for imported products through government encouragement of manufacturing and semi-manufacturing industries. Subsidiary benefits of the new industry, aside from savings in foreign exchange, include more employment and ample supplies of byproducts for the growing livestock feed industries. Canadian sales have also benefitted because flour, with an export value of $8.4 million in 1956, has been replaced by wheat, with 1962 sales valued at $11.8 million.

At the present time, the local industry consists of five firms operating eight mills. A ninth mill is scheduled to come into operation at Puerto La Cruz in eastern Venezuela by the end of the year. Table I shows the growth of the industry since 1956.

Venezuela has traditionally been a consumer of cornmeal but gradually is switching to greater use of wheat flour. In 1956, over 98 per cent of all flour used was imported; today, less than 4 per cent is imported and the remainder is produced locally from grain supplied by Canada, the United States and Argentina. Table II outlines the rapid substitution process.

TABLE I

PRODUCTION OF FLOUR AND BYPRODUCTS

Year	Flour	Bran	Other Products
	(in metric tons)		
1956	2,303	638	98
1957	7,783	1,899	892
1958	26,761	6,046	3,844
1959	158,275	26,862	29,009
1960	199,273	32,069	32,886
1961	219,391	54,251	25,619

TABLE II

VENEZUELAN FLOUR CONSUMPTION

Year	Flour Production	Flour Imports	Apparent Consumption
	(in metric tons)		
1956	2,303	188,960	191,263
1957	7,783	162,377	170,160
1958	26,761	147,752	174,513
1959	158,276	32,779	191,054
1960	199,273	5,109	204,382
1961	219,391	8,402	227,793

Of the five milling companies operating in Venezuela, the largest is Gramoven, which turned out 134,378 metric tons of flour in 1961. Gramoven operates two mills in Caracas and Maracaibo and is owned by Bunge Born, Argentina, General Mills of the United States, and Venezuelan interests. The second milling company is Monaca, which produced 100,878 metric tons in 1961. Mills are operated in Puerto Cabello and Cumana by this International Milling subsidiary. Mocama, owned by Pillsbury, has two subsidiaries operating in Maracaibo and Catia La Mar and milled 38,527 metric tons of flour in 1961. The remaining two mills have Venezuelan ownership: SAHIV in Puerto Cabello has a capacity of 80 metric tons a day and Hidalgo Hermanos in Catia La Mar 40 metric tons a day.

Venezuela has a population of just over eight million, but the flour milling industry is expected to be able to supply all future requirements from present unused capacity. Canada can expect to share profitably in this growing market for quality wheat if our prices remain competitive.

—D. I. CAMPBELL,
Assistant Commercial Secretary,
Caracas.

Are There Opportunities

Increasing oil income is financing larger imports of most consumer and all capital goods needed. With sound promotion, Canadians could sell processed foods, building materials, equipment for the oil industry, other products in small but promising Libyan market.

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

THE discovery of oil a few years ago altered drastically the shape of Libya's economic future. A country with few resources up to that time began to see oil revenues flowing in. Up to September 1963, 863 wells had been completed and 392 of these proved productive. The national budget for 1963-64 estimates the Government's revenue from oil royalties at $65 million; output from the oilfields by the end of this year is expected to reach 600,000 barrels of crude a day.

This increasing income has enabled the Government to embark on an extensive five year development plan and provides money to pay for imports; with practically no industries, Libyans must obtain abroad products to meet all but their elementary needs. This has become a small, highly competitive market, where price is the major consideration. If Canadian suppliers take advantage of the opportunities there, we could probably treble our present sales of less than $400,000 a year.

Development and Trade

Slightly more than half of the oil royalties are earmarked to be spent on development. This fall a five year development plan was approved. Details have not yet been made public, but expenditures for the next five years are planned as shown in Table I.

Last year, Libya imported goods to the value of about $204 million, compared with only $78 million five years ago, a good indication of the rapid growth of this market. In 1962, for example, imports rose 38 per cent over 1961. A good deal of this expansion naturally resulted from purchases by the oil companies but excluding these, imports were still up by 20 per cent last year. The few domestic industries provide essentials for the lower income group but practically all other consumer and all capital goods have to be brought in from foreign countries.

The unfavourable trade balance —$64 million in 1962—is largely offset by the inflow of foreign capital, including foreign aid. The United States and Britain maintain air bases in the country and in return give it economic and financial assistance. The Libyans have also received aid from France, Italy and a number of other countries and considerable technical assistance from the United Nations

TABLE I

LIBYA'S FIVE YEAR PLAN

Proposed Spending	(million dollars)
Agriculture	81.76
Industry	19.32
Economy	7.84
Communications	76.72
Public works	105.84
Education	62.44
Health	35.00
Labour and social affairs	23.52
Information and guidance	7.00
Public administration	17.92
Services and contingencies	34.72

Table II gives imports into Libya by principal commodity groups. The major imports last year were machinery parts; tubes, pipes and fittings of iron and steel; trucks, automobiles and automotive parts; wheat flour; clothing, and electrical machinery parts. The principal supplier was Italy, followed by the United States, Britain and Germany; among them, they account for about 70 per cent of total foreign purchases.

Foodstuffs and Machinery

Foodstuffs have become Libya's third largest import by category, as the table shows; they totalled $21 million in 1962, or roughly 30 per cent of total imports. Such staples as tea, sugar, spices, flour, and some coffee and rice made up almost half of this figure. The search for and discovery of oil have brought considerable numbers of foreigners into the country and have increased the spending power of some Libyans. This has resulted in a considerable demand for processed foods. A

TABLE II

LIBYA'S PRINCIPAL IMPORTS

Principal Products	1958	1959	1960	1961	1962
			(£'000, c.i.f.)		
Food	4,969	5,784	6,624	7,057	7,623
Beverages and tobacco	369	481	541	648	724
Crude materials, inedible, except fuels	548	733	968	963	1,408
Mineral fuels, lubricants and related materials	1,665	2,101	3,321	3,201	2,752
Animal and vegetable oils and fats	140	323	414	675	78
Chemicals	2,677	3,291	4,699	3,974	5,077
Machinery and transport equipment	12,960	14,640	24,914	18,226	29,440
Manufactured articles	3,702	4,765	5,375	6,067	6,715
Manufactured goods classified chiefly by material	7,471	8,467	13,531	12,463	19,620
Miscellaneous	....	....	1	2	2

in Libya?

number of Libyan import firms have contracts with the oil companies to supply their camps regularly with food. There is a small chain of supermarkets owned by a British firm in Tripoli which buys this type of food products.

The influx of foreigners and the increased income have stimulated construction tremendously. Since the discovery of oil, entirely new residential areas have appeared in the suburbs of Tripoli. The traditional building method is to use locally made building blocks covered with cement, but there is also some demand for prefabricated warehouses and a good many foreign manufacturers of prefabricated buildings already have representatives in Libya.

Libya depends almost entirely on imports for its machinery needs and most machinery that arrives in the country is destined for either the oil companies or construction firms. The United States is the principal supplier of machinery, although oil-well drilling rigs account for more than half of the U.S. machinery shipments. Britain and Italy are the second and third largest sources of supply. Table III gives a breakdown of machinery imports.

The oil companies have the right under Libyan legislation to import

TABLE III

LIBYAN MACHINERY IMPORTS, 1962

Agricultural machinery	$ 1,395,000
Office machines	504,000
Commercial refrigerators	39,200
Pumps	2,382,800
Food processing machines	184,800
Printing machines	196,000
Serving machines	159,600
Excavating, levelling, boring machinery	3,007,200
Air-conditioning machines	240,800
Pumps and centrifuges	2,382,800
Mechanical handling equipment	845,600
Machinery and mechanical appliances, n.c.a.	5,768,000
Total machinery imports	**$17,105,200**

Much of the land in Libya is desert and other large sections are suited only to pasturing goats and sheep, like these under the care of a Libyan herdsman. The meat and milk obtained from the herds bring good prices.

Libya at a Glance

LIBYA, a large country (680,000 square miles) with a small population, became an independent sovereign state (the United Kingdom of Libya) in December 1951. Before World War II it had been for nearly 30 years an Italian colony. Originally it was made up of three provinces—Tripolitania, Cyrenaica, and the Fezzan—and each enjoyed a large measure of autonomy. Last April, however, the King of Libya proclaimed the political and administrative unity of the Kingdom by abolishing the provinces and transferring to the federal Ministries the wide powers that the three provincial administrations previously enjoyed. The capital of the country was established at El Beida, about three hours' drive from Benghazi. The chief commercial centre in addition to Benghazi is Tripoli.

Although Libya is the third largest state in Africa, with 1,140 miles of coastline, it has a population of only about one and a quarter million. Approximately 95 per cent of its people are Muslims of Arabian and North African descent; the 35,000 Italians living there constitute the principal minority. Nearly two-thirds of the Libyans live within a hundred miles of Tripoli.

Only about 2½ per cent of the total area is suitable for cultivation, yet Libya is largely an agricultural and pastoral country. Much of it is desert, except for two relatively narrow coastal strips. Sheep and goats are pastured on large sections, and certain areas are planted to barley and wheat; the barley harvest is the largest. Olives, dates, esparto grass, nuts and citrus fruit are also grown.

Until oil was discovered there—several important strikes were made in 1958 and after—the country was considered almost barren of natural resources. Oil exports by the end of 1962 from two Libyan terminals, Mersa Brega and Ras el Sidr, had reached over a million tons a month. ●

petroleum exploration and exploitation equipment duty-free, but this exemption only applies to equipment that has no other application and would not include trucks or tools, for example. Most of the oil companies operating in Libya purchase through their head offices, but the largest operator, the Oasis Oil Company, generally buys through Libyan agents of foreign firms.

Distribution Channels

There are two main commercial centres in Libya—Tripoli and Benghazi. Benghazi is growing in importance, but Tripoli is still the commercial heart of the country. At least two thirds of the population live in the Tripoli area and the city offers excellent sea and air services. More than 650 miles separate Tripoli and Benghazi, and historically the two areas have led separate lives. For some products it is necessary to find a distributor in each of the two cities. But many Tripoli importers can offer distribution throughout the country and most Canadian producers could probably obtain adequate representation by appointing an exclusive agent in Tripoli. An agency law prohibits any one firm holding more than ten agencies and only firms in which Libyans hold a majority of the shares may acquire new agencies.

Can Canadians Compete?

Last year, Canadian sales to Libya reached only $376,000, or .005 per cent of the country's total imports. This small figure probably reflects lack of promotion and effort on our part rather than lack of demand for the products we can offer. True, the small population limits this demand but in certain areas prospects are good. In a visit to Libya in September, I uncovered interest in the following:

- Low-cost Canadian hardware and building materials
- Prefabricated houses (competition is keen)
- Petroleum industry equipment
- Packaged foodstuffs and canned goods (importers supplying oil camps would like to receive offers)

Canadian exporters will face stiff competition in the Libyan market; Italian, German and British traders are active there and price and credit terms usually matter more than quality. Libyan import regulations do not present obstacles for most Canadian products. There is a short list of goods that cannot be imported and a further list of those subject to import licence. But there are no quantitative restrictions on the majority of imported goods.

Firms interested in exploring the possibilities of the Libyan market are invited to write to the Canadian Trade Commissioner in Rome. They should be prepared to quote c.i.f. prices and send samples and, if the prospects are encouraging, should consider including a visit to Libya in their next trip to Europe or the Middle East. Tripoli is only two and a half hours by air from Rome, and is easily accessible from other Middle East countries. ●

Portable Timber Exhibit Visits Brussels

The Canadian Commercial Counsellor in Brussels, L. H. Ausman (right), chats with the local representative of a large Canadian shipper at the reception following the opening of the timber exhibit.

THE Canadian portable timber exhibit which began its tour of European centres at Brussels on October 16 and will finish it in Hamburg in mid-December is attracting a good deal of interest. The exhibit, which incorporates many species of Eastern and Western lumber in its design, gives Canadian producers an opportunity to display the variety, quality and uses of many types of lumber which are now beginning to find greater acceptance in Europe.

Our Commercial Counsellor in Brussels writes that the exhibit there "far exceeded our expectations and was a success on all counts". Over two hundred people representing the timber trade, architects, and the trade press attended the display, in response to invitations sent out by the Canadian Embassy. They watched three films entitled "Canadian Woods in Use", "Histoire des Contre-plaqués", and "By the Hand of Man" featuring uses of Canadian lumber, before examining the displays. Representatives of the British Columbia Manufacturers Association and the Plywood Manufacturers Association of B.C. and two lumber brokers from Quebec attended the showing.

Although there is keen competition in the European market from the Soviet Union and the Scandinavian countries, the consensus is that Canadian timber products are competitive and will become more so because of a number of factors. European labour costs are rising and so are stumpage fees, while high railway freight rates also add to the cost of the Soviet and Finnish offerings.

Canadian producers attending the exhibit who have examined the Soviet and Finnish products believe that the Canadian industry can match them for quality. They add that Canadians can sell in Italy also if they are willing to cut to the more rigid Italian specifications. ●

BUSINESSMAN'S BOOKSHELF

The Canadian Oxford Desk Atlas of the World

Oxford University Press. 155 pages. $3.95.

ANYONE with any interest in other parts of the world has undoubtedly felt the need of an up-to-date atlas during the past few years of rapid change. Here is one published on October 24, 1963—the second edition of the *Canadian Oxford Desk Atlas of the World.* It contains new regional maps of Canada, the United States, Britain and Europe, new maps of the Arctic and the Caribbean, and eight pages of new economic world maps covering physical relief, geology, vegetation, climate, industry, population, etc.

Maps in the Canadian section cover the country as a whole and region by region, with statistical inserts. Special maps present the location and concentration of Canada's population; railways, roads, ports and airports; vegetation; climatic regions; agriculture and forestry; geology; minerals and industry.

As in the first edition (1957), the maps are clear and colourful with a three-dimensional effect and the printing is good.

Published by: Oxford University Press, 70 Wynford Drive, Don Mills, Ontario.

A Nostalgic View of Canada

Donald W. Buchanan. 45 pages. $1.95.

MANY PEOPLE will find the much-discussed and long-sought Canadian image in this book's magnificent photographs and gentle, evocative text. The Canadian reader will discover a very personal image of his country (is any other kind possible for a Canadian?). The non-Canadian reader, we hope, will receive the impression of a deep-rooted continuity, as strong as in his own country even though historically Canada may be several hundred years younger.

What Mr. Buchanan has endeavoured to capture in these pictures is the feeling of Canada through the things that Canadian people have put into the landscape —homes, barns, fences, churches, statues, railway crossings. Inevitably, he has looked back over his own life to recall scenes in Alberta (where he was brought up) and during visits to Ontario and Quebec. That is probably why his photographs (almost in spite of their technical brilliance) have a restful purity and simplicity. This is the uncomplicated way a child sees the things about him—as they are, but with an indefinable something that a child's imagination adds.

Mr. Buchanan's text is a reminiscence in the same mood as his pictures and just as delightful. It is full of phrases that leap out at the reader as utterly true and right because he can remember feeling or thinking just that.

The design of the book, by Frank Newfield, is keyed perfectly to its mood; the printing is good; the whole has elegance and style. It's the ideal gift for a very old friend or a very good client.

Published by: McClelland and Stewart Limited, 25 Hollinger Road, Toronto 16, Ontario.

The Atlas of Britain and Northern Ireland

Clarendon Press. 168 pages. $100.00 net.

THE *Atlas of Britain* covers comprehensively and graphically the resources of England, Wales, Scotland and Northern Ireland. Who will find it useful enough to warrant the original cost? A number of people, including large-scale exporters to Britain, teachers, agriculturalists, economists and research workers in many fields who must consider the geographical dimension.

The Atlas attempts more than a cartographic analysis of physical, economic and social factors: it is also intended to be a historical document surveying changes and conditions in Britain at mid-century. The material is presented in the form of maps, grouped in the following 13 general classes: Relief and Geology, Coasts, Climate, Water, Vegetation and Forestry, Regional Maps (physical features), Agriculture and Fisheries, Industry, Regional Maps (employment), Demography, Communications, Regional Maps (population, ports etc.), Reference Maps. A great deal of care has been taken throughout to choose the relevant information and display it to advantage.

Although this is not a book for every businessman's library, it should be useful as a basic reference in certain types of market research, as well as for other purposes.

Published by: Oxford University Press, 70 Wynford Drive, Don Mills, Ontario.

The Europa Year Book, Volume 1

Europa Publications Limited. 990 pages. $25.00.

THIS annual publication is a "must" for the businessman with an interest in Europe or even in other foreign markets. The first part devotes over 300 pages to international organizations. This includes the United Nations, with over 50 pages devoted to its main organs, to the specialized agencies, and to other bodies concerned with one or other of its activities. Other sections deal with the European Common Market and the European Free Trade Association, COMECON, the Organization of American States, and international bodies on all five continents, including defence treaties, national aid pacts, and economic agreements.

Part II provides essential and comprehensive information about every country in Europe, including the Soviet Bloc countries and Turkey. The information embraces complete economic and statistical data, as well as details of the constitution, government, political parties, legal system, religion and education. A directory section for each country gives names, addresses and other useful facts about newspapers and periodicals, publishers, radio and television, banks, insurance companies, chambers of commerce, trade associations, trade unions, airlines, railway and shipping companies, and universities.

The accumulated data are up-to-date, with some as recent as February of 1963, and none seem to be later than the year-end 1961. The book is undoubtedly a useful reference for readers seeking political, social and economic information. It will be of particular value to manufacturers who wish information on markets to which they export or to which they hope to export in the future.

Order from: Europa Publications Limited, 18 Bedford Square, London W.C. 1, England.

What's current in commodities?

Toys

Belgium and Luxemburg

—Imports make up nearly 80 per cent of toys sold, with Common Market partners the leading suppliers. Canadian toymakers with something unusual to offer—especially scientific kits and games—and able to face tough competition from other countries should try their fortunes here.

H. T. F. PETTERSON, *Commercial Assistant, Brussels.*

BELGIUM AND LUXEMBURG together have a population of about 9.6 million, with some 3.2 million households. More interesting to Canadian toy manufacturers who might like to develop a market here, the 1961 census revealed that there are 1,183,941 boys and 1,142,391 girls under the age of 16.

The standard of living here is high by West European standards and rather less than 2 per cent of the population is unemployed. A large number of women, both married and single, are working outside the home and this has boosted the purchasing power of the average household. And more money to spend means better opportunities for toymakers who want to sell in Belgium.

A small but efficient domestic toy industry produces a wide range of articles in wood, metal, plastic and so on. Detailed statistics on domestic output are not available but in 1960 output probably reached a value of approximately Can.$2.4 million.

Taking imports into account—they provide about 80 per cent of requirements—and allowing for exports, the value of this market is between $12.5 million and $14 million. About one third of local manufacture is destined for export which, with the exception of rubber toys, is mainly to the Netherlands. It is of interest to note that Canada was the second largest customer for Belgian-made rubber toys during 1961 and 1962, following Britain.

The range of toys on sale is like that in any Canadian store, with plush animals and figures, train sets (electric and mechanical), pedal cars, games, auto-race tracks (electric) and dolls of all types taking pride of place. In both department stores and specialty shops, customers can find a wide variety of toys the year round. Beginning in late September or early October, elaborate window displays and interior attractions with varying themes are set up to boost sales of toys. A point of interest is the fête of St. Nicholas, December 6, and the saint appears with suitable pageantry in most department stores. Although this date remains the annual gift time for children, more and more one notices a change and the giving of gifts is now tending to be shared between December 6

Table 1 Belgian Trade in Toys, 1962

Classification		IMPORTS Kgs.	IMPORTS Frs.		EXPORTS Kgs.	EXPORTS Frs.
97.01.00	**Wheeled toys designed to be ridden by children (for example, toy bicycles and tricycles and pedal motor cars); dolls' prams and dolls' push chairs:**					
	Total	297,100	13,985,000	Total	203,500	9,118,000
	France	50,700	2,389,000	Netherlands	191,600	8,479,000
	Netherlands	60,900	2,906,000			
	West Germany	24,000	1,100,000			
	Italy	116,400	5,970,000			
97.02.00	**Dolls:**					
	Total	455,400	54,189,000	Total	4,500	1,086,000
	France	49,200	8,379,000	Netherlands	1,600	281,000
	Netherlands	29,100	3,834,000			
	West Germany	23,200	4,281,000			
	Italy	276,700	30,952,000			
	East Germany	10,100	682,000			
	Poland	23,400	578,000			
	Japan	9,700	1,412,000			
	Hong Kong	27,800	2,808,000			
97.02.10	Parts and accessories:					
	Total	13,700	4,226,000	Total	2,600	222,000
	Netherlands	5,500	2,133,000	Netherlands	2,000	124,000
	West Germany	2,900	738,000			
	Italy	2,900	810,000			
97.03	**Other toys, working models of a kind used for recreational purposes.**					
97.03.00	Toys of artificial plastic material:					
	Total	2,039,700	170,955,000	Total	346,500	21,237,000
	France	269,400	25,307,000	Netherlands	314,200	18,890,000
	Netherlands	526,300	31,072,000			
	West Germany	433,400	38,537,000			
	Italy	188,700	15,499,000			
	Britain	155,600	16,665,000			
	Denmark	153,200	15,405,000			
	United States	35,000	5,455,000			
	Japan	118,400	9,253,000			
	Hong Kong	118,700	10,804,000			
97.03.10	Toys of rubber:					
	Total	93,600	10,101,000	Total	97,300	5,053,000
	France	36,900	4,647,000	Netherlands	2,800	142,000
	Netherlands	13,100	2,026,000	West Germany	4,200	222,000
	West Germany	6,600	1,009,000	Britain	54,400	2,333,000
	Czechoslovakia	15,800	551,000	Switzerland	2,200	126,000
	Japan	10,100	691,000	South Africa	7,400	520,000
				Canada	11,500	636,000
				West Indies	3,400	259,000
				Venezuela	3,100	247,000
97.03.20	Toys of wood:					
	Total	627,000	26,302,000	Total	26,200	1,283,000
	France	59,000	2,799,000	Netherlands	13,600	656,000
	Netherlands	95,300	4,396,000			
	West Germany	48,800	4,079,000			
	Britain	8,000	720,000			
	East Germany	292,900	7,115,000			
	Japan	72,100	4,061,000			
97.03.30	Toys of base metal:					
	Total	1,086,100	111,876,000	Total	15,000	577,000
	France	83,000	11,278,000	Netherlands	14,000	374,000
	Netherlands	83,900	6,604,000			
	West Germany	349,800	44,970,000			
	Britain	139,200	17,205,000			
	Japan	299,700	22,783,000			
97.03.40	Toys of other materials:					
	Total	629,900	44,106,000	Total	33,500	4,351,000
	France	30,100	3,512,000	Netherlands	14,900	2,486,000
	Netherlands	73,200	5,504,000	West Germany	14,900	1,273,000
	West Germany	88,100	12,648,000			
	Italy	14,800	2,384,000			
	Britain	35,500	2,798,000			
	East Germany	140,900	7,009,000			
	United States	14,100	1,857,000			
	Japan	165,300	5,559,000			

Manufacturers of electrical toys should note that some parts of Belgium, including districts of Brussels, are still on 110 volts but the tendency now is to convert to 220 volts, 50 cycles.

and December 25, probably because of North American influence in the past 15 years.

Because Belgium-Luxemburg is a market relatively free of import and currency restrictions, it is also very competitive and importers watch prices carefully. Potential Canadian suppliers will find that the main competition, particularly in dolls and plush toys, comes from France and Italy and in mechanical and electrical toys from West Germany. Britain is another important supplier, particularly of scientific games and toys and a variety of construction sets and model cars and trucks, such as Dinky-toy and Matchbox. As Table I shows, other suppliers include East Germany, Poland, Japan, Hong Kong, the United States, and Czechoslovakia. The Soviet Bloc provides mainly the cheaper types of toys.

Common Market Competition

Belgium's Common Market partners selling toys here not only have the advantage of a relatively short and inexpensive freight haul, but also benefit from a tariff preference, which may be as much as 10 per cent or more of the value, depending on the type of toy. And exporters should remember that duty is paid not only on the invoice price but on the freight charges as well.

As with import/export statistics, it is not possible to list every classification of toys as this depends, in many cases, on the material which forms the major content. However, some typical examples follow.

Tariff Item no.	Description	General Tariff	EEC Tariff	Common External Tariff
			(in per cent)	
97.01	Wheeled toys including tricycles, mechanical horses, autos and trucks (pedal), dolls' prams, etc.	20	8	21
97.02	Dolls of all kinds:			
	A. Dolls	20	8	20
	B. Parts, detachable pieces and accessories:			
	I. Clothing, shoes and wigs	18	8	17
	II. Other	14.9	4.8	17
97.03	Toys, n.o.p., including trains and railway track, model and construction kits, model aircraft, boats, etc. of plastic material, of rubber, of wood, of common metal, of other materials	20	8	24

Subject to Confirmation at Time of Entry

97.01	Luxury tax 16 per cent	These taxes apply equally to national production and to all imports.
97.02	Luxury tax: A. 23 per cent	
	B. 22 per cent	
	Detachable pieces: Transmission tax 6 per cent	
97.03	Luxury tax 19 per cent	

The General Tariff applies to Canada and the Common External Tariff is the ultimate rate of duty that will apply to all third countries when the Common Market has completed its harmonization of tariffs towards the end of this decade.

Toy manufacturers who desire further tariff information should provide the Canadian Trade Commissioner in Brussels with full details of product construction (i.e. material used, etc.) and, in certain cases, samples. It might be helpful for those Canadian manufacturers who are producing toys under a foreign licence to know that even if they have the exclusive right to export to this area, there have been instances recently of conflict of interest. Some examples have been quoted in the trade here, such as "doctors' and nurses' sets", "oil painting by numbers", "colouring by numbers", etc. Unless a very tight licensing agreement is made, a foreign manufacturer may sell in good faith to a jobber in his domestic market and the latter may export to this area.

Trade Fairs Useful

Trade fairs often prove a good way of entering this market. The principal exhibition of toys is part of the annual International Fair in Brussels which is held in the spring. An entire pavilion is devoted to toys and sports goods. For the first time last year, following the International Fair, a separate "salon" for imported toys was inaugurated. Because national manufacturers were not invited and most of the important dealers/distributors had already exhibited at the International Fair, the salon was not a success and will probably not be repeated. Most Belgian importers attend the toy fairs in Germany, Italy and France.

Belgium is a good marketplace for the whole European Economic Community, with its population of 170 million. Brussels is the administrative centre of the EEC and there are large groups from the Six living here, to say nothing of other foreign communities, such as the Americans, the British, etc.

The Trade Commissioner in Brussels will gladly provide any Canadian manufacturer who wishes to sell in BLEU with full information. This applies particularly to those who offer unique and specialized toys, such as scientific kits and games, and, of course, to all who are prepared to meet worldwide competition face to face. Quite recently, a Canadian toy manufacturer came here and was able to make sales to department stores. At the same time, for continued and sustained effort it is wise to appoint a suitable distributor/agent, who will be constantly in touch with all local outlets. ●

Britain—With preferential tariff and often duty-free entry, Canadian manufacturers should be able to increase their sales of toys in the British market (£70,000 in 1962.) A mission sponsored by the Canadian Playthings Manufacturers Inc. will be investigating opportunities there early in the new year.

S. G. TREGASKES, *Commercial Counsellor, London.*

THE toys, games and sports equipment industry in Britain has a history going back several centuries. In the last *Census of Production in Britain* (1958) 523 enterprises employing 31,600 people were engaged in making these products; 144 of them employed 25 or more persons. It is probable that through absorptions, take-overs and the rationalization of the industry since 1958, fewer enterprises are operating in 1963, but the average size of each unit is larger than five years ago.

British Production

Manufacturers' sales in this field in 1963 may exceed £60 million, of which toy sales account for more than two-thirds. The steady growth of the toys, games and sports equipment industry during the past ten years is shown in Table I.

The further breakdown in Table II of the types of toys which contributed to total sales in 1961, 1962 and the first six months of 1963 will be of interest to Canadian toy manufacturers.

Import Market Large

Britain is a net exporter of toys; she sold more than £9 million worth abroad in 1962 and imported £6½ million worth. British import statistics show that only about £70,000 worth of toys were purchased from Canada, which suggests that Canadian toy manufacturers are not obtaining a reasonable share of the British market. Until 1959, however, imports of toys, games, dolls, etc., into Britain from Canada were under import control and licences were not forthcoming. Since then, exports from Canada to Britain of games, toys and sporting equipment have climbed steadily, although shipments of dolls have declined, as Table III reveals.

Canadian toy manufacturers will be interested in the classes of toys imported by Britain, the value of these toys by classes, the principal countries of origin, and the value of those imported from Canada and from the United States. Table IV provides this information.

It is apparent from the above statistics that Britain is a major and growing market for imported toys and that the principal supplying countries are Hong Kong, West Germany and Japan. The market is highly competitive with competition

TABLE I

MANUFACTURERS' SALES OF TOYS, GAMES AND SPORTS EQUIPMENT

	Toys		Games		Sports Equipment	
12 months Feb.-Jan.	Total Sales	Export Sales	Total Sales	Export Sales	Total Sales	Export Sales
			(in £'000)			
1954-55	28,349	6,095	2,068	541	8,527	3,195
1955-56	29,997	6,189	2,241	612	9,292	3,534
1956-57	31,666	6,516	2,453	650	9,729	3,619
1957-58	33,169	6,779	2,685	672	10,649	3,834
1958-59	32,937	6,671	2,759	708	10,872	3,806
1959-60	33,017	7,149	3,087	853	11,932	4,289
1960-61	37,121	8,231	3,421	1,016	12,724	4,439
1961-62	39,035	8,606	3,105	918	13,295	4,350
1962-63	39,031	9,019	3,210	920	13,484	4,448
1963 (Feb.-July)	15,583	5,046	1,343	472	7,723	2,594

TABLE II

BRITISH MANUFACTURERS' SALES OF TOYS

	Feb. '61-Jan. '62		Feb. '62-Jan. '63		Feb. '63-July '63	
	Total	Export	Total	Export	Total	Export
Total all types	**39,035**	**8,607**	**39,031**	**9,019**	**15,583**	**5,047**
Dolls (including dolls' heads)	2,001	237	1,878	199	551	99
Soft toys, excluding dolls	1,492	170	1,609	163	678	108
Wooden toys	1,606	175	1,626	179	679	103
Metal toys	17,235	4,814	16,297	4,839	6,351	2,736
Plastic toys	8,475	1,613	9,146	1,818	4,092	1,060
All other	8,226	1,598	8,475	1,821	3,232	941

TABLE III

EXPORTS FROM CANADA TO BRITAIN*

Games, Toys, Dolls, Sporting Equipment, etc.

	1959	1960	1961	1962	1963 (7 mos.)
			(Canadian dollars)		
Hockey sticks	Nil	1,840	4,876	4,682	1,198
Ice skates	12,393	19,711	25,141	33,107	24,827
Dolls, doll clothing and parts	2,525	35,949	62,621	18,654	5,147
Toboggans	Nil	Nil	Nil	526	376
Games, toys, children's vehicles†	12,226	22,807	93,345	102,417	90,508
Sporting, recreation equipment and parts	5,048	15,121	119,485	298,421	116,599
Total	**32,192**	**95,428**	**305,468**	**457,807**	**238,655**

*DBS *Trade of Canada.*

†And parts.

from both domestic manufacturers and overseas suppliers. Nevertheless, the rise in the standard of living each year in Britain suggests a continued growth in the demand for toys, and probably for those of a more sophisticated (and more expensive) type. The bulk consumer demand at present, however, is for toys that retail at under £5.

No Controls

Canadian exporters of toys are not subject to any form of import control, licensing or exchange restrictions in Britain, and enjoy a preferential position for duty purposes. Most toys from Canada (unless they contain synthetic fibres) enter Britain duty-free under Commonwealth Preference. Most non-Commonwealth toys on entry into Britain are subject to an ad valorem duty of 25 per cent. Canadian toy exporters would be well advised to confirm the duty position of their toys in Britain by writing to the Office of Trade Relations and Trade Policy, Department of Trade & Commerce, Ottawa, or to this office. Similarly, the London office can suggest the names of British representatives and/or toy importers to Canadian toy manufacturers who have no trade connections here.

Toy Fair Planned

The Canadian toy and playthings industry has already investigated opportunities open to it in the British market by sponsoring a trade mission in the fall of 1962. This mission produced such a promising report on the possibilities there that the Canadian Playthings Manufacturers Inc., with the co-operation of the Department of Trade and Commerce, is holding its first Toy Fair outside of Canada in Macdonald House, London, (adjacent to Canada House) from February 10 to 14, 1964, the same week in which the Brighton Toy Fair is held. Some twenty Canadian toy manufacturers will be exhibiting plastic toys of all kinds, dolls, boxed games, Christmas decorations (including ribbons), sports equipment and gym sets for children, inflatables, hobby-horses, road racer sets, and many other toys. The Canadians feel confident that the quality of their lines, the packaging, and the prices will prove attractive to British buyers and that they will make substantial sales. Anyone who wishes to obtain further information on this toy exhibition should write either to the Minister (Commercial), Office of the High Commissioner for Canada, One Grosvenor Square, London, W. 1, or to the Canadian Playthings Manufacturers, Inc., 67 Yonge Street, Toronto. ●

TABLE IV

BRITISH IMPORTS OF TOYS AND DOLLS*

	1961	1962	1963 (4 mos.)
	(in British pounds)		
Wheeled Toys (Doll Prams, etc.)			
Canada	26	332	57
United States	2,955	784	3
Italy	36,940	26,272	2,937
Poland	1,956	10,235	....
Netherlands	1,489	766	886
All other countries	4,314	10,402	2,015
Total	**47,680**	**48,791**	**5,898**
Dolls			
Canada	37,258	8,548	307
United States	20,520	53,651	7,121
Hong Kong	732,788	1,086,850	402,640
Italy	78,786	81,122	12,804
France	21,644	19,771	3,591
All other countries	75,451	176,555	26,072
Total	**966,447**	**1,426,497**	**452,535**
Soft Toys, other than Dolls			
Canada	2,395	1,137	15
United States	278	1,800	1,152
West Germany	66,644	56,204	16,621
Poland	41,415	45,493	41,164
Czechoslovakia	19,062	21,241	2,641
All other countries	58,059	87,069	34,142
Total	**187,853**	**212,944**	**95,735**
Other Toys, Metal, Mechanical			
Canada	1,218	188	68
United States	52,866	45,089	13,308
Japan	274,397	317,771	67,023
West Germany	175,857	111,437	13,410
France	33,527	47,546	2,670
All other countries	118,774	129,612	27,694
Total	**656,639**	**651,643**	**124,173**
Toys, Metal, Non-Mechanical			
Canada	1,709	489	30
United States	6,821	12,474	7,505
West Germany	137,536	94,324	16,707
Hong Kong	38,438	32,613	17,998
Japan	21,825	18,915	5,905
All other countries	60,146	74,321	23,425
Total	**266,475**	**233,146**	**71,570**
Toys—Plastic, Mechanical			
Canada	379	148	....
United States	37,033	74,135	5,909
France	97,063	330,327	17,229
Hong Kong	512,066	624,692	277,994
Japan	41,108	40,276	3,215
All other countries	73,560	49,313	8,914
Total	**761,209**	**1,118,891**	**313,261**
Toys—Plastic, Non-Mechanical			
Canada	33,119	30,643	12,517
United States	137,423	261,246	42,838
Hong Kong	1,308,200	1,525,227	554,340
West Germany	102,343	95,752	24,845
Denmark	68,465	50,092	20,359
All other countries	186,369	267,330	73,649
Total	**1,835,919**	**2,230,290**	**728,548**
Toys, Wood			
Canada	517	34	17
United States	16,370	15,301	5,938
West Germany	47,513	58,926	13,154
Czechoslovakia	58,459	58,208	14,325
Sweden	28,498	26,587	7,485
All other countries	155,302	169,540	49,791
Total	**306,659**	**328,562**	**90,710**
Toys, Cardboard, Paper, etc.			
Canada	4	20,194	†
United States	2,003	6,442	†
Irish Republic	17,726	5,211	†
Malaya	15,510	....	†
West Germany	9,828	15,582	†
All other countries	20,786	42,357	†
Total	**65,857**	**89,786**	†
Toys, other Materials			
Canada	690	6,690	54
United States	2,214	6,371	4,012
Japan	21,255	38,782	2,772
West Germany	59,738	56,739	6,389
Hong Kong	43,850	38,530	15,438
All other countries	58,852	93,413	36,905
Total	**186,599**	**240,525**	**65,570**

*Table gives three principal suppliers, plus Canada and the United States and also total imports.

†Not available; included with Toys, Other Materials.

Consulting and Engineering Services

Kuwait—Oil revenues are financing a variety of development projects; a Canadian company has already obtained a contract for a remodelled seafront. Other consulting, contracting and engineering firms may wish to seek business in this small but wealthy sheikdom.

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

KUWAIT is an independent sheikdom of about 5,800 square miles in area, located at the northwestern head of the blistering hot Arabian Gulf. The economy is supported almost entirely by revenues derived from oil, and this money meets the expenses of government, goes into development works and maintenance, or is invested. The standard of living is high among all classes of the community, some of whom are extremely wealthy.

These large oil revenues have permitted Kuwait to make amazing strides. Oil revenues as such are not unique in the Middle East but the $500 million it receives each year puts Kuwait in a class by itself, particularly because the population is only 355,000. What is unique, however, is the sizable proportion of oil revenues funnelled into development projects. For example, Kuwait now has a modern seaport, the largest seawater distillation plant in the world, electric power generating capacity to meet current needs, and an urban renewal program that has made the town of Kuwait one of the most modern anywhere. Nevertheless, the country has only reached what government and planning officials term an "intermediary stage".

Ambitious Plans Made

The next phase is now under way—a major program of expanded essential services designed to attract private industry and provide a broader base for the economy. The driving force is the newly-formed Planning Board of the Ministry of Finance and Industry. The Board has almost unlimited funds at its disposal; in fact, its 1963/64 budget of $250 million for development projects and expropriation is the envy of much larger countries. Some of the Board's plans of interest to Canadian consulting and contracting companies include a second port, an additional five-million-gallon seawater distillation plant, and a complete electric generating plant. All of these are to be built in a newly designated industrial area on the Arabian Gulf north of Kuwait town.

There are also plans to take advantage of the vast reserves of oil and natural gas. Tenders have just been let for the design of a 150,000-ton ammonia installation. This is the first project of a fully integrated petrochemical complex that will eventually produce plastics, synthetic rubbers, fertilizers and insecticides. There are opportunities also for the design and construction of government buildings—including a new airport terminal, hospitals, schools, roads, and water and sewerage systems.

One Canadian company has been notably successful in this sector. Its design for the remodelling of Kuwait town's entire seafront—a five-mile-long corniche incorporating tree-lined boulevards, swimming pools, yachting basins, parks and beaches—was recently accepted by the Kuwait Government over competitive proposals from four other architectural firms of international standing. The estimated cost of the project is $75 million.

Developments in the private sector are keeping pace with government-financed essential services. A Kuwait company has commissioned a new flour mill and agreements are pending on a steel mill, aluminum plant and a raw asbestos processing establishment, not to mention continuing improvement in and expansion of the present petroleum producing, refining and transportation facilities.

How to Participate

Is your firm interested in these development projects? Then by far the best way to participate in them is to pay a personal visit to Kuwait. Officials of the Planning Board and other government departments directly concerned with planning are easily accessible and extremely cooperative. You will find no language

Consulting Firms

1. For standing registration write to: The Secretary, Planning Board, Ministry of Finance & Industry, Kuwait, Arabian Gulf.
2. Agents or representatives are not required.

Engineering and Contracting Companies

1. To obtain official documents:
   a. for standing registration for road construction write to: Chief Quantity Surveyor, Ministry of Public Works, P.O.B. 8, Kuwait.
   b. for standing registration for building construction write to: Government of Kuwait, Ministry of Public Works, Kuwait.
2. Kuwait agents, representatives or sponsors are required. For potential agents write to: Commercial Counsellor, Commercial Division, Canadian Embassy, P.O.B. 2300, Beirut, Lebanon.

barrier because most officials and prominent businessmen converse in English. The Kuwait commercial law does, however, legislate (but certainly does not restrict) the method of doing business in Kuwait. You should be familiar with the following requirements before contemplating a trip.

For Consulting Firms

Consulting firms must be registered with the Planning Board of the Ministry of Finance and Industry before they can participate in government projects. A letter our office recently received from the Secretary of this Board says:

> "We welcome brochures, performance records, photographs, etc., from consulting and engineering firms in order to supplement our existing records of international consultants. If any Canadian firms wish to write to us, we will be only too pleased to place in our files their names and performance records for future reference."

Why not follow up this invitation? The Board will study the documents and approve your company for the various projects under consideration. Once registered, you will be notified directly by the Board of the various projects as they come up. Although consulting firms do not require a Kuwaiti agent or partner, it is advisable to have a sponsor who can alert you to forthcoming projects and later follow up on your behalf.

For Engineers and Contractors

Engineering and contracting firms will find the procedure slightly more complicated because they must form an alliance with a Kuwaiti agent, representative, partner or sponsor. All qualifying and tender bids have to be submitted through and signed by a Kuwaiti representative. This is extremely important. Recently three Canadian companies were disqualified because they did not meet this particular stipulation, although they were acceptable in all other respects. The Beirut office can suggest or arrange contacts with many reliable Kuwaiti firms anxious to act on behalf of Canadian companies. Financial arrangements are left to the partners and are usually based on the services performed.

The Government has set up various categories for Kuwaiti firms according to the size of the tender. Foreign companies, however, may deal with any size firm if they feel it fits their needs, because the smaller firms will be granted registration if a well-known foreign contractor associates with them. The foreign firm nevertheless bears the total responsibility for any work performed.

Partnership agreements to be properly registered must be written in Arabic and English. A "Municipality Registration" must be obtained if the foreign company plans to open an office in Kuwait. In most instances an office is opened only if a contract is obtained and then the resident engineer and his staff must also have their qualifications approved.

Unlike consulting firms, contracting companies have to go through the formalities of registration and qualification for each tender that interests them. The exceptions are standing qualifications for road construction and building contractors. In these two areas, however, it is unlikely that Canadians can compete with resident local firms unless, of course, the Canadian company is already operating and has equipment in Kuwait.

Local Representative Useful

Notwithstanding the foregoing strict requirements of the Kuwait commercial law, a Kuwaiti representative is advisable for another reason. The majority of tenders are called by the Ministry of Public Works and the Ministry of Electricity & Water with a lead time of only thirty days. Under the circumstances a foreign firm not already represented is unlikely to hear about the call, select an agent, and accomplish the other necessary formalities before bids close. In short, select your agent now. Don't wait. It costs you nothing to have a representative.

Still interested? Then by all means visit Kuwait, investigate and assess the number of opportunities for your firm, and select the local agent who best fits your needs. You are now in business and if you can compete against the many strong contenders from other countries, there is no reason why your company cannot share profitably in Kuwait's development.

IBRD Loan for Spanish Highways

THE World Bank has granted a $33 million loan to Spain to assist in an extensive highway reconstruction and maintenance program. The existing highway system is antiquated and inadequate for the present road traffic. New automobiles and the increase of tourism are creating a 17 per cent annual increase in road traffic. The highway plan spans 16 years in four-year periods and this loan covers the period 1964-1967. Costs during this period will total approximately $92 million.

The World Bank credit will finance the engineering work within the plan. Projects under the plan include:

- Modernization of the 750-kilometre triangle Madrid/Barcelona/Alicante. This work, which includes a new bridge at Amposta, will greatly improve communications between Valencia, Barcelona and other ports and major food-producing areas. It will also improve a heavily travelled tourist route.
- A new road from Oviedo to Figaredo in Northern Spain.
- A new multilane highway from Palma de Mallorca to the airport.
- A road-maintenance program.

With a few exceptions, tenders will be accepted from all countries for the modernization work and the purchase of maintenance machinery.

—M. T. STEWART,
Commercial Counsellor, Madrid.

Japan Announces Import Budget

Foreign exchange budget for second half of fiscal year 1963-64 is largest ever; some progress made towards trade liberalization in first half of the year.

JOHN D. BLACKWOOD, *Commercial Secretary, Tokyo.*

THE Japanese Government's foreign exchange budget—the estimated foreign exchange requirements for all purposes—for the second half of the fiscal year (October 1, 1963, to March 31, 1964) was announced on September 30. It is a record allocation of U.S.$5,115 million, an increase of $430 million (or 9.2 per cent) over the $4,685 million of the previous six months. Exclusive of the ordinary reserve fund of $300 million, the net budget of $4,815 million is up 6 per cent over the first half of the current fiscal year. Of this amount, $3,815 million is for commodity imports, an increase of 10.1 per cent, and $1,300 million for invisible trade payments, an increase of 6.6 per cent.

Commodity Import Budget Up

The large increase in commodity imports results in part from the greater demand for raw materials because of the business recovery, the rising prices of imported goods, and an expected increase in imports of agricultural products. Commodity imports for the full fiscal year 1963-64 will total $7,280 million compared with $6,268 million for fiscal 1962-63 and $6,798 million for 1961-62.

In the present six-month period, $2,400 million has been allocated for Automatic Approval* items and $460 million for Automatic Fund Allocation commodities. The appropriations for freely importable commodities—the sum of these two groups—account for 80.2 per cent of the total, compared with 76.4 per cent in the previous half-year. The allocation for the Negative List items (Fund Allocation goods) has been set at $705 million, a reduction from previous periods, principally because of the removal of sugar from the negative list. The allocations for all other categories still on the negative list have been increased over the first half except for machinery and sundries, for each of which there is a small reduction.

The new foreign exchange budget reflects Japan's attainment of 92.1 per cent import liberalization as a result of the liberalization of 62 additional items during the first half of fiscal 1963-64. Japan's official reserves, it is estimated, will decline to $1,835 million at the end of March 1964 from the present $1,900 million.

Trade Liberalization Continues

Japan has continued to dismantle import restrictions gradually during 1963. With the liberalization of 62 items this year, 192 are left on the negative list—that is, are subject to comprehensive import controls. This year the International Monetary Fund, following a thorough investigation of the Japanese economy, found that the maintenance of import restrictions could no longer be justified for balance-of-payments reasons. The Japanese Government has accepted this situation in the context of GATT. Accordingly, and also as a country about to become a member of the OECD, Japan has announced its firm determination to dismantle the remaining controls as soon as possible.

*See following sections for an explanation of these terms.

TABLE I

FOREIGN EXCHANGE BUDGET FOR OCTOBER 1963 TO MARCH 1964

	Oct. '62-Mar. '63	Apr. '63-Sept. '63 (Revised)	Oct. '63-Mar. '64
		(U.S.$'000)	
I. Commodity Imports			
Foodstuffs	185,412	332,302	202,811
Monopoly goods	39,797	18,347	45,209
Coal (including coke)	66,890	75,000	87,928
Metals and non-metallic minerals (including ores)	34,500	8,964	12,616
Petroleum products	51,686	55,660	70,793
Machinery	240,000	150,000	135,000
Miscellaneous imports	155,715	155,531	150,643
Automatic Fund Allocation goods	380,000	425,000	460,000
Automatic Approval goods	1,950,000	2,150,000	2,400,000
Sub-total	3,104,000	3,370,804	3,565,000
Reserve fund	50,000	94,196	250,000
Grand total	**3,154,000**	**3,465,000**	**3,815,000**
II. Invisible Imports			
*Ordinary transactions	748,000	850,000	950,000
Capital transactions	458,000	320,000	300,000
Sub-total	1,198,000	1,170,000	1,250,000
Reserve fund	50,000	50,000	50,000
Grand total	**1,248,000**	**1,220,000**	**1,300,000**

*Ordinary transactions include payments for freight, insurance, overseas travelling expenses, stock dividends, and royalties for using patent rights.

Japan's modern economy was developed in the postwar period against a background of comprehensive control over all foreign exchange and import transactions. Protection of domestic industry was national policy. The Government and private industry, often through trade associations, have co-operated in regulating essential aspects of domestic and foreign trade and finance. Imports of essential raw materials and foodstuffs were given priority while restrictions were imposed on non-essential goods and products of a type manufactured in Japan.

In recent years the growing strength of the Japanese economy and an improved balance-of-payments picture have permitted gradual relaxation of controls. As indicated above, Japan has achieved 92.1 per cent liberalization as of August 31, 1963. This percentage figure may be misleading, however. It compares the value of liberalized items against the value of non-government imports in 1959. It does not take into account those items such as wheat which are imported solely by government agencies.

Import Licences

For those who are not familiar with the import regime discussed above, all commercial imports require licences, under one or other of three basic systems:

1. The Automatic Approval (AA) System

2. The Automatic Fund Allocation (AFA) System

TABLE II

IMPORT SCHEDULE FOR MAIN COMMODITIES

Commodity	Oct. '62-Mar. '63	Apr. '63-Sept. '63	Oct. '63-Mar. '64
	('000 metric tons)		
Wheat	965	1,287	1,270
Crude sugar	565	667	....
Salt	1,465	1,458	1,778
Tobacco	15.2	6.2	19.2
Coal	....	5,553	6,469
Heavy oil ('000 kilolitres)	3,369	3,577	4,802

3. The Fund Allocation (FA) System (negative list).

For commodities within the AA System, licences are granted automatically by foreign exchange banks without government clearance and without limitations on quantity or source. This represents the largest number of items. Those included in the AFA List are also given licences automatically, but the granting authority is the Ministry of International Trade and Industry, giving the Japanese authorities the potential power to limit imports in times of foreign exchange shortage. This system was established in 1959 as a transitional step in liberalizing commodities from the FA to the AA category. All other commodities are non-liberalized items and therefore subject to the restrictive Fund Allocation (FA) System. This list is generally known as the negative list. For goods included in it, permits have been issued on the basis of essentiality.

The following is a list of major Canadian export commodities remaining on the negative list:

Wheat and flour	Pyrites
Coal	Explosives
Lead-zinc	Clothing
Rapeseed	Cheese
Whisky	Cattle and swine
Outboard motors	Barley
Certain machine tools	Mustardseed
Motor vehicles	Gas
Tobacco	Antibiotics
Sulphur	

Import Deposits

Importers are required to deposit in a foreign exchange bank 1 or 5 per cent of the import value, depending on the category of the product to be imported. Raw materials and essential goods are subject to a bond equivalent to 1 per cent, but most machinery and consumer goods must be covered by a 5 per cent cash deposit. This latter rate came into effect on December 13, 1962, and represents a sharp drop from the 35 per cent level introduced in 1961 to alleviate existing foreign exchange difficulties. ●

India's State Trading Corporations

MOST Canadian exporters of bulk commodities are familiar with the rapidly growing State Trading Corporation of India Limited (STC), which is fast becoming a major factor in India's foreign trade. In 1961/62, STC's turnover on import-export activities totalled $340 million (Canadian funds) handling in the process about 5 to 6 per cent of India's total foreign trade. More recent figures are not yet available; however, it is expected that 1962-63 results will show a significant increase.

Suppliers of non-ferrous metals and minerals will no longer deal with STC but with a new organization known as the Minerals & Metals Trading Corporation of India Limited (MMTC). Established on October 1, 1963, MMTC is the first concrete step taken by Indian authorities to specialize at the corporate level, in an effort to increase exports of minerals abundant in India, such as iron ore, manganese, bauxite and mica. Although these export activities will be the chief concern of Govind Narain, chairman of this new organization, MMTC will continue the importing responsibilities formerly handled by the metals and minerals division of STC.

Although MMTC will make some purchases for cash, procurement will more often be on rupee payment terms or against barter arrangements. In addition to minerals and non-ferrous metals, MMTC will be buying asbestos, pig iron, steel, alloys and semi-manufactures.

The intention is that the activities of MMTC will complement those of STC but when barter deals and link transactions are negotiated, both corporations will probably be involved. When there is such overlapping of interest, the initiative will rest with the trading company responsible for the export product. If, for example, steel is imported on barter for sugar or jute, STC as exporter will act as buyer in consultation with MMTC.

STC will continue to carry its responsibilities for consumer goods, agricultural products, engineering goods, cement and chemicals. Basic commodities of importance to Canadian exporters that STC buys include chemicals, sulphur, fertilizer, newsprint, wood pulp, dissolving pulp and potash. B.P. Patel succeeds Govind Narain as chairman of STC.

—JOHN H. SUGGITT,
Assistant Commercial Secretary,
New Delhi.

FOREIGN TARIFFS AND TRADE REGULATIONS

Australia

DUTIES ON FLOOR AND WALL COVERINGS—As a result of a recent Tariff Board report, new duties on floor and wall coverings became effective October 31, 1963. Linoleum and materials similar to linoleum on a textile base and floor coverings on a paper or paperboard base coated with either a linoleum or vinyl compound now are dutiable at 25 per cent British preferential tariff and 35 per cent most-favoured-nation. Duties on printed felt base are unchanged at 17½ per cent b.p.t. and 27½ per cent m.f.n.

Revised tariff item 118 now reads:

118(C)	British Preferential Tariff	Intermediate Tariff (per cent)	General Tariff
(1) Linoleums and materials prepared on a textile base in a similar manner to linoleum, whether or not of a kind used as floor coverings, and whether or not cut to size; floor coverings consisting of a coating applied on a textile base, whether or not cut to size—ad valorem	25	35	50
(2) Floor coverings prepared on a base of paper or of paperboard, whether or not cut to size:			
(a) coated with linoleum compound—ad valorem	25	35	50
(b) coated with a compound of or containing vinyl polymers or copolymers—ad valorem	25	35	50
(c) other—ad valorem	17½	27½	32½
(3) Floor or wall coverings of artificial plastic material, of rubber, of synthetic rubber, of cork, of asbestos, of asphalt or of material similar to asphalt, or a combination of two or more of the foregoing materials, whether or not reinforced or laminated, and whether or not cut to size, not being wall boards and not covered by paragraph (1) or (2):			
(a) of the styrene type—ad valorem	17½	35	47½
(b) other—ad valorem	25	35	50

—*Canberra.*

TARIFF BOARD INQUIRIES—The Minister for Trade has referred the following items to the Tariff Board for inquiry and report:

(1) Copper and brass sheet, strip and foil, less than ⅛ inch in thickness, which if imported would be classified under Tariff Item 137(B) or Item 137(E). Also included in the same reference are heat exchanger elements of the types used with internal combustion engines.

(2) Acetaldehyde, acetic acid, acetic anhydride, vinyl acetate monomer and cellulose acetate flakes.

If the Tariff Board's findings indicate that assistance should be given to the production in Australia of these products, the Board is asked to recommend the nature and extent of the assistance. If assistance is indicated through the medium of the Customs Tariff, the Board is to recommend the rates of duty that should be provided.

(3) Whether, taking into account changes since 1957 in circumstances affecting the Australian automotive industry, including developments in the industry and trends in the Australian content of motor vehicles manufactured or assembled in Australia, the by-law admission of components which are for use as original equipment in motor vehicles and which in consequence of the recommendations of the Tariff Board in its report of June 13, 1957, are admissible at non-protective rates of duty, should be discontinued and if not, what principles or conditions should govern the granting of by-law for such components?

The Australian Government's policy is to ensure the sustained development of an economic and efficient automotive industry in Australia in relation to the production of complete motor vehicles with maximum Australian content.

For further information on these inquiries, please contact the Commonwealth Division, Office of Trade Relations and Trade Policy, Department of Trade and Commerce, Ottawa, or the Commercial Counsellor, Office of the High Commissioner for Canada, Commonwealth Avenue, Canberra, Australia—Canberra.

DUTIES ON PARTS FOR REFRIGERATING APPLIANCES—Following the recommendation of the Tariff Board in a recently released report, new rates of duty on sealed motor compressors up to 2 h.p. for refrigerating appliances became effective October 31, 1963. The new rates applicable to these items under tariff item 175 are £3/10/- each or 40 per cent ad valorem, whichever is higher, British preferential tariff, and £3/10/- each plus 17½ per cent, or 57½ per cent ad valorem, whichever is higher, most-favoured-nation.

Duties on the other items covered by the same Tariff Board inquiry revert to those in effect prior to the imposition of the temporary duties in July 1962—Canberra.

United States

TEN DOLLAR GIFT PARCEL EXEMPTION—The United States Bureau of Customs announced on November 8 that it has decided to defer final action on the previously announced proposal to revoke the exemption allowed on parcels not exceeding ten dollars in value containing gifts from persons in foreign countries to persons in the United States, pending further study of the results of increased enforcement and the use of a new declaration form for gift parcels, introduced last August.

COMMODITY NOTES

Automobiles

NEW ZEALAND—Plans to build a £3.5 million motor vehicle assembly plant in Upper Hutt have been announced by the managing director of General Motors N.Z. Limited. This does not mean that the company's factory at Petone will be closed; it will continue to turn out household appliances and automotive components. General Motors already has a plant at Upper Hutt and employs 1,420 at Upper Hutt and Petone.

The new factory will occupy 25 acres and have access to the Upper Hutt railway freight sheds and shunting lines. According to the managing director, it will incorporate the latest developments in motor vehicle production, including up-to-date machinery and equipment, and will cost an estimated £3.3 million. When completed it will have a total area of more than 300,000 square feet, in addition to the existing buildings. The first stage of the project, including machinery and equipment, will cost approximately £2 million.

General Motors pioneered motor vehicle assembly in New Zealand 37 years ago when it opened the Petone factory in 1926. Since then the company has more than doubled its land holdings and buildings at Petone, including a manufacturing building of 60,000 square feet completed in 1952. GM also purchased a 12-acre site at Upper Hutt in 1953 and erected a large office and a warehouse (covering 1½ acres) for distribution and storage of vehicle spare parts, refrigerators and electric ranges. In the past ten years, these land holdings have been doubled and the warehouse extended—Wellington.

Chemicals

BRITAIN—ICI will spend $90 million on six new capital projects in the northwest and northeast of England. These projects form the biggest single expansion by ICI in many years. The six projects include: a $38 million extension to the nylon polymer plants (this is in addition to the $30 million expansion already announced); a $12 million phenol plant; a $22 million naphtha cracker; a $9 million vinyl chloride monomer plant and an expanded chlorinated solvent complex associated with the new naphtha cracker; doubling of the capacity of the chloromethanes plant, and a $9 million extension to the tolylene diisocyanate plant—Liverpool.

Cotton

AUSTRALIA—A United States syndicate plans to grow cotton at Narrabir in northwest New South Wales; capital expenditure is estimated at £1.25 million in the first year of operation. Development of the Australian cotton industry outside of Queensland has been confined mainly to the Narrabric district, parts of the Murray Valley in southern New South Wales, and northern Victoria. It is being encouraged in the Ord River area of Western Australia—Sydney.

Fertilizer

PERU—A nitrogenous fertilizer plant is being built in Cuzco, Southern Peru, at a cost of U.S.$13.3 million. On the basis of international bids called in 1962, the contract for the construction and ten-year financing of the project was awarded to a German consortium of Friedrich Unde G.M.B.A., Ferrostaal A.G. and Hochtief A.G. Commercial production of 62,000 tons a year of calcium-ammonium-nitrate (20 per cent N) is expected by 1965. Production cost is estimated at U.S.$45 per ton. The plant will be owned by the Cuzco Corporation, a semi-autonomous government body—Lima.

Fish Fillets

DENMARK—The value of Denmark's exports of fish fillets to West Germany has increased considerably—from 188,000 D.Kr. in 1959 to 1.3 million in 1960, 8 million in 1961, and 23 million in 1962. The 1963 total will be higher again because sales in the first eight months reached 20 million D.Kr.

Fish fillets (production of which started after World War II) are now Denmark's leading fish export product, replacing herring. Value of exports to all countries totalled 99 million D.Kr. at September 1, 21 million D.Kr. above last year's at the same date. After West Germany, the United States and Britain are Denmark's principal customers—Copenhagen.

Petrochemicals

VENEZUELA—The Director of the Venezuelan Petrochemical Institute recently announced that the construction of four explosives plants with a combined output of 23,000 metric tons would begin this year. The Institute's development program for 1964-66 calls for eventual production of 24,000 metric tons of plastics, 20,000 of synthetic rubber and 10,000 of detergent raw materials—Caracas.

Pulpwood

UNITED STATES—Over 25½ million cords of pulpwood, an all-time high, were cut in the South in 1962, according to a recent report of the Forest Service, U.S. Department of Agriculture. The harvest (6 per cent larger than in 1961) supplied 58 per cent of all wood used by the nation's pulp mills during the year. Pulping capacity in the South continues to rise: in 1962 it increased by more than 1,000 tons to a record 52,000 tons a day.

Georgia was again the South's leading pulpwood producer, with 5.2 million cords; Alabama cut 3.4 million cords and South Carolina, Florida, North Carolina, Mississippi, and Louisiana each cut more than two million. More than 15 per cent of the wood was delivered to mills in the form of chips and other plant residues, an increase of 1 per cent over the preceding year.

Southern pine made up 77 per cent of last year's roundwood output (79 per cent in 1961); hardwood bolts totalled 4,969,600 cords, 13 per cent more than in the previous year and a new record for the twelfth consecutive year. Almost one fourth of the total roundwood output was hardwood; nearly 70 per cent came from soft-textured species such as sweet gum and yellow poplar—New Orleans.

Shoes

SWITZERLAND—The Association of Swiss Shoe Manufacturers represents 80 companies with 120 factories and 13,000 employees who made 14.3 million pairs of shoes in 1962. On its seventy-fifth anniversary in July, the President of the Association noted that the average Swiss buys 2.9 pairs of shoes a year. Ten years ago he made do with 2.3 pairs. The 5.2 million pairs imported in 1962 accounted for 30 per cent of sales, but the local industry continues to prosper. A recent 2.2 per cent increase in factory prices will not help export sales, which are already kept down by high production costs. The industry is finding it difficult to obtain suitable labour now that even the Southern European countries are paying better wages—Berne.

Tobacco

POLAND—Some 160,000 Polish farmers produce 40,000 to 50,000 tons of tobacco leaves a year. Eighty per cent of them own less than five hectares of land; about 50 per cent of the tobacco area consists of farms of less than three hectares. Because of the climate, all varieties are sown in hotbeds in late February or early March. The seedlings are planted in fields in the first days of May and the leaves are harvested in August or September. The work of growing and picking is done by the contracting farmers and their families; they are, in general, experienced growers and, with an average two-hectare plantation, do not need to hire labour. Most plantations are located in heavily populated regions.

There are approximately 70,000 drying plants of various types; on the average, every third grower owns a drying plant. Flue-cured tobacco is dried in fire-pipe plants with an average capacity of 40-50 cubic metres. Fire-cured cigarette tobacco is dried in plants of 50-60 cubic metres. The growers own about 1,500 plants of 100 cubic metres for drying tobacco requiring air curing. However, most of this type is dried in farm buildings—Copenhagen.

Trade Commissioners on Tour

In Territory

J. E. G. GIBSON, Assistant Commercial Secretary in Mexico City, will visit Guadalajara, Jalisco and Mazatlan, January 23, 24, 25, 1964.

R. G. GODSON, Assistant Trade Commissioner in Cape Town, South Africa, will visit South West Africa, December 6-17.

M. T. THOMAS, Trade Commissioner, and **D. MOLGAT,** Assistant Trade Commissioner, in Hong Kong will visit Shanghai, Tientsin and Canton, Communist China, for two weeks beginning January 6, 1964.

W. D. WALLACE, Commercial Counsellor in Caracas, Venezuela, will visit Curacao and Aruba, Netherlands Antilles, December 9-19.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Gibson at Mexico City, Mr. Godson at Cape Town, Mr. Thomas and Mr. Molgat at Hong Kong, and Mr. Wallace at Caracas.

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

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

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

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

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

For conversion to United States dollar equivalent multiply by .927267.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 3	Units per Canadian dollar	Notes (see below)
Argentina	Peso	Free	.007676	130.276	
Australia	Pound		2.4128	.4145	
Austria	Schilling		.04171	23.98	
Bahamas	Pound		3.0160	.3316	
Belgium and Luxemburg	Franc		.02164	46.21	
Bermuda	Pound		3.0160	.3316	
Bolivia	Peso		.09101	10.99	
Brazil	Cruzeiro	Official Free	.001768	565.61	
		Special Category	†	†	
Britain	Pound		3.0160	.3316	
British Guiana	Dollar		.6283	1.59	
British Honduras	Dollar		.7540	1.33	
Burma	Kyat		.2265	4.42	
Ceylon	Rupee		.2262	4.42	
Chile	Escudo	Bank rate	.5343	1.87	
		Free	.3577	2.80	
Colombia	Peso	Certificate	.1198	8.35	
Congo, Republic of	Franc		.007190	139.09	(4)
Costa Rica	Colon		.1628	6.15	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1498	6.68	
Denmark	Krone		.1563	6.40	
Dominican Republic	Peso		1.07844	.9273	
Ecuador	Sucre	Official	.05991	16.69	
		Free	.05716	17.49	
El Salvador	Colon		.4314	2.32	
Fiji	Pound		2.7171	.3680	
Finland	Markka		.3370	2.97	
France Monaco, etc.	Franc		.2201	4.54	(1)
Franco-African Republics, etc.	Franc		.004402	227.17	(2)
French Pacific	Franc		.01211	82.58	(3)
Germany	D Mark		.2714	3.68	
Ghana	Pound		3.0160	.3316	
Greece	Drachma		.03594	27.82	
Guatemala	Quetzal		1.7844	.9273	
Haiti	Gourde		.2157	4.64	
Honduras	Lempira		.5392	1.85	
Hong Kong	Dollar	Free	.1883	5.31	*Nov. 22
		Official	.1885	5.31	

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

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 3	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02508	39.87	(4)
India	Rupee		.2262	4.42	
Indonesia	Rupiah		.003424	292.09	(4)
Iran	Rial		.01424	70.24	
Iraq	Dinar		3.0196	.3312	
Ireland	Pound		3.0160	.3316	
Israel	Pound		.3595	2.78	
Italy	Lira		.001733	577.03	
Japan	Yen		.002996	333.78	
Lebanon	Pound	Free	.3464	2.89	
Malaysia	Straits dollar		.3523	2.84	
Mexico	Peso		.08628	11.59	
Morocco	Dirham		.2157	4.64	
Netherlands	Florin		.2994	3.34	
Netherlands Antilles	Florin		.5719	1.75	
New Zealand	Pound		2.9954	.3338	
Nicaragua	Cordoba		.1541	6.49	
Nigeria	Pound		3.0160	.3316	
Norway	Krone		.1506	6.64	
Pakistan	Rupee		.2263	4.42	
Panama	Balboa		1.07844	.9273	
Paraguay	Guarani	Free	.007906	103.03	
Peru	Sol	Free	.040020	24.88	
Philippines	Peso	Free	.2766	3.62	
Portugal & Colonies	Escudo		.03751	26.66	(5)
South Africa	Rand		1.5080	.6631	
Spain and Dependencies	Peseta		.01797	55.65	
Sweden	Krona		.2076	4.82	
Switzerland	Franc		.2498	4.00	
Syria	Pound	Free	.2825	3.54	
Thailand	Baht	Free	.05185	19.29	(4)
Tunisia	Dinar		2.6098	.3832	
Turkey	Lira		.1198	8.35	(4)
United Arab Republic	Pound	Official	2.4804	.4032	
United States	Dollar		1.0784375	.9273	
Uruguay	Peso	Free	.06279	15.93	
Venezuela	Bolivar	Controlled market rate	.3215	3.11	
		Official Free	.2375	4.21	
West Indies	Dollar		.6283	1.59	(6)
	Pound		3.0160	.3316	(7)
Yugoslavia	Dinar	Official	.001438	695.41	

Notes

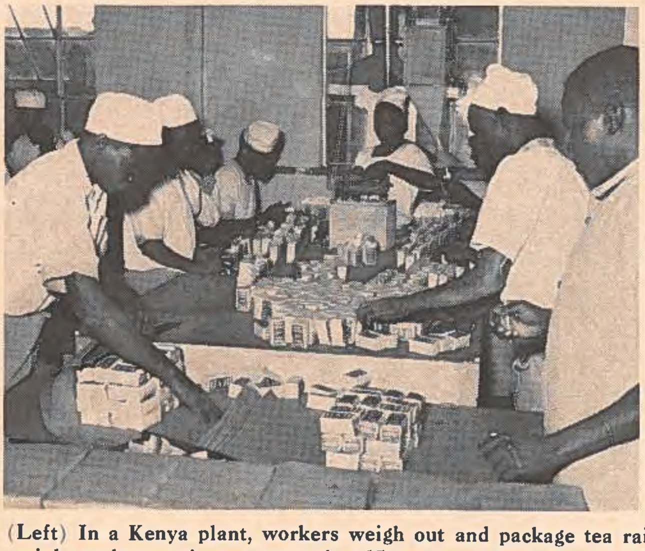
1. Franc is also used in Algeria, French Guiana, Guadeloupe and Martinique.
2. Chad, Central African Republic, Congo, Dahomey, Gabon, Ivory Coast, Mali, Islamic Republic of Mauritania, Niger, Senegal, Upper Volta, Cameroons, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Pierre and Miquelon.
3. New Caledonia, New Hebrides, French Polynesia.
4. Additional rates are in effect.
5. Portugal: approximately same rate for Portuguese territories in Africa.
6. Barbados, Trinidad and Tobago, Leeward and Windward Islands.
7. Jamaica.

KENYA
New African Nation

On December 12, 1963, Kenya became an independent nation within the Commonwealth. Its 7.3 million people inhabit a country that stretches over 225,000 square miles and on its rich agricultural land they raise sisal, tea, coffee, sugar, and other crops. With its East African neighbours, Uganda and Tanganyika, Kenya may eventually establish a common market. Canada buys coffee and tea from Kenya, sells in return mainly machinery of various kinds, automobiles, and newsprint.

(Above) One of the impressive new buildings in Nairobi, capital of Kenya, houses the Ministry of Works; the sculpture on the end wall was done by a resident, Mrs. Margaret Connell. Nairobi, 5,500 feet up in the highlands, has a population of over 300,000. Not only is it the seat of government but also chief industrial and financial centre and the hub of a system of road, rail and air services extending throughout Kenya.

(Left) Kenya women on a farm at Londiani are picking pyrethrum flowers. These yield pyrethrum extract, a well-known insecticide; in 1961, exports of the extract reached a value of over £2.3 million and of pyrethrum alone, £808,000. The Pyrethrum Board has set up a laboratory at Nakuru in the Rift Valley said to be the first to concentrate on pyrethrum research. The insecticide in aerosol form is produced in Kenya.



(Left) In a Kenya plant, workers weigh out and package tea raised locally. Tea, third in importance among export crops, is grown mainly on large private estates, but 15 per cent comes from land cultivated by African smallholders. It has been raised extensively only since 1960; planned production is 10,935 acres by 1965-66. (Right) On the Kano plains in central Nyanza Province, a man and his wife work together at harvesting the rice crop. Kenya does not raise enough to meet its needs and imported 5,000 tons in 1961.

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