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COMING——TAKE A LOOK AT TEXAS, AUGUST 24 ISSUE

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Selling to the Discounters in New England

Hardware, appliances, non-soft goods—these are the lines that Canadians might try to sell to discount houses in this area, where merchandise is being rapidly upgraded and competition increases. What are the steps in seeking these sales? They are set out below.

WILLIAM H. BRYDEN, *Commercial Officer, Boston.*

THE discount store in New England is changing and becoming a new and sound segment of retailing. As this change proceeds, new and good opportunities for selling Canadian products of many types appear.

No longer can a businessman lease an abandoned mill for practically nothing, use his capital to buy huge lots of low-grade merchandise, and lay it on counters for self-service customers. The days of little overhead, no service, and a minimum of investment are passing quickly; in fact, the new outlets are facing competitive retail problems.

Customers are now shopping around and demanding quality as well as low prices. They no longer pour into the outlets merely because of the low prices and the novelty. More and more low-price stores are entering the field, bringing greater problems for the mill outlet that has depended far too much on bargain-priced inferior merchandise.

An eager crowd of shoppers swarms into one of the 27 discount stores run by the Zayre Corporation of Natick, Massachusetts. Last year discounters in New England made about 2 per cent profit on sales, higher than the national average by ½ per cent.

Discount Stores Upgraded

This increase in the number of discount houses has resulted in a general trend toward upgrading merchandise and selecting premises carefully. The new enterprises in the suburbs are offering spacious parking facilities and clean modern stores, with emphasis on well-displayed fresh merchandise and at least a minimum of service, thereby increasing the cost of their operations.

With all this—clean stores, upgrading of merchandise and minimum service—the mill outlet must keep its prices below those of the large city department stores or go out of business.

In the light of the over-all problems in the discount field, prospective Canadian exporters should consider several questions. Will there be fewer discount stores in the future? Does selling to discount operations create a serious payment risk? What is the present trend of discount operations in New England?

Some Failures in '62

There were about 146 discount-store failures in 1962 and this has caused some concern. Some West Coast stores failed, including one large chain, and other failures took place in New York and Philadelphia. In New England, however, these failures were far below the national average; in fact, none of the large true discount chains in this area got into difficulties. At the same time, the number of such stores has increased. It should be added that the statistics on failures cover all so-called "discount operations" and fail to differentiate adequately between the corner-store type of operation and the large established chains.

The success and growth of this type of business enterprise have attracted other stores into this field, thus splitting up the heavy foot traffic essential to the operation. Some of the stores, especially the older ones with poorer facilities, are feeling the pinch of tough competition. Other large retail department stores are now leasing space in the mill outlets to sell lower grades of merchandise. This enables them to work into the discount type of business with a minimum of investment and without attracting the attention of the public.

In New England, discount operations currently show a more favourable profit on sales than the national average. Nationally, the figure is 1½ per cent; in New England it is 2 per cent. Although this may reflect sounder discount houses than in other parts of the United States, it is evidence of the rapid turnover of stock in this area, another must for the discounters.

To be successful in the discount trade it is necessary to show better quality merchandise than the next discount outlet, provide a minimum of service, and keep prices down. This, combined with more modern facilities and distinctive merchandising methods, will insure the foot traffic needed to keep the turnover of stocks high and guarantee a return on investment. The newer stores have, in some instances, over one million dollars invested in building and facilities and are a far cry from the old abandoned mills decorated with wooden tables and inexpensive white paint.

Selling Soft Goods

Discount stores featuring soft goods had their beginning in Rhode Island. These stores, many of which are still in business eight years later, were a follow-up of the decline of the textile mills. These mill outlets were successful and were studied by other firms across the country who later opened some discount outlets in the southwest and western United States.

The soft goods business is designed to sell low-grade and sometimes inferior textile products at very low prices. Typical garments are of low quality material, poorly cut and styled. The vast majority of the soft goods are imported. Though the up-grading trend is evident in this type of goods, it is not significant and it is doubtful whether Canadian manufacturers of soft goods could compete because of the emphasis on low prices.

How Canadians Can Compete

The hardware and appliance lines and the non-soft lines in general are not necessarily of inferior quality but are in many instances brand-name items where the price saving results from substitution in packaging, low overhead in building facilities, and savings through cash-and-carry. There is no question that Canadian firms could profit from the sale of their products in this field, and the volume would be an inducement to cut the profit margin on these items to a minimum.

The Canadian manufacturer should carefully consider cost factors when investigating opportunities for export sales to discount chains. Among the important points are:

1. The additional sales volume should reduce the unit cost of all products, thereby making possible a greater return on products sold elsewhere.

2. There should be no frills on items designed for discount stores. Packaging should be reduced to the minimum by using corrugated-type boxes that cut merchandising costs.

3. Factory guarantees on appliances sold to discount stores should be reduced or eliminated.

4. Eliminate the middleman, deal direct and quote only on carload lots, thereby avoiding costly drop shipments.

The prime factor to remember is that discount stores work on a very small mark-up of between ½ per cent and 2 per cent and the base price must therefore be low. This requires strict production control and mass production to lower the eventual cost.

It may cost money to enter the discount market, but as the old saying puts it, *to make money one must spend money*. When Canadians gear to this production, however, they should find it rewarding. There are no advertising expenses, no warehousing costs, and little if any distribution costs. The elimination of these, and reduction of incidental market costs, can make this market a lucrative one.

For example, leather moccasins are in current demand. This product can be sold by the hundreds of cases in the discount stores but the retail price must be about $5.00. Currently, high-quality Canadian moccasins landed duty-paid in Boston are wholesaling at more than this. Canadian moccasins are made of top-quality leather, hand-rubbed and hand-stitched. Moccasin manufacturers should investigate the establishment of a second line using lower-grade leather and machine stitching, with more attention to mass production than to quality. There is a definite market for this second line and it can mean additional profits for the manufacturer.

This is not to say that Canadian manufacturers should disregard quality merchandise. There is a substantial market for quality

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Larger Discount Stores in New England

ENTERPRISE—FIELDS, 1050 Commonwealth Avenue, Boston 15, Mass.
Operates 36 stores.
Milton A. Annis, general manager
A. Savage, merchandising manager

Buyers:
J. Conlin—piecegoods, toys
Miss L. Stern—handkerchiefs, neckwear, handbags
J. Stievelman—blouses, sweaters
E. Matheson—housewares, gifts
W. Allen—sporting goods
H. Bezack—men's, women's, children's shoes

New York City Resident Buying Office:
527 W 34th Street

KING'S DEPARTMENT STORE, 910 Commonwealth Avenue, Boston 15, Mass.
Operates 18 stores.

Buyers:
J. O. Master—domestics, needlework, yarns, hardware, juvenile furniture
A. Rizzo—gifts, furniture, small appliances, candy
W. Phelps—garden supplies, toys, sporting goods

New York City Resident Buying Office:
Jack Hartblay Inc., 505 8th Avenue.
Women's and children's wear purchased through New York.

JAY'S INCORPORATED, 106 Main Street, Brockton, Mass.
Mammoth Mart Stores—Bangor, Lewiston, Waterville, Scarborough, Me., Framingham, Mass., and East Providence, R.I. Medium-priced merchandise.

Buyers:
Howard Schecter—aprons, robes, neckwear, belts, handbags
Alan Zaff—blouses, sportswear, sweaters
Morton Bloom—juvenile furniture
David Band—sporting goods, toys, auto accessories, garden supplies
Louis Zax—shoes

Leased to:
J. Baram Inc., 32 Main Street, Woonsocket, R.I.—towels, needlework, yarns
United Utilities & Specialty Corp., 19 Needham Street, Newton Highlands 91, Mass.—gifts, leather goods, housewares, hardware, small appliances

New York City Resident Buyers:
Ed. Wieder Co., 225 W. 34th Street, and Merchants' Buying Syndicate, 1158 Broadway, and Affiliated Clothiers, 128 W. 31st Street.

A B C STORES INC., 94 Summer Street, P.O. Box 30, Lynn, Mass. Branch stores in Lowell and Revere, Mass., and Concord, N.H. Medium-price merchandise.

Buyers:
A. Murray Lichtman—piecegoods, robes, juvenile furniture
Norman L. Morris—gifts, handbags, sportswear, leather goods
Lawrence Goulding—aprons, neckwear, blouses
Kenneth Kandler—gifts, furniture, housewares, small appliances, garden supplies, candy, pet supplies, toys, sporting goods

New York City Resident Buyer:
Jack Hartblay Inc., 505 8th Avenue.

ZAYRE CORPORATION, (New England Trading Corp.) 1 Mercer Road, Natick, Mass.
Operates 27 Zayre Discount Stores, 59 Bell Shops and Nugent's Specialty Stores.

Division Merchandise Managers:
Burton S. Stern—handbags, toys, sporting goods
Jack Vale (Natick)—major and small appliances
John McNamara (Natick)—garden supplies
Robert Hesdoerfer (Natick)—toys

Leased to:
Archer Sales Co., 281 Summer Street, Boston, Mass.—juvenile furniture, domestics
Morse Shoe Purchasing Corp., 160 Alewife Brook Parkway, Cambridge, Mass.—shoes
Di-Deb Corp.—candy
Hardlines Distributors Corp., Norwood, Mass.—housewares, hardware

New York City Buying Office: 516 34th Street.

ARLAN'S DEPT. STORES, Brook & Deane Streets, New Bedford, Mass.
Operates 16 stores.

Buyers:
William Rappaport—stationery, candy, cosmetics
Arthur Palestine—neckwear, handbags, belts
Leonard Feinstein—aprons, robes
Ralph Lindell—blouses, sweaters, sportswear
Edward Getz—juvenile furniture, toys
Phil Cohen—men's furnishings
Alice Berube—gifts
Frank Moniz—leather goods, housewares, garden supplies
Paul Alpert—furniture, major appliances
Frank McGuire—small appliances, sporting goods, hardware

New York City Resident Buyers:
Atlas Buying Corp., 500 7th Avenue
Merchants Buying Syndicate, 1158 Broadway.

SAWYER MILLS, 1 Mill Street, Dover, New Hampshire
Operates 3 stores.

Buyers:
Eli Raphael—domestics, millinery, aprons, leather goods, sweaters, blouses
Gerald Cherry—juvenile furniture, small appliances
Albert Cherry—gloves, neckwear
Harvey Cohn—candy.

New York City Resident Buyer:
Atlas Buying Corp., 500 7th Avenue

ANN & HOPE FACTORY OUTLET INC., Mill Street, Cumberland, R.I.

Buyers:
Sydney Boroy—gloves, neckwear, sportswear, sweaters, handbags
Herman Zaleznick—juvenile furniture
Jack Ronson—gifts
Robert Braverman—furniture, housewares, small appliances, toys, sporting goods, garden supplies
Saul Alpert—candy

New York City Resident Buyers:
Murray-Martin Co., 370 7th Avenue
Merchants Buying Syndicate, 1158 Broadway.

NEW YORK LACE STORE, 6 Lonsdale Avenue, Pawtucket, R.I. Also operates Coast Field Shoppers World Stores in Pawtucket, R.I., Brockton, Mass., and Warwick Shoppers World, Warwick, R.I.

Buyers:
Irving Haberman—blouses, sportswear
Edward Mathews—neckwear, handbags

Leased to:
Morton Shoe Stores, 184 Everett Street, Brighton, Mass.—shoes.
Gerber Sales Co. Inc., 48 Pearl St., Brookline, Mass.—gifts, housewares, small appliances, toys, candy.

New York City Resident Buyer:
Atlas Buying Corp., 500 7th Avenue

products but we should be aware of the over-all market, one that includes all grades of merchandise.

Entering the Market

How should Canadian firms enter the discount market?

- Analyze the cost factor by determining the maximum volume that can be produced and the cost of producing it. This is the first and most important step.

- Determine the transportation costs, based on carload lots, to the area to which you desire to export. Initially choose an area close to your plant and one with a relatively high cost of living. By choosing an area of high living costs, the price squeeze on the manufacturer is not as great.

- Contact the Department of Trade and Commerce and determine with its assistance the United States duty that will be applied on your product. When selling at a base price with discount privileges, such as "2 per cent—10; E.O.M." (end of month) the commercial invoices must be clearly marked to this effect and must show this discount as available to every customer. If this discount is not available to every customer but only to high-volume customers, reduce the base price by this percentage to avoid difficulty with U.S. Customs.

- When you have determined your maximum production and have a landed, duty-paid price, contact the Trade Commissioner in the area and work with and through his office. He is in a position to recommend the better discount stores.

- Pay a visit to the territory. This is vital because discount stores cannot be sold by correspondence. In many ways selling to a discount store involves constant personal follow-up that will be rewarded eventually with substantial orders.

One final aspect in investigating the discount market is the credit problem. Some discount stores have an excellent credit reputation, but this is not always true. The nature of the business, the volume of sales and great dependence on "high purchasing seasons" make the discount operation a greater risk than selling to many better quality department stores. Sound credit procedures and awareness of buying trends will do much to alleviate this problem.

Specialization Is Appearing

The increased number of discount stores has made bidding for store traffic most important and greater merchandising skills are necessary to insure the foot traffic guaranteeing the return on the investment of capital. Like the low-priced automobile, which through changes because of competition has become the high-priced automobile, the discount store or the old mill outlet, through competition, is becoming a substantial retail operation far in excess of the original planning.

We now find consolidation in this field, with discount stores specializing in specific products, such as toys and juvenile furniture, sportscoats and trousers, furniture and electrical appliances. This consolidation will be a great asset to Canadian firms in their attempt to direct their efforts toward this market. ●

Peru Studies Newsprint

PERU began making paper some 25 years ago and annual output has now risen to about 70,000 tons; the target by 1966 is 85,000 tons. As a raw material, the manufacturers are using bagasse, a byproduct of sugar cane. (Sugar has long been one of Peru's principal exports.)

The gradual development of a process to use bagasse as a raw material was slow and costly and required a good deal of research. The Paramonga mill of W. R. Grace & Company is said to be the first mill to produce paper on this basis. It was their researchers who determined that Canadian wood pulp is particularly suitable to combine with bagasse for paper of a satisfactory quality. Output in the first year reached only ten tons because of initial problems but has risen steadily since then. The two paper mills now make mainly kraft, bond, sulphite and toilet-tissue paper; together these account for 90 per cent of total paper production.

Canadian newsprint producers have no cause for worry about losing their market in Peru, though eventually the domestic industry would like to make newsprint also. In the continuing research on national materials useful in paper production, one avenue being explored is the extent to which the ceteka tree, which matures in six years, lends itself to the production of newsprint. The main problem is its location, in the jungle area east of the Andes Mountains. Because it grows conveniently close to the river banks, cutting and assembling it presents no problem. However, at some stage in production the transportation of wood pulp or finished newsprint to the coast would be necessary.

It is this problem of transportation over the Andes Mountains that is such a stumbling-block to the whole problem of Peru's future exploitation of its rich jungle area. For example, it is estimated that it would cost about $40.00 per ton to move wood pulp from Iquitos by river to Pucallpa and by truck from there over the Andes to Lima. Until a way can be found to overcome this economic barrier, it is not reasonable to expect that any significant part of Peru's growing newsprint demand will be satisfied from local production, and traditional customers for Canadian newsprint are likely to continue importing it. As long as our prices and quality remain competitive—and with today's rapidly changing conditions, Canadian producers must keep a close eye on their competitors—we are assured of a steadily growing demand in Peru. One reason for this is the combination of the postwar population explosion and the other the rise in the rate of literacy. Both factors will increase the demand for newsprint.

Canadian producers of newsprint might find it interesting and rewarding to participate in the growth of Peru's infant paper industry by offering technical assistance to solve standard manufacturing problems. Assistance given to one sector of the country's paper industry might well be rewarded by steady sales of newsprint.

—K. G. RAMSAY,
Commercial Secretary, Lima.

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Prospecting in Central America and Panama

If a preliminary survey shows that your product can sell in this area, climb aboard a plane. In ten days, including travelling time, you can cover the market yourself. Our Trade Commissioners there suggest how you can plan and carry out a profitable tour.

H. E. LEMIEUX, *Commercial Counsellor, and*

K. D. TAYLOR, *Assistant Commercial Secretary, Guatemala City.*

ARE you thinking of trying to sell in Central America and Panama—or are you anxious to increase your sales? If you are, the keen competition from Japan and Europe and the traditional predominance of the United States in this area combine to make a personal business visit more and more desirable and even indispensable. We would like to make your travels here more pleasant and useful by suggesting how to prepare for your trip and how to carry it through in the easiest and simplest way.

Getting Ready

Well in advance of your departure date, you should undertake preliminary surveys to discover the degree of interest in the area for your products. In fact, these findings will help you decide whether the trip is justified and what results you can expect. The Guatemala office can help you with this study wherever necessary. We are also prepared to arrange appointments with prospective agents and sometimes with possible customers. When you ask for aid in conducting market surveys, it is often useful to send a representative line of samples by air parcel post directly to this office. If it is practical and not too expensive, send as many as six sets of samples, so that market prospects in the entire area may be adequately appraised.

Once you have made up your mind to come, it is to your advantage to give us as close an indication as possible of your estimated time of arrival, flight number, and other particulars of your itinerary. If time and personnel permit, we will try to meet you at the airport, help you clear immigration and customs, and ensure that you have adequate accommodation.

Travel Documents

All these countries require visas or tourist cards, except El Salvador, where visas only are acceptable. It is usually preferable to travel with tourist cards and they can be obtained from the Consulates General of these countries in the following cities:

Costa Rica	—Montreal, Toronto
El Salvador	—Montreal, Ottawa, Vancouver
Guatemala	—Montreal, Quebec City, Vancouver
Honduras	—Montreal
Nicaragua	—Montreal, Toronto
Panama	—Halifax, Montreal, Toronto, Vancouver

The use of tourist cards, where applicable, means that the traveller does not have to go through the bothersome and often irritating step of reporting to the Immigration Department before leaving a Central American country. In Guatemala and Nicaragua, holders of visa-bearing passports must report to the local Department of Immigration within three to five days, depending on how they have entered the country, and much the same procedure applies in the other countries.

In all cases, a valid smallpox vaccination certificate must be presented to immigration officials with the passport, and it is preferable to travel with an International Certificate of Vaccination issued by the Quarantine Service of the Canadian Department of National Health and Welfare. Although Central American health authorities do not require them, you will travel with greater peace of mind (and perhaps of body too) with adequate inoculation against yellow fever and with TABT shots.

Samples Are Useful

Samples of no commercial value are not dutiable, but Guatemalan and Nicaraguan customs authorities ask for a list of them, although this requirement is not always enforced. In Honduras a "temporary duty" is levied on samples of commercial value but is refunded when the samples are taken out of the country. In the other republics a bond or deposit corresponding to the appraised value of the samples must be posted.

Timing Your Visit

Sometimes a preliminary market survey will determine when it is most appropriate to travel to this territory. The nature of your product may be another determining factor. If, for example, you sell toys, it is obvious that the most appropriate time to come is the early part of the year, when the bulk of orders for the Christmas trade are usually placed.

If adequate market surveys have been completed in good time, the length of the trip can probably be shortened considerably. In such instances it should be possible to cover Central America and Panama in ten days, and that includes travelling time. Here too, the nature of the product offered for sale is a determining factor because some are sold through a larger number of outlets. Or preliminary surveys may indicate that it is advisable to concentrate on a few of the larger or more promising markets as a beginning. Results of initial efforts in major markets should give a fair idea of sales prospects in the smaller ones and whether those countries should be included in the itinerary for subsequent visits. As a rule, it is not advisable to have agents or representatives act in that capacity in more than one country—but of course there are exceptions to all rules.

The cool dry season, or "winter" as it is called here, extends from November to April and the "summer", which is rainy and more humid, covers the remainder of the year. In Guatemala, El Salvador, Honduras and Costa Rica the winter months are more pleasant but temperature fluctuations throughout the year are not great. However, because of the oppressive heat common to San Pedro Sula (Honduras), Nicaragua and Panama, it is far more comfortable to visit them in the coolest months (November, December, January and part of February). The heat and humidity there reach a peak between June and September. It is important to avoid trips during Holy Week to all of these countries, because almost all business and government offices close for most of that period. In planning a business trip make sure that the itinerary does not conflict too much with the numerous official holidays on which business comes to a standstill in Central America and Panama. The following is a list of the principal holidays:

January 1st	—New Year's Day
Holy Week	
May 1st	—Labour Day
July 3rd	—Liberation Day
August 15th	—Assumption Day (Guatemala and Costa Rica)
September 15th	—Independence Day
October 12th	—Columbus Day
October 20th	—Revolution Day (only in Guatemala)
November 1st	—All Saints Day
November 2nd	—All Souls Day
December 24th	—Christmas Eve
December 25th	—Christmas Day
December 31st	—New Year's Eve

Many businessmen usually take rather long holidays from mid-December to mid-January, and those able to afford a vacation in Europe or the United States take off during the regular tourist seasons there. Prior consultation with prospective agents and customers is obviously essential.

What to Wear

In Guatemala, El Salvador, Honduras (Tegucigalpa but not San Pedro Sula) and Costa Rica, the clothing worn during the cool season is much the same as that generally worn in late spring in Canada but overcoats are entirely unnecessary. In the summer, the usual tropical clothing is adequate; any of the new synthetic fibre suits will do. In the summer months, bring along a good supply of lightweight shirts because laundry service in some of these countries is slow and the hot climate requires several changes a day. Avoid nylon shirts and underclothes and as a general rule, leave formal clothes of any kind at home. A compact raincoat is a must.

Transportation Facilities

There are several Canadian Pacific Air Lines flights out of Montreal, Toronto and Winnipeg every week to Mexico City, where an overnight stop is often necessary. There are also direct CPA flights from Vancouver to Mexico City several times a week. There are two or three flights daily from Mexico City to Guatemala City; flying time varies from 1½ to 2½ hours, depending on whether the trip is by jet or piston aircraft. Flights via Mexico are more frequent and faster, but there are also direct flights from Miami and New Orleans on alternate days.

Guatemala and Panama City are served by daily outgoing and incoming jet flights, with stopovers in San José, Costa Rica, on Wednesdays and Sundays. Conventional piston aircraft link all Central American capitals and some of the more important commercial centers, like San Pedro Sula. There are a large number of these feeder lines, including the better ones operated by Pan American or TACA Airlines. It is important that travelling arrangements be confirmed as soon as possible after arrival and that departure times be carefully and frequently checked, because personnel of some of their airlines tend to give careless and even erroneous information. Our experience has been that businessmen only too often have missed flights for that reason—and it can be frustrating to wait for another flight at some of these airports. Incidentally, certain luxury goods such as perfumes and spirits can be bought duty-free at special stores in the airports in Costa Rica and Panama.

Flying time from Guatemala to El Salvador and El Salvador to Tegucigalpa is less than an hour. There is a regular service between Tegucigalpa and San Pedro Sula (about an hour's flying time). The trip from Tegucigalpa to Nicaragua takes about the same but the hops from Managua to San José and to Panama are somewhat longer but will normally take less than two hours by piston aircraft. The trip from the airport to the hotel sometimes takes more time than the flight itself. Sometimes, but not often, a prospective agent may meet you and help with customs and immigration clearance.

Choosing a Hotel

Generally speaking, hotel accommodation in this area is surprisingly good; the standards are slightly lower than in Canada, except in El Salvador and Panama, where it compares favourably. The cost of food and lodging is somewhat higher than in Canada, except in El Salvador and Panama, where it is much more expensive. In Guatemala, the Biltmore Hotel is probably the best and the Maya Excelsior

Notes on an Itinerary

Guatemala

This will be the originating point and the head office for your tour; Guatemala City, with almost half a million of the country's 4 million inhabitants, is headquarters for the Canadian Government Trade Commissioner Service covering Central America and Panama and the Canal Zone. Imports from Canada in 1962 totalled $2.7 million, an increase of more than $500,000 over the previous year, with most of the gains occurring in semi-manufactured goods such as synthetic fibres and yarns, sheet steel, and aluminum fabricating materials. The economy is basically agricultural and the leading exports are coffee, bananas and cotton, although industrialization plans are moving ahead.

El Salvador

Containing three times the population of Nova Scotia in a land area less than one-third of that province, El Salvador is the most densely populated and the most industrialized of the Central American states. Based on a coffee economy, it is prosperous and the income distribution makes it suitable for mass merchandising. Imports from Canada in 1962 rose to $3.4 million, an increase of $1.0 million over the previous year, making El Salvador one of the most important markets in Central America.

Honduras

Physically the second largest of the Central American Republics, Honduras has less than two million inhabitants, one of the smallest populations in the area. Because of the mountainous terrain, the population is concentrated in a few centres, with Tegucigalpa boasting more than 100,000 residents. Economy is based on the banana (the banana plantations are located on the Caribbean coast), although coffee and some wood are also exported. In 1962, Canada bought more than $7 million worth of bananas from Honduras.

Nicaragua

With an area of more than 57,000 square miles, making it the largest of the Central American countries, Nicaragua has a population of only 1.5 million, nine-tenths of whom live in the extreme western section of the country. The capital city, Managua, located roughly 30 miles from the Pacific coast, alone accounts for 200,000 inhabitants. Agriculture and mining form the backbone of the Nicaraguan economy, with cotton, coffee and gold the principal exports.

Costa Rica

One of the most advanced countries in Central America, Costa Rica is remarkable for the fact that of its 1¼ million people, almost all are of European stock. The country has a very low illiteracy rate and also one of the highest incomes per capita in all Latin America. Settled in the 16th century by the Spanish, Costa Rica was the first of the Central American Republics to grow coffee and this, with bananas, accounts for more than 60 per cent of total exports. Imports from Canada have increased steadily and in 1962 totalled nearly $3.5 million.

Panama and the Canal Zone

Only sixty years ago a part of Colombia, Panama's economy and prosperity are based on the canal, opened in 1914, which bears its name. The country is a major source of bananas for Canadian tables. Imports from Canada increased substantially in recent years: sales in 1962 totalled $5.6 million, a rise of nearly $2.0 million over 1960. Excluding U.S. military personnel, one-half of the population of the Canal Zone is made up of United States citizens.

the second. For the time being, the Intercontinental Hotel is not only the best but the only one we can recommend in El Salvador. Another hotel is currently under construction and it will be located close to the business section rather than on the outskirts like the Intercontinental. In Managua, the more cosmopolitan and comfortable is the Gran Hotel; in Tegucigalpa both the Prado and the Gran Lincoln are adequate. In San Pedro Sula, there is no choice but the Hotel Bolivar. In San José, Costa Rica, the Royal Dutch, the Balmoral or the Europa are all good, but Canadian businessmen seem to be better known at the latter and usually prefer it. In Panama, the best for the time being are the Panama Hilton, which is noisy and expensive, and the International and Lux, both closer to the business center. Should the itinerary not permit more than an overnight stop in Panama on the way to points farther north, businessmen will find it convenient to stay at the air-conditioned Motel Plaza close to the airport, which is a considerable distance from the center of the city.

In San Pedro Sula, Managua and Panama, we recommend reserving air-conditioned accommodation because most visitors find it impossible to sleep well without it. Hotels are seldom booked to capacity but that happens sometimes, especially in Panama, scene of many conventions. It is advisable, therefore, to reserve rooms in advance through travel agencies.

Money Problems

The tipping pattern is much the same as in Canada, except in Panama, where tipping habits are more like those in New York. In Guatemala, taxi fares are usually on a ride basis. In the other countries, most taxis have no meters and you can expect to do some hard bargaining to establish a reasonable fare in advance. In most cities business and street addresses are very poorly numbered if at all and without the help of a taxi-driver, it is often very difficult to find one's way around. It is advisable sometimes to rent the smaller type of taxicab (they cost less) on an hourly basis. The hotel managers will give you a fair indication of how much to pay.

The use of travellers' cheques in United States funds is recommended because these are familiar to Central Americans. Do not bring Canadian currency because it is often impossible to convert it into local currencies. The quetzal in Guatemala and the balboa in Panama are both equivalent to the United States dollar, and the Honduran lempira is worth U.S.$0.50. It takes 2.50 Salvadorean colones and 6.63 Costa Rican colones to buy a U.S. dollar, and seven Nicaraguan cordobas equal one U.S. dollar. Guatemalan quetzales and Salvadorean colones are not freely convertible into dollars. It is important to remember that one Central American country may not accept the currency of another. We suggest that you use up all local currency of one country before departing for another.

Meeting the Businessman

Office hours are not uniform, but usually they are 9 a.m. to noon and 2 p.m. to 5.30 p.m. In the hotter countries the tendency is to start earlier, close shop earlier and take a longer siesta-lunch. Costa Rican businessmen often leave at 11 a.m. and return to the office at 1.30 p.m., but there is no hard-and-fast rule. One handicap many businessmen face at times when visiting this part of the world is language, and a pocket - size Spanish - English, English-Spanish dictionary will help in emergencies. However, a majority of Central American businessmen speak some English, and in Panama, English is widely spoken. Efforts to express oneself in Spanish are interpreted here as a compliment and the exercise is useful. So are mementos typical of Canada; Central Americans are sensitive and responsive and are usually quick to reciprocate.

The customary form of entertainment is at lunch or cocktails before dinner, and (less often) at dinner itself. More often than not, Central American businessmen prefer entertainment at hotels, restaurants or the country club. Normally a foreign businessman is invited to a Central American home only when he has become well acquainted in the country. There are only a few night clubs in the entire area.

Because United States business interests have been long established in these countries, it is important that Canadian businessmen quote in United States dollars. The presentation of samples and illustrated literature should help convince local businessmen that the Canadian product is of a high quality, attractively priced, and compares well with similar products of United States manufacturers. Detailed price data should be prepared in advance, on a c.i.f. basis for all countries except Panama, where f.o.b. prices are preferred because customs duties are levied there on the f.o.b. value of imports.

Back to Headquarters

Prompt and efficient follow-up is as essential a part of this trade-promotion endeavour as is the trip itself. In addition to following up carefully from the Canadian end, the businessman should encourage newly acquired agents or contacts to make equivalent efforts on the spot by making personal calls on prospective buyers.

Even if the trip has revealed that short-term prospects for the sale of the product are not good, a thank-you note to contacts made will help keep the Canadian firm in a favourable light should the outlook improve in future.

The Guatemalan office will be glad to assist Canadian businessmen in reviewing business possibilities in this area, and copies of initial correspondence to prospective agents will help us do a better job. ●

What's current in commodities?

Automotive Parts

United States—With automobile sales at a new high, demand for both original equipment and replacement parts is also soaring. Canadian firms competitive in price and delivery terms should go after U.S. orders through an intensive sales campaign.

IAN V. MACDONALD, *Consul and Trade Commissioner, Detroit.*

CANADIAN manufacturers of automotive parts are finding the United States market for their products more receptive than ever before. Automobile production in the United States has risen to a record high, the United States tariff is being lowered progressively, the Canadian dollar offers an attractive discount, Canadian wage rates and raw materials costs are lower in many instances, and there are customs incentives for U.S. automakers to buy in Canada.

The growing potential for sales of original equipment parts can be measured not only by Canada's improved competitive position, but also by the greater demand based on larger automobile sales. April 1963 was the biggest month ever for car sales (758,755 units) and the first time that monthly sales have exceeded 700,000. May was the second best month and the best May in history, with 715,308 units. Sales were divided among the automakers as follows:

	Per cent
General Motors	50.80
Ford	24.72
Chrysler	12.20
American Motors	5.64
Studebaker	.88
Miscellaneous and imports	5.76

These United States auto companies and others manufacturing utility vehicles and trucks are taking a positive interest in Canada as a source of supply. In many instances they have found Canadian industry fully competitive, accustomed to U.S. standards through serving the subsidiary automakers in Canada, able to give fast deliveries, and commanding a modern plant and location which in some cases surpasses even those of their United States suppliers.

However, despite these advantages, it is essential for Canadian companies wishing to begin or expand sales in the United States market to make an intensive sales effort. This should include:

- Preparation of literature on your range of products and your production capabilities.
- Personal calls on United States purchasing officers and production men.
- Persistent follow up of leads or inquiries for bids.
- Invitations, where appropriate, to United States auto executives to visit your plant in Canada.

Competition from U.S. Suppliers

Auto parts manufacturers in the United States are finding 1963 a good year and the uptrend in their sales appears to be continuing—heralding, it is hoped, a prosperity for the industry that is long overdue. However, the nature of the parts industry in the U.S. has changed in recent years. Faced with declining sales, declining profits, increased parts manufacture by the auto companies, and import competition, the U.S. producers of auto parts have responded by spending more on research, and stressing greater automation, cost cutting, and development of new products.

There are several thousand auto parts manufacturers in the United States, but over three-quarters of the total volume is produced by 500 major firms, some of which are well known to Canadians through their Canadian subsidiaries. Although they make more than half of their sales of parts to original equipment manufacturers for incorporation into passenger cars and trucks assembled in various parts of the country, a large and increasing proportion of auto parts production is distributed as replacement items through franchised dealerships, garages and auto supply outlets.

Many United States auto parts manufacturers have tried to diversify to lessen dependence on original equipment orders. Other firms remaining dependent on the automobile industry, however, have become stronger, more aggressive and better financed. An efficiency program called "operation survival" and modernization have lowered break-even points significantly. As a result, the United States industry has become one of the most highly automated in the economy.

Market Is Changing

Even the emergence of the compact car has opened new possibilities for parts manufacturers, despite earlier pessimism. The increase in the number of automobile models

Automobile assembly lines in the big U.S. plants are working at top speed this year to fill the booming consumer demand. One result: increased co-operation between the automakers and the manufacturers of parts, both in the United States and Canada.

has tended to counter the trend toward self-sufficiency among the auto manufacturers through providing more short production runs, parts for which can be handled more economically by outside suppliers.

Noteworthy trends in the demand for parts and accessories are the increasing demand for air conditioning, the development of a small automatic transmission, and the "economy" stick which has the characteristics of a manual transmission but without the clutch. New products being further developed are anti-smog devices for oxidizing hydrocarbons in auto exhausts, the turbine engine which would render piston parts obsolete if generally adopted, fuel injection and electronic ignition.

Plastics are becoming popular for dashboards, linings, electrical parts, steering wheels, motor mountings, etc., and aluminum has been used increasingly in recent years, particularly in engine blocks for compact cars. Cast iron foundries, however, through technological improvements have been able to hold their own and even retrieve a part of the market lost to aluminum. Makers of engine sleeves and piston rings through research have improved the specifications of their products to prolong the operating efficiency of automobile engines.

Because of the research and development work carried on by parts suppliers, the automobile manufacturers have shown an increasingly positive interest in co-operating with the parts manufacturers. American Motors, for example, has relied heavily on suppliers for creative engineering ideas and other automakers too are paying more attention to their suppliers.

Exploring the Market

Your Trade Commissioner in Detroit and those at other United States offices of the Department of Trade and Commerce would be glad to assist you by introducing your company to appropriate purchasing officers or, if necessary, approaching United States companies on your behalf. He can also assist you by finding out the rate of duty on your various products and by discussing any problems with local Customs authorities. (Further assistance and binding rulings can be obtained through the United States Division, Department of Trade and Commerce in Ottawa.) The Trade Commissioner can help you to locate, if appropriate, a manufacturers' representative to act on your behalf in Michigan, Ohio and possibly adjacent states. An agent can be of decisive importance if you are not able to give the territory sufficient coverage with your Canadian staff.

If the Trade Commissioner is to help you, you must provide him with complete information on your company's products and on the capabilities and capacity of your plant.

To test the United States market for service parts (the after-market) you should approach original equipment manufacturers, each of which has a Service Parts division, and also consider the appointment of distributors. Because there are few independent distributors of auto parts able to give widespread coverage in the United States, you should be prepared to make appointments regionally.

The Department of Defence Production can help you to participate in the United States defence program, under which contracts allotted to the new Mobility Command in Detroit amount to about \$2½ billion a year. Under the Canada-U.S. Defence Production

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Sharing program, many such imports enter the United States duty-free. Thus, United States defence subcontracts offer good opportunities for Canadian firms and should be vigorously pursued.

Introduce Yourself

Although Canadian exports of automotive components and raw materials are expanding, a greater sales effort will be needed to achieve maximum volume. As a Canadian manufacturer, you should call personally on United States purchasing officers, talk with production men, ask for opportunities to bid on both civilian and defence contracts, and follow up persistently. Let them know you are enthusiastic about meeting their specifications on delivery, quality and pricing, and that you are reliable.

If you take this initiative, prospective United States customers will welcome you. Executives of all the leading automobile manufacturers in Detroit have shown goodwill towards Canadian industry and have promised full co-operation. They have all emphasized also that their Canadian subsidiaries are free to purchase and sell where it is to their best advantage.

Thus in assessing market opportunities in the United States, Canadian parts manufacturers should exploit present demand and at the same time keep an eye on future styling and technological trends. Canadian companies prepared to provide the facilities and to meet competition in an expanding North American market should be well rewarded. ●

Lumber

Spain—Last year initial shipments of West Coast softwood, mainly hemlock, reached this market. Orders should continue if prices are kept competitive, sales promotion carried on and shipping problems solved by offloading at several Spanish ports.

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

A new market for Canadian lumber is opening up in Spain. Last year for the first time B.C. softwood lumber was shipped to the Iberian Peninsula. Before World War II some small parcels of Eastern Canadian spruce, poplar and maple went forward, but the only Pacific Coast variety to reach Spain was Douglas fir originating in the United States.

Spain's foreign exchange problem in the past decade forced the Government to restrict the import of rough sawn lumber until 1959. With the partial implementation of the trade liberalization program that year, foreign lumber began once more to enter the country. Now Spanish softwood, which builders had been forced to use for all applications, is being employed mainly for boxmaking, scaffolding and other general construction.

The reader may infer from the current popular song entitled *The rain in Spain falls mainly on the plain* that the central Spanish plateau is well forested. Actually central and southern Spain are relatively arid, and the bulk of forest resources are in northern Spain and the Pyrenees Mountains, where rainfall is much heavier. The arid regions, particularly the Mediterranean ports and nearby areas, take the bulk of imported rough-sawn lumber.

Competing Suppliers

Sweden is by far the largest supplier, and currently provides approximately 75 per cent of softwood requirements. France, Finland and Yugoslavia also figure prominently. The United States makes large shipments but the bulk of them consist of oak staves for the sherry industry (a traditional trade) and some pitch pine lumber. Accurate statistics on imports of softwood are unobtainable although the accompanying table, covering imports of both lumber and pulpwood logs, offers a fair picture. A knowledgeable acquaintance of mine in the lumber trade estimates that approximately one third of the 1962 sales of logs and lumber worth $1 million (c.i.f.) from Canada consisted of lumber, and the 1961 total of slightly over $500,000 represented pulpwood logs entirely.

Solving Shipping Problem

The freight problem was the main one to be overcome in making larger sales of Canadian softwood lumber. Demand has not been great enough to permit shipping charter cargo lots. The use of smaller vessels, combined with a much shorter delivery time, has also worked in favour of Swedish and Finnish suppliers. B.C. exporters, determined to develop new markets, are now finding a partial solution to their freight difficulties. Rather than try to obtain a large order for an entire cargo of lumber from one port, West Coast suppliers combine orders for several countries in one shipment and offload moderate-size parcels at several Spanish ports. To help counter high freight costs from the Pacific, they have also made lumber prices more competitive.

It is too soon to report with any degree of assurance on the reception accorded to initial shipments of B.C. softwood. The first orders arrived in mid-1962 and consisted mainly of hemlock, with smaller quantities of Douglas fir and trial parcels of western red cedar and western white spruce. Although the first cargoes have been well received by importers, it will take some time to discover the end-user's reaction.

Green or Dried?

Swedish and Finnish red pine has been the traditional big seller in Spain, and a strong promotion campaign will be required if our hemlock is to cut into these sales. Swedish wood is reportedly air or kiln dried before shipment and can be used almost immediately on arrival. According to a prominent figure in the Spanish lumber trade, this is not possible with Canadian softwoods, which are shipped green and require a much longer drying period once they reach Spain. Importers showed some concern when B.C. lumber arrived in a condition requiring further drying. But it is mainly a question of learning new techniques in handling West Coast softwoods so it appears that the problem can be solved.

Promotion Needed

Per capita consumption of lumber in Spain is low. Current economic expansion will undoubtedly result in noticeable improvement in the standard of living and, hopefully, increased use of lumber for both residential and commercial building. At present, architects prefer cement and prefabricated metal parts where wood could be used. The low cost of Spanish steel and cement and the climate are partially responsible for this. Importers of Canadian lumber must demonstrate the advantages of using this material if architects are to be persuaded to specify the use of lumber on their projects.

Low-cost housing continues to be in great demand as Spain accelerates its industrialization program and the movement of people from rural to industrial centers continues. Even without a much wider application of lumber in buildings and dwellings than at present, annual imports can be expected to increase steadily for the foreseeable future.

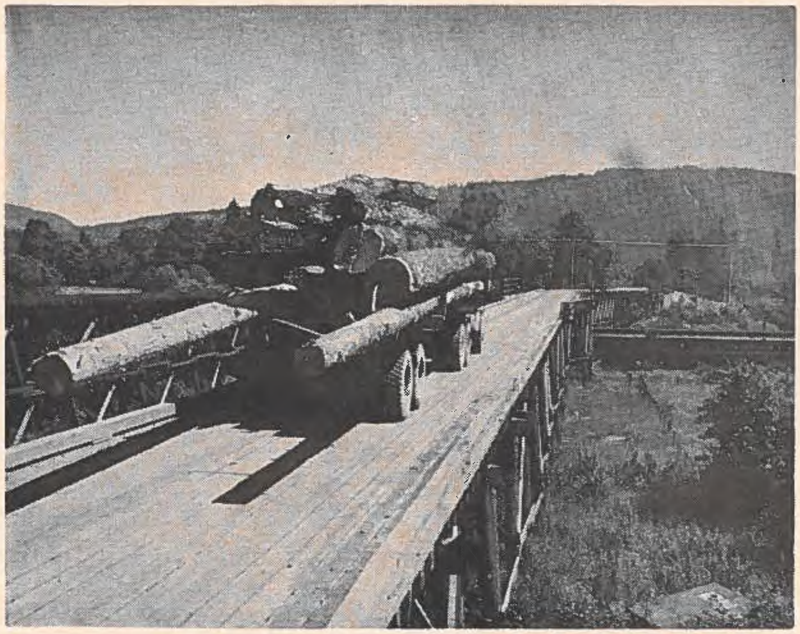
Yearly consumption of softwood lumber is estimated at 260 million board feet, with approximately one third of the total imported. The Spanish Timber Importers Association forecast total softwood lumber imports for 1962 at 290,000 cubic meters. The Association advises us that imports in recent months have been large and inventories are high; so imports for 1963 are predicted at approximately 240,000 cubic metres. A substantial decrease in shipments from abroad of approximately 17½ per cent might appear to be an unduly pessimistic forecast and possibly is not an accurate assessment of the increased demand for lumber. Total imports for the first nine months of 1962 are up almost 29.8 per cent over last year, new construction is keeping pace, and total economic activity is increasing rapidly. The trend is expected to continue this year, although increases over 1962 may not be as large.

Encouraging though the entry of B.C. softwood into the Spanish market is—orders for 4½ million board feet, worth about $500,000 dollars c.i.f., were placed—it is not yet a secure market for Canadian lumber. Swedish suppliers, with their entrenched position, and the Spanish familiarity with Scandinavian lumber call for intensive customer servicing by B.C. lumber exporters. A Spanish agent who was closely associated with last year's introduction of B.C. lumber says that considerable work remains to be done by both Canadian shippers and their Spanish contacts if this market is to become a permanent outlet. In his own words, however, "Spain can be considered as a promising new market for Canadian lumber shippers". ●

SPANISH LUMBER AND LOG IMPORTS*

	1961	1962
	(in Canadian dollars)	
Sweden	$ 7,394,323.17	$ 7,800,795.73
Finland	2,036,693.37	1,483,213.69
France	2,124,695.54	3,079,613.02
Yugoslavia	626,858.30	750,516.62
United States	2,218,028.15	2,807,740.90
Canada	578,596.17	1,016,654.37
Portugal	1,048,697.91	641,144.61
Italy	432,883.40	414,903.60
Germany	81,088.15	222,655.32
Britain	59,317.30	55,683.66
Algeria	762,251.84	308,019.51
Norway	265,319.64	70,226.90
Switzerland	2,247.78	
Netherlands	10,398.64	39,190.17
Austria	50,831.39	80,077.74
Rumania	95,605.12	162,213.78
Morocco	51,600.00	218,305.63
Denmark	57,361.43	907,559.01
Bulgaria		11,343.25
Total, including all other suppliers	**$20,192,759.66**	**$21,842,366.60**

*From officially published import permits; includes lumber and pulpwood logs, but not plywood.



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Mexico's trade with the LAFTA countries in 1962 rose some 160 per cent above the average of the previous five years. Canada's exports to this, her largest LAFTA outlet, will change in character but competitive prices will count in retaining this market in face of increased regional competition.

H. S. HAY, *Assistant Commercial Secretary, Mexico, D.F.*

LAFTA Membership and Mexico's Trade

THE Latin American Free Trade Association (LAFTA)* was created in June 1961 to tackle Latin America's pressing trade and economic problems on a regional basis. By 1972, it aims at internal free trade and a considerable measure of economic integration. Now, with nine members and after two rounds of tariff negotiations, progress is well ahead of expectations.

In some respects Mexico had the least compelling reasons to join LAFTA but its participation to date has been among the most dynamic. Before the founding Montevideo Treaty, Mexican trade with the countries now comprising LAFTA was an insignificant ½ of 1 per cent of the total. Though the intra-regional volume was not large, each of the others had a greater stake in it. Mexican trade ties traditionally have been with the United States (its main trading partner by far), Western Europe, Canada, and the Caribbean. Shipping services to South America have been poor, business contacts few, and markets for many Mexican exports non-existent.

All this is now changing. Statistics for 1962, the first year to reflect the reciprocal tariff concessions, showed a 35 per cent increase in intra-regional trade, and this included a number of products exchanged intra-regionally for the first time. Mexico's combined sales and purchases rose almost 160 per cent above the average of the previous five years and experts predict they will double again this year. This constitutes the most dramatic increase in Mexican trade with any important marketing area in the past decade. None the less, the amount involved is still small.

*See "A Canadian Looks at LAFTA" in the June 29, 1963, issue of *Foreign Trade* for background information.

Economic Autonomy vs. Regionalism

Mexico (37 million) is the second most populous member of LAFTA and third largest trader (U.S.$2 billion in 1962). Since the war a widely diversified industrial base has been built on one of Latin America's most stable economies. Its growth is due at least partly to a protectionistic commercial policy that shelters local industry by a combination of high tariffs and import controls. These controls currently cover more than half the items in the Mexican tariff.

Adherence to LAFTA has seemed to some incompatible with Mexico's national development policy, because it sanctions an increasing exposure to LAFTA-area

TABLE I

MEXICO'S TRADE WITH LAFTA

	Exports (f.o.b.)	Imports (c.i.f.)	Total trade
		(U.S.$ million)	
1957	5.9	2.3	8.2
1958	3.8	3.4	7.2
1959	4.9	3.9	8.8
1960	4.1	3.6	7.7
1961	7.9	4.1	12.0
1962	16.7	6.1	22.8
1963 (est.)	32.0	12.0	44.0

imports and planning on a regional basis. Almost all consumer goods and an increasing variety of producer goods are now made locally, but often at high per-unit costs because of the relatively small market and the substantial protection afforded. Consequently, these goods could be vulnerable to low-cost imports. But conversely, unit costs could be lowered as production runs are extended to supply a larger regional market.

Most business and financial leaders in Mexico feel that membership will be of net advantage because the country's relatively advanced development should permit easy adjustment to regionalism. Regional planning of production and distribution which is to accompany the lowering of import barriers presumably will cushion major disruptions.

Although figures are not available, there seems to be a definite upsurge in plant construction and expansion in Mexico as a result of LAFTA. Both domestic and foreign capital is participating, and almost every announcement of a new industry mentions that exports to the LAFTA countries are contemplated. The incentive is obvious, for not only is a growing and protected domestic market offered, but production runs can be planned to serve the very much larger regional market.

Mexico's Trade with LAFTA

Concessions traded by the LAFTA countries in the first two annual rounds have been mainly on exports already well established, most of which do not compete with domestic products in other parts of Latin America. But year by year the bargaining will become tougher as concessions are sought on more sensitive items and vested interests are threatened.

Table II shows the substantial increase in Mexico's small trade with LAFTA since the first regional concessions became effective on January 1, 1962. Biggest export gains have been in raw materials and chemicals to Brazil and Chile, and in manufactured goods and machinery to Brazil, Argentina and Peru. Among imports, foodstuffs and chemicals, chiefly from Peru and Uruguay, have risen the most. In the past few months major sales of petroleum and steel to Brazil and of steel pipe to Argentina have been announced.

Most of the principal individual items imported from LAFTA last year were products on which concessions had been granted (See Table III).

During 1962, the first direct shipping service to Brazil was inaugurated. This filled a major transportation gap and seems to have resulted in considerable expansion in Mexican-Brazilian trade.

Equally as significant as the tariff negotiations to date is the progress toward rationalization of production on a regional basis. Mexico has been particularly active in this field and clearly intends to consolidate its position as one of LAFTA's industrial leaders. Industrial groups have conferred with their Latin American counterparts in a number of fields, including iron and steel, automobiles, glass, beer, copper, and electrical equipment. Mexico is a party to one of the two industrial complementation agreements signed to date—on electronic tubes. An increasing number of detailed studies of the emerging LAFTA market for specific products are appearing in Mexican trade journals.

TABLE II

MEXICO'S TRADE WITH LAFTA

	Exports			Imports		
	1961	1962	1963 (3 mos.)	1961	1962	1963 (3 mos.)
	(U.S.$ million)					
Argentina	1.1	2.3	.5	1.3	1.0	.5
Brazil	1.8	7.6	3.8	.2	.3	.1
Chile	1.5	2.3	.7	.5	.6	.0
Colombia	1.8	1.7	.7	.2	.2	.1
Ecuador	.6	.7	.2	.0	.0	.0
Paraguay	.0	.0	.0	.0	.0	.0
Peru	.9	1.6	.3	1.1	2.5	.8
Uruguay	.2	.5	.1	.8	1.5	.2
	7.9	16.7	6.3	4.1	6.1	1.7

TABLE III

PRINCIPAL MEXICAN IMPORTS FROM LAFTA

	1961	1962
	(U.S.$'000, c.i.f.)	
Fish meal	776	2,021
Drugs and pharmaceuticals	674	692
Organic and mineral substances	142	618
Books and periodicals	476	475
Sodium nitrate and sodium nitrate fertilizers	424	457
Quebracho extract	441	364
Casein	112	237
Vitamins	....	219
Tabulating machines	9	124
Three-ply plywood	....	100
Mineral fertilizers	....	80
Gelatine	45	78
Hormones	15	63
Racehorses	....	54
Others	986	517

Outlook for Canadian Sales

Mexico is by far Canada's largest LAFTA market (Can.$41.3 million in 1962). As complete internal free trade becomes a reality, certain Canadian products will undoubtedly be replaced by imports from LAFTA suppliers, both as a result of the preferential tariffs and discriminatory import controls and the development of more efficient import-competing industries. The resulting over-all increase in economic activity and prosperity should in the long run enhance total Canadian sales, but specific products unable to adapt to meet the new competition may lose out.

It is still too early to make more than an educated guess about which present and potential Canadian exports are likely to suffer. In the first two rounds, most of the concessions Mexico extended were in fields where Canadian trade prospects generally are favourable—for example, chemicals, raw materials, machinery and apparatus. The fact that these were requested indicates that one or more LAFTA countries are present or believe themselves to be possible future suppliers. Nevertheless, Mexican tariffs on items not made locally tend to be low and difficulties may arise in shipping, delivery schedules, unit costs, quality, export financing, and so on. As landed duty-paid price will count in the final analysis, Canadian exports should continue to compete with regional exports. However, the LAFTA-induced increased competitiveness of Mexico's highly protected domestic industries will probably be more serious.

Preferential concessions were granted during the first two rounds on several products of traditional importance to Canada in the Mexican market. These products accounted for one-third of our sales to Mexico in 1961 and one-quarter in 1962. Although Canada's exports of most of these commodities declined, LAFTA countries were significant suppliers only of fish meal. Cautious forecasts are as follows.

Newsprint—Net import requirements should remain about the same. Chile, the only LAFTA exporter, will not be able to supply the region's entire requirements. Mexico is farthest from Chile and closest to Canada, so this should continue to be a major market for Canadian newsprint.

Synthetic Rubber—Mexico is soon to build a plant which will make it possible to export certain types; imports of these types from Canada will cease.

Chemical Pulps—Mexico will become self-sufficient in the next few years and no significant imports from any source will be needed.

Photographic Paper—This situation is not clear.

Accounting Machines—An industrial complementation agreement between Argentina, Brazil, Chile and Uruguay is already in effect and shipments are going from Argentina to Mexico. However, substantial imports from non-LAFTA sources should continue.

Agricultural Machinery—Expanding manufacturing capacity within the region can be expected to satisfy most of Mexico's requirements of standard equipment within a few years.

Steel Alloy Bars—Mexican requirements for standard alloy steel should be met from domestic production before long.

Fish Meal—Canada's once substantial sales have been lost to more competitive Peruvian production.

TABLE IV

Traditional Canadian Exports on Which Mexico Has Granted Tariff Concessions to LAFTA Members

	Total Imports 1961	Total Imports 1962	From LAFTA 1961	From LAFTA 1962	From Canada 1961	From Canada 1962
			(U.S.$ million)			
Newsprint	12.3	14.3	nil	nil	8.2	7.4
Accounting machines	10.9	9.3	nil	.1	.5	.7
Synthetic rubber	10.1	10.8	nil	nil	1.7	1.2
Photographic paper	7.7	8.0	nil	nil	.6	.2
Chemical pulps	7.0	6.0	nil	nil	.7	.5
Agricultural drills and harvesters	3.8	3.3	nil	nil	.4	.8
Steel alloy bars	3.3	3.1	nil	nil	.2	.1
Fish meal	1.5	2.6	.8	2.0	.1	nil
	56.5	57.4	.8	2.1	12.4	10.9

Other products that Canada can supply on which Mexico has granted concessions to LAFTA members include:

powdered milk
barley in the grain
alfalfa, clover and grass seeds
marine oils
refractories
biologicals
organic extracts
cobalt bombs
antibiotics
wooden ties and poles
high resistance conductors
electrical generators
arc welding electrodes
electrical distribution equipment
hydraulic gates
earthmoving equipment
VHF equipment for autos
fire engines and pumps
various industrial chemicals

In the past few months, several Canadian firms have established branch plants or made licensing arrangements in Mexico. In some instances these will be the only ways in which firms can continue participating in the Mexican market and at the same time be guaranteed access to the regional market. Tax concessions and investment incentives are also available to certain new industries.

Trade prospects for Canadian exporters to Mexico are generally improving but they are also becoming harder to evaluate because of the combination of LAFTA and protectionistic domestic commercial policy. Exporters with present and potential interests in Mexico should keep in close contact with both the Mexico City office and the Department of Trade and Commerce in Ottawa to keep abreast of new developments and trends.

Index to *Foreign Trade*

The index to Volume 119 of *Foreign Trade*, covering the issues from January 12 to June 29, 1963, has now been printed. Readers who wish to have copies should write to the Editor.

Trade Prospects

Ghana

Tightening of import restrictions, other government measures will affect sales, but opportunities continue in certain lines, detailed here. Price and continuous promotion are vital in making sales.

PAUL A. THÉBERGE, *Assistant Commercial Secretary, Accra.*

ANOTHER "austerity" budget has seriously affected the sales prospects for a large number of imported products in Ghana, particularly imported foods. Import restrictions have again been tightened and fewer commodities are under Open General Licence than in 1962. This market is hard to enter and one cannot expect to attract orders overnight. Once the initial sale is made, the Canadian exporter must be prepared to build the business up gradually and exercise patience.

• **Food Products**—Canada's main export, flour, now is subject to a duty of fivepence per pound, compared with twopence under the provisions of the previous budget. Flour is nevertheless selling, but in smaller volume.

Provided prices are competitive, there is still a good market for certain food products. One example is pink and some fancy red sockeye salmon. The Japanese have captured the lion's share of this business because our Canadian prices were too high, in spite of better quality. With a good product at a competitive price, we should be able to regain a good share of the market. There is a big demand for canned sardines but the cans must have keys. Canned fruit and vegetables also offer excellent prospects if they are competitively priced and if the manufacturers can give firm assurance of continuous supply.

• **Farm Machinery**—The Government of Ghana is now carrying on a large-scale campaign to replace imports of foodstuffs with locally grown produce. Rice is being given much attention. In 1962, more than 70,000 tons were imported but local supplies are expected to replace foreign rice in the next few years. This project creates a market for farm machinery, such as rice combines, grading and cleaning machines. (Within that program, there should be a market also for fertilizers and pest-control products.)

• **Household Appliances**—Purchase tax on refrigerators and other household appliances—such as washing machines, vacuum cleaners and floor polishers—has been reduced from $66\frac{2}{3}$ to $33\frac{1}{3}$ per cent, and on stoves of all kinds, electric irons, kettles and toasters, etc., it has been cut from $33\frac{1}{3}$ to 10 per cent.

Sales prospects depend heavily upon the availability of suitable agents who can provide adequate after-sales service. The better manufacturers' agents have a full book of agencies and in conjunction with their principals they train Ghanaians in this country. In many instances further training is given in the overseas factory. A Canadian manufacturer should not contemplate entering this market if he is not prepared to train people to service his products. It remains to be seen whether the current demand for appliances is sufficient to justify such a program.

• **Chain Saws, Woodworking Equipment**—There is a market for chain saws, provided they are equipped with blades from 50 to 74 inches. Long-term prospects are good for sawmill equipment, because this sector of the economy is bound to expand and as joiners and furniture-makers modernize their operations, there should be a market for woodworking machinery.

• **Capital Equipment**—The largest potential is still for capital equipment, because the local battle-cry is industrialization. A Seven Year Development Plan is to be made public later this year and it is expected to include a list of priorities for projects.

Fisheries are also being actively promoted and native canoes are being motorized. Outboard motors (20 h.p.) are used, and the Government may soon be in the market for 1,000 units. Cold-storage facilities will be established throughout the country, and Canadian manufacturers of this type of equipment might obtain some business. Refrigerated trucks will also be needed.

Entering the Market

Because new brands are treated with some suspicion, Canadian exporters of consumer goods who want to build up business with Ghana should be prepared to start on a small scale and expand gradually. This is a very conservative market and once a brand is established, the consumer is not easily won over to a similar product. Brand image is extremely strong but as time passes, the market will become more sophisticated and brand fidelity will be less of a factor.

For selling capital equipment, Canadian manufacturers might do well to consider joint ventures, so that they will be in a position to offer complete turnkey factories financed on a long-term basis. The potential is great and Canadian companies should proceed to tap this market. ●

BUSINESSMAN'S BOOKSHELF

Export Trends

National Economic Development Council, London. 2s.6d.

BRITAIN'S share in world exports of manufactured goods has been falling in recent years. This is the chief point made in this study undertaken by Britain's National Economic Development Council. It is a particularly significant one because manufactured goods account for more than four fifths of Britain's total exports. The decline in value of British sales of manufactured goods abroad has not been the same for all countries or all commodities and the report goes on to indicate the markets and products principally affected and to suggest some of the reasons for the decline.

The survey shows that, among the main industrial countries, Britain's share of world exports of manufactured goods fell from 21 per cent in 1953 to 15.2 per cent in 1962. The shares of a number of other countries, including those of Canada and the United States, declined as well but the fall in Britain's share, compared with prewar figures, was the sharpest. In contrast, the shares of Germany, Japan and Italy have been rising rapidly.

Britain's exports of manufactures in the period 1954 to 1961 dropped most sharply to countries in the non-OECD sterling area (such as Australia, Ghana, and Nigeria). This accounted for a large part of the total fall in her share of world exports of manufactured goods and was particularly important because Britain has traditionally enjoyed such a substantial portion of business in that area. Her share of total imports of manufactures by the EFTA and EEC countries also fell and this was only partly offset by gains in sales to Canada and Latin America. Declines were most marked in British sales of manufactured goods to Australia (where they dropped between 1954 and 1961 by 26.4 per cent), Ghana (20.6 per cent), Nigeria (19.6 per cent) and India (12.7 per cent).

Turning to commodities, Britain's performance also varied considerably. From 1954 to 1961 the British share of world trade dropped particularly sharply in textiles (cottons, woollens and synthetic fibres) and in automobiles and, to a lesser degree, in base metals and non-electrical machinery. In two categories surveyed—buses and trucks and lorries and tractors—the British share of sales rose.

The report suggests five reasons for the deterioration in the British position:

- Ending of import controls which previously favoured British goods. This was especially important in the sterling-area countries which, in general, restricted imports from certain sources in 1953 but which, by and large, had done away with these controls by 1961. In contrast to the decline in Britain's share in sterling-area imports, the shares of the United States and Japan increased.

- Developments in newly independent countries, such as the change in their political status, a tendency to look to other countries for their import requirements, and the customary swing away from traditional sources of supply following a relaxation in controls.

- Shortcomings of British firms in delivery, design, quality and salesmanship. Indications were that British delivery dates in this period tended to be longer than those of other countries, that British firms paid insufficient attention to particular requirements of their overseas customers, and that exporters did not make enough effort to develop new markets.

- The fact that British prices for manufactured goods rose, on the average, faster than those of her competitors. This was due more to a slower rise in productivity than to a more rapid increase in hourly earnings. It was particularly disadvantageous at a time of increasing competition abroad.

- The possibility that, in the past few years, the profit margin on exports of British manufactured goods declined, both in relation to that of foreign exporters and in relation to that of domestic sales. On this point the report reveals that wage costs in Britain in this period rose about 3 per cent a year faster than the average in other countries, but export prices of manufactures rose only about 1 per cent faster. Wholesale prices of manufactures sold on the home market also rose more rapidly than export prices.

In its survey, the National Economic Development Council indicates that the reduction of tariff preferences was, in its opinion, not a significant factor in the decline in Britain's share of trade in the sterling area. In addition, in terms of export financing and the type of foreign aid program carried out by the Government, British exporters were provided with facilities and opportunities equal to those of firms in other countries.

The Council estimates that, to arrive at the level of economic growth it has set for Britain, exports of manufactured goods would have to increase in the future by 5½ per cent a year. In realizing this goal the report indicates that the following factors are working in Britain's favour:

1. World trade in manufactures should continue to grow at a rate of 5 per cent a year.

2. British exports should benefit from tariff cuts in EFTA and as a result of other international tariff negotiations.

3. The commodity pattern of Britain's trade is more favourable than it was in the early 1950's—that is, a larger proportion of British exports now consist of those items in which world trade has risen relatively quickly in the past few years, such as chemicals. The proportion for the slower growing commodity groups, such as textiles, has dropped. The geographical pattern has also improved because, though a larger proportion of Britain's exports still goes to the slowly developing sterling-area countries as compared with her competitors, these markets may expand more quickly in the future.

On the other hand, Britain may suffer from increasing discrimination against its exports in the EEC and there may be further reductions in the tariff preferences granted to her exports in the Commonwealth.

Because of the competition Britain is now facing abroad and her experience in the past few years, the "Neddy" report concludes by saying that the required 5½ per cent a year increase in exports may not be forthcoming unless there is a more rapid rate of growth in output and productivity to provide the necessary expansion in export supplies. This, however, would not be helpful if the additional supplies were drained off into the domestic market. The goal must therefore be to reduce prices in Britain or, as a minimum, prevent further rises in these prices, and so contribute to making exports of manufactured goods relatively more profitable in comparison with sales at home.

—L. D. BURKE, *Commercial Secretary, London.*

Order from: Her Majesty's Stationery Office, York House, Kingsway, London, W.C. 2.

Economics for Pleasure

By G. L. S. Shackle. Cambridge University Press. 257 pages. $1.95 (paper).

ADVICE about how useful and necessary economic theory can be is probably more frequent than effective. Professor G. L. S. Shackle of the University of Liverpool maintains that the study of economics is more than that—that it should, in fact, be enjoyed. In *Economics for Pleasure,* he attempts to make this possible. For example, the book restricts itself to a verbal explanation of the theory, thus eliminating the "brain-teasing study" of diagrams and formulae which Professor Shackle feels has deterred many persons.

The book, originally published in cloth, reaches back to basic economic ideas of value, distribution and production before embarking on a comprehensive discussion of employment, finance, government and international trade theory. Although it begins simply and is intended as an introductory book, it is not a superficial study. It seeks to define relevant terms and outline interrelationships in a sharp and logical way without economic jargon. The chapters deal with successive ideas and each is divided into two parts. The first presents a suitable but hypothetical example or problem, and the second complements this with an explanation of technical terms in summary form. The nature of economic theory, rather than the book itself, cautions against an attempt to read it in a single sitting. However, according to the author, an adequate study should be possible by spending less than half an hour on each of the forty chapters.

Published in Canada by: The Macmillan Company of Canada.

TELEUROPE—European Economic and Telegraphic Service

7th Edition, 1962. 3,000 pages. $13.50.

THIS useful directory of 200,000 importing and exporting companies in Britain, 15 European countries, Ireland and Turkey is based on the assumption that each firm participating in international commerce has a telegraphic address officially registered.

Part A gives the registered telegraphic addresses alphabetically for each country, with the registrant's name and address. Part B lists, also alphabetically by country, the individual firms with their telegraphic and postal addresses. Part C classifies all these companies by products. A businessman consulting this directory can discover how many firms in each country make a particular product. Information on forwarding agencies, banks, insurance companies, transport and communications firms, etc., is also included.

Order from: Teleurope, Holzhofallee 35, Darmstadt, Germany.

Industry Discusses

Denis Harvey, Assistant Deputy Minister (Commodities and Industries) of the Department speaks to a group of manufacturers of fish reduction and processing equipment on co-operative exporting. On his right, L. T. Hansson, author of this report.

Joint Exporting

In Ottawa last month, manufacturers of machinery for fish reduction and processing met to consider pooling their export efforts. Out of this meeting may come a group to exploit the market for fish plants and equipment, especially in Latin America.

CANADIAN manufacturers and consulting engineers interested in the export of equipment for fish reduction and fish processing plants met in mid-July with officials of the Department of Trade and Commerce to discuss the possibility of forming a consortium. This marks the first time that the Department has taken a direct interest in the formation of such a group. The 14 representatives of industry who attended came from British Columbia, Ontario, Quebec, and Nova Scotia.

For several reasons, the organization of a group of this type could help materially in the promotion of export trade. In Canada, equipment and machinery manufacturers tend to specialize in certain fields. This system has advantages, such as improved product design and quality and lower overhead, but it also creates problems for purchasing branches. When a Canadian manufacturer exports a complete pulp and paper mill, for example, the equipment included may come from 40 to 50 different manufacturers and the firm responsible for the erection of the mill must purchase it here and there. This creates few difficulties in domestic projects, because the various purchasing divisions are familiar with the makers of every product; our potential customers abroad are not. They prefer a package deal, with the complete plant supplied from one source only. In these circumstances someone must co-ordinate the project and he is usually known as the principal contractor. He acts as the liaison between Canadian industry and the foreign buyer.

The consortium system has other advantages. One is that it reduces costs of obtaining business and makes possible a lower bid—very important in these days of keen foreign competition. When manufacturers of integral parts and equipment for inclusion in an over-all project form an association or consortium to act on export opportunities, one member of the consortium may be delegated to make its services known to potential buyers abroad and to seek out possible opportunities for supplying an entire project as a package deal. Expenses incurred by this representative can be shared either equally or proportionately.

Meeting Called in Ottawa

The Department of Trade and Commerce felt that the firms making equipment for fish reduction and processing, if formed into a group, might share in the supply of equipment for several projects in some South American countries. For some time the Engineering and Equipment Division of the Department had been discussing the proposal with these companies and the July meeting in Ottawa was the result. It was chaired by L. T. Hansson of the Division.

The delegates were welcomed by Denis Harvey, Assistant Deputy Minister (Commodities and Industries) who stressed the need for industry to evolve workable formulas for solving export problems and promised the Department's co-operation and assistance. He was followed by a representative of the Export Credits Insurance Corporation who outlined briefly the financial facilities that the Corporation provides for firms engaged in exporting. Then came a talk by the First Secretary of the Brazilian Embassy in Ottawa, who covered the economic situation in Brazil and the possibilities for selling Canadian-made fish reduction and processing equipment there.

Advantages Stressed

Later the chairman outlined to the delegates a number of reasons why an export group should be formed and where it might look for business. He said:

"During the past two years we have from time to time written to manufacturers of equipment for fish reduction and processing about opportunities for exporting both equipment and complete plants. So far, however, the Canadian manufacturers have had little to offer and have shown a limited interest.

"The Department is continuously being approached by foreign buyers of equipment for the fish processing industries. These inquiries come from all corners of the world and considering the constantly advancing techniques in the preserving of fish, I believe that the tendency towards regarding fish as an important food product will continue.

"In the spring of 1962, I was appointed secretary of the Canadian Government Heavy Equipment Trade Mission to South America. The mission had an opportunity to study not only existing industries but also future industrial planning and the sectors in which Canadian industry might participate by providing both equipment and technical knowhow. Both Chile and Peru already have a considerable fish canning industry and are producers of fish meal. In Peru we learned that edible fish meal is being produced in small quantities. The demand for fish products is increasing in Colombia, Brazil and Venezuela, and these countries also have a planned program for expansion of canning factories and fish meal plants. Immediate expansion in this field is most likely to take place in Chile and Peru and authorities there expressed hope that Canada would be able to supply knowhow, equipment, and complete plants.

"Apart from exporting equipment, there will be opportunities to supply our domestic market as need arises, because most of the equipment contained in our own fish processing plants has so far been imported. With growing demand both at home and abroad, Canada, already internationally known as an exporter of fish, could become a leader also in the supply of equipment used for processing it.

"Companies in Canada now engaged either wholly or in part in the manufacture of this equipment are comparatively small, so that one or two could not undertake to make all the parts required. We in the Department believe that this should be a joint venture, with each type of equipment made by the company which already has suitable tooling. If you will consider joining efforts as a group or consortium your chances for exporting this equipment will undoubtedly increase."

Opinion Favourable

Following this presentation the delegates discussed the pro's and con's of a consortium. Many good points were made and, on the whole, it was agreed that the export of complete plants could best be undertaken jointly by a group or consortium consisting of consulting engineers and manufacturers. Before the meeting ended, it was decided that the chairman should call another one in September for further discussion and the eventual formation of a consortium.

The Department invites inquiries from other segments of industry interested in approaching export trade along similar lines. These inquiries should be addressed to the Engineering and Equipment Division, Department of Trade and Commerce, Ottawa.

Investment in Mauritius

THE Government of Mauritius has embarked on an ambitious program to attract new industry to the island. Steps taken to promote a climate conducive to private investment include favourable initial allowances and tax holidays for new industry, and a realignment of the customs tariff, including the reduction of rates on raw materials, protective duties for new industry where warranted, and provision for rebates and drawbacks of duty on materials imported by selected industries.

In addition, it is planned to create a Development Bank that will assist in financing new industrial undertakings. The Government strongly supports the principle of partnership between overseas and Mauritian capital, but does not rigidly insist on local participation. The Government's Reconstruction and Development Program (1960-1965) seeks to ensure continued balanced development in all sectors of the economy.

Australia's Pulp and Paper Picture

Canadian pulp and paper sales to Australia are decreasing as local industry, based on eucalyptus and radiata pine, expands. Prospects best for specialty papers; newsprint sales will go on, at lower rate.

H. A. GILBERT, *Commercial Counsellor, Melbourne.*

AUSTRALIA now supplies about 60 per cent of the wood pulp and over 60 per cent of the paper and paperboard it uses from its own mills. Its first paper mill was established back in 1818, and just before the Second World War output had reached nearly 100,000 tons, made chiefly from waste paper and imported pulp. That same year brought a significant development in the wood pulp field when, after many years of experiment, the first pulp made from Australian-grown eucalyptus was turned out. Production of wood pulp from eucalyptus grew rapidly. By 1960-61, six pulp mills were operating in three states and output reached about 149,000 tons of chemical pulp and 64,500 tons of mechanical, or a total of 213,500 tons. Most of the local production consists of short-fibred pulp from eucalyptus but output of long-fibred pulp from domestic pine is increasing year by year, as paper companies take steps to increase supplies of local softwood timber.

Three Major Manufacturers

Today Australia has 22 mills altogether, producing pulp, paper and paperboard: ten in Victoria, four in New South Wales, three in Tasmania, two in Queensland, two in South Australia, and one in Western Australia. Eleven companies and their subsidiaries own and operate these mills, but three major ones produce about 85 per cent of the industry's output. These are:

- *Australian Paper Manufacturers Ltd.*, which makes pulp for its own use, plus wrapping and printing papers and paperboard.
- *Associated Pulp and Paper Mills Ltd.*, which also produces pulp for its own use, fine writing and printing papers, vegetable parchment, glassine and greaseproof papers, coated papers and boards.
- *Australian Newsprint Mills Ltd.*, of Boyer, Tasmania, which makes only newsprint, in part from its own pulp.

The latest advance in the industry has been the production of lightweight tissues by Bowater-Scott Australia Pty. Ltd., in its mill at Box Hill, Victoria, and Apcel Ltd. at Millicent, South Australia.

Table I brings together the figures published by the Commonwealth Statistician on production, imports and exports of pulp and papers, provides a concise statistical picture of the industry, and presents the data for calculation of the apparent consumption of the main categories of the papers produced here.

Wood Pulp

The interesting development in the pulp industry has been the increasing use of pine (pinus radiata) from plantations for turning out long-fibred pulp. The main commercial plantations of this species are in the temperate southern regions with winter rainfall. Both the State Forest Services and private industry carry on planting programs at the rate of about 15,000 acres a year. Of the 500,000 acres of softwood plantings (mainly eucalyptus), about 100,000 are privately owned.

Local pulp production rose steadily from 195,000 tons in 1956-57 to a record 213,500 in 1959-60, close to capacity. Any further increase will depend on greater use of semi-chemical pulp or the establishment of new mills. The industry is taking steps to increase the output of local timber for pulp but

TABLE I

APPARENT CONSUMPTION OF PULP, PAPER AND PAPERBOARD IN AUSTRALIA

Commodity	Year	Production	Imports	Exports	Apparent Consumption
		(long tons '000)			
Newsprint	1959-60	89	125	Negligible	304
	1960-61	88	269	"	357
	1961-62	90	188	"	278
Other papers	1959-60	195	97	5	287
	1960-61	220	123	6	337
	1961-62	218	97	5	310
Boards	1959-60	221	14	Negligible	235
	1960-61	209	37	"	246
	1961-62	206	20	1	225

these can be effective only over the long term.

Local production of wood pulp covers about 60 per cent of Australian needs; the remainder is imported from New Zealand, Scandinavia, and Canada. Table II gives pulp imports into Australia in the last six years.

The fall in imports in 1961-62 from the high of the previous year was the result of an unusually large carryover of stocks. Consumption in 1960-61 declined because of the credit restrictions the Government imposed to correct the adverse balance-of-payments position.

TABLE II

WOOD PULP IMPORTS INTO AUSTRALIA

	(long tons '000)
1956-57	100
1957-58	94
1958-59	125
1959-60	150
1960-61	190
1961-62	124

TABLE III

NEWSPRINT IMPORTS INTO AUSTRALIA

	1961-62	1960-61	1959-60	1958-59
	(long tons)			
Canada	98,222	131,183	88,542	63,311
New Zealand	42,161	55,123	46,898	31,026
Britain	13,140	21,450	38,213	60,799
Finland	17,469	19,522	13,641	9,476
Sweden	15,434	28,015	23,007	16,209
Other	1,342	13,940	4,973	12,575
Total	187,768	269,233	215,274	193,396

Newsprint

The one newsprint mill in this country, with a rated annual capacity of 100,000 tons, produces 30 per cent of Australia's newsprint requirements, and sells it under contract to shareholding newspaper companies. The difference between local newsprint production and requirements is made up by imports, mainly from Canada, New Zealand, Scandinavia, and Britain.

Table III gives newsprint imports into Australia from the main supplying countries for the last four years. Imports for the years 1958-59 to 1961-62 averaged 216,417 tons. The somewhat wide variations from this norm in the last two years resulted from the lifting of import restrictions in April 1960 when importers, fearing that restrictions might shortly be reimposed, bought a record quantity of newsprint, building up larger stocks which created a heavy carryover for the following year. This carryover lessened need for imports—and also coincided with the credit squeeze in 1961-62.

One interesting point in this table may be significant for Canadian exporters of newsprint to Australia—the increasing amount being bought from New Zealand. It is probable that with the completion this year of the new 100,000-ton machine of Tasman Pulp and Paper Co. Ltd., imports from this source will rise rapidly. In addition to these increased imports from New Zealand, a planned expansion in local production may further reduce the market for the Canadian product. Population growth, accompanied by greater consumption of newsprint, may offset decreased imports to some extent but for Canadians, prospects are for a significant reduction. For 1963, this may well be 50 per cent or more.

These pine seedlings at a nursery in Langford, Grippsland, are ready for planting out. Plantations of pinus radiata in the south are increasing at a rate of 15,000 acres a year and becoming a useful source of raw material for making long-fibred pulp.

Other Papers, Paperboard

Local industry produces most types of paper and paperboard needed in Australia. Production of papers other than newsprint reached 220,000 tons in 1960-61, of which 6,000 tons were exported to New Zealand and South East Asian countries. Production in 1961-62 decreased slightly to 218,000 tons. Imports consist of certain specialty papers such as magazine, directory and other printing papers, plus base stocks for further processing of facial and toilet tissue, paper bags and napkins. In total, imports amounted to 123,000 tons in 1960-61 and 97,000 tons last year. It is interesting to note that for the past two years the printing paper for the telephone directories in Melbourne has been imported from Canada.

Paperboard products for the past three years have totalled about 210,000 tons, supplying the greater part of domestic requirements, though 37,000 tons were imported in 1960-61 and 20,000 in '61-62. ●

The Ocean Freight Market

THE firmer pattern of the ocean freight market in the first quarter of the year continued midway into the second quarter before a decline began in most trades. A strong demand for tonnage from eastern Canada pushed the rate for heavy grain to the Continent from the Great Lakes up from $7.50 per ton to a high of $9.12½ per ton, but by the end of the quarter it had fallen to $6.45 per ton. Early in the quarter, 52 shillings 6 pence was paid to fix tonnage for heavy grain from Churchill to Britain. Subsequently, the rate dropped to 30 shillings per ton.

In the Pacific sector of the market, grain rates remained fairly steady during the quarter. All reported fixtures for heavy grain from British Columbia to Communist China were shown at 45 shillings per ton. The average rate from British Columbia to Japan was off 50 cents per ton from the first quarter at 1963.

In the black oil trades, light demand in all sectors caused rates to decline following winter season demand. In the Caribbean to U.S. North Atlantic trade, the average rate for the second quarter was approximately a dollar below that of the previous quarter.

Note: The review of the Ocean Freight Market for the first quarter of 1963 (*Foreign Trade*, May 18) showed the grain rate from the Pacific Coast to Communist China as 50 shillings (37½¢). The conversion from shillings should have read Can.$7.55.

CHARTER RATES—SECOND QUARTER 1963

The rates shown in column A are in sterling or U.S. dollars with the Canadian dollar equivalent in column B calculated at £=$3.02 and U.S.$=1.08. For comparison, the rates a year ago are shown in column C with the Canadian dollar equivalent in column D calculated at £=$3.02 and U.S.$=$1.07.

TIME CHARTERS

Average rates per deadweight ton per month for the second quarter of the year were as follows:

	1963 Second Quarter		1962 Second Quarter	
	A	B	C	D
	£ or U.S.$	Can.$	£ or U.S.$	Can.$
General trading (approximately 6 months)				
Motorships, 9,000-10,999 dwt., 9-10.0 knots	....	....	....	....
Motorships, 9,000-10,999 dwt., 11-12.9 knots	$2.96	3.20	....	....
Motorships, 11,000-12,999 dwt., 11-12.9 knots	....	....	....	....
Motorships, 9,000-10,999 dwt., 13-15 knots	....	....	$2.89	3.09
Motorships, 11,000-12,999 dwt., 13-15 knots	$2.87	3.10	$2.79	2.99
Motorships, 13,000-15,000 dwt., 13-15 knots	$2.49	2.69	$2.66	2.85
Steamships, 9,000-10,999 dwt., 9-10.9 knots	$2.21	2.39	....	....
Steamships, 11,000-12,999 dwt., 9-10.9 knots	....	....	....	....
Steamships, 11,000-12,999 dwt., 13-15 knots	....	....	$2.20	2.35
General trading (approximately 12 months)				
Motorships, 9,000-10,999 dwt., 9-10.9 knots	....	....	....	....
Motorships, 9,000-10,999 dwt., 11-12.9 knots	$2.24	2.42	....	....
Motorships, 9,000-10,999 dwt., 13-15 knots	....	....	$2.60	2.78
Motorships, 11,000-12,999 dwt., 13-15 knots	....	....	$2.85	3.05
Motorships, 13,000-15,000 dwt., 13-15 knots	....	....	$2.65	2.84
Steamships, 9,000-10,999 dwt., 9-10.9 knots	....	....	....	....
Steamships, 11,000-12,999 dwt., 9-10.9 knots	....	....	....	....
Steamships, 13,000-15,000 dwt., 13-15 knots	....	....	$2.55	2.73
West African Rounds				
Motorships, 9,000-10,999 dwt., 11-12.9 knots	18s. 6d.	2.79	....	....
Motorships, 9,000-10,999 dwt., 13-15 knots	19s. 0d.	2.87	17s. 6d.	2.63
Motorships, 11,000-12,999 dwt., 11-12.9 knots	....	....	17s. 4½d.	2.61
Motorships, 11,000-12,999 dwt., 13-15 knots	16s. 6d.	2.49	....	....
Steamships, 9,000-10,999 dwt., 9-10.9 knots	....	....	....	....
Steamships, 9,000-10,999 dwt., 11-12.9 knots	22s. 9d.	3.44	....	....
Steamships, 9,000-10,999 dwt., 13-15 knots	....	....	....	....

TRIP CHARTERS

Average rates for the second quarter of the year were as follows:

	1963 Second Quarter		1962 Second Quarter	
	A £ or U.S.$	B Can.$	C £ or U.S.$	D Can.$
Heavy grain (per long ton)				
St. Lawrence to Britain	37s. 5d.	5.65	38s. 2d.	5.73
St. Lawrence to Belgium/Holland	$4.28	4.62	$3.87	4.14
Churchill to Britain	40s. 9d.	6.15	43s. 7d.	6.54
Great Lakes to Britain	67s. 4d.	10.17	78s. 5d.	11.70
Completing St. Lawrence	35s. 11d.	5.42	40s. 0d.	6.00
Great Lakes to Belgium/Holland	$7.99	8.63	$7.81	8.36
Completing St. Lawrence	$3.95	4.27	$3.27	3.50
Halifax/Saint John to Britain	....	....	....	....
British Columbia to Britain	$6.37	6.88	....	....
British Columbia to Belgium/Holland	....	....	$6.12	6.55
British Columbia/North Pacific to Japan	$5.81	6.27	$5.22	5.59
British Columbia to West Coast of India	....	....	....	....
British Columbia to Communist China	45s. 0d.	6.80	44s. 1d.	6.61
River Plate to Britain	....	....	....	....
Lumber and General Cargo				
British Columbia to Britain (per long ton)	$11.93	12.88	$9.72	10.40
British Columbia to U.S. Atlantic (lump sum, Liberty size)	....	....	$59,083	63,218
Scrap, Iron and Steel (per long ton)				
U.S. Atlantic to Japan	$11.58	12.51	$11.23	12.02
California to Japan	$7.88	8.51	$6.63	7.09
North Pacific to Japan	$7.97	8.61	$6.84	7.32
Coal (per long ton)				
Hampton Roads to Belgium/Holland	24s. 4d.	3.66	19s. 8d.	2.95
Hampton Roads to Japan	$6.51	7.03	$7.36	7.88
Black Oil (per long ton, tankers)				
Venezuela to Portland, Maine	$1.41	1.52	$1.56	1.67
Persian Gulf to Portland, Maine	$4.06	4.38	$3.81	4.08

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Austria Albania, Bulgaria, Czechoslovakia, Hungary, Rumania, Yugoslavia	C. J. Van Tighem Commercial Counsellor for Canada W. J. Collett Assistant Commercial Secretary	Opernringhof Opernring 1 VIENNA 1	*Mail:* P.O. Box 106, Vienna I/15 *Cable:* CANADIAN *Tel.:* 57-25-97 *Telex:* 1-3380 (DOMCAN VIENNA)
Belgium Luxembourg, European Economic Community, European Atomic Energy Com- munity, European Coal and Steel Community	L. H. Ausman Commercial Counsellor P. T. Eastham Commercial Secretary M. Faguy Assistant Commercial Secretary	Canadian Embassy 35 rue de la Science BRUSSELS 4	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 13.38.50 *Telex:* 0-2613 (DOMCAN BRU)
Brazil	Wm. Jones Commercial Counsellor	Canadian Embassy Edificio Metropole Av. Presidente Wilson 165 RIO DE JANEIRO	*Mail:* Caixa Postal 2164-ZC-00 *Cable:* CANADIAN *Phone:* 42-4140 *Telex:* RIO 175 (DOMINION RIO)
Brazil	D. M. Holton Consul and Trade Commissioner R. H. Gayner Consul and Assistant Trade Commissioner	Canadian Consulate Edificio Alois Rua 7 de Abril 252 SAO PAULO	*Mail:* Caixa Postal 6034 *Cable:* CANADIAN *Phone:* 36-6301
Britain	B. C. Butler Minister (Commercial) S. G. Tregaskes Commercial Counsellor J. M. Rochon Commercial Counsellor (Metals and Minerals)	Office of the High Commissioner for Canada One Grosvenor Square LONDON, W.1	*Mail:* (City Address) *Cable:* SLEIGHING, LONDON, W.1 *Phone:* MAYfair 9492 *Telex:* 2-2526, OR 2-8240 (DOMINION LDN)

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
Britain	D. B. Laughton Commercial Counsellor H. M. Maddick Commercial Counsellor W. M. Miner Commercial Secretary (Agriculture) (absent) E. J. Ward Commercial Secretary (Timber) L. D. Burke Commercial Secretary O. Hickie Assistant Commercial Secretary (Timber) G. W. Rooney Assistant Commercial Secretary (Industrial Development) E. L. Bobinski Assistant Commercial Secretary Miss M. A. Armstrong Attaché (Exhibitions) H. G. Garland Attaché (Fisheries)		*Cable:* TIMCOM, LONDON, W.1
Britain (Midlands, North England)	W. R. Van Canadian Government Trade Commissioner D. S. Armour Assistant Trade Commissioner	Martins Bank Building Water St. LIVERPOOL	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* MARitime 2177
Britain (Scotland)	Finlay Sim Canadian Government Trade Commissioner N. L. Williams Assistant Trade Commissioner	Cornhill House 144 West George St. GLASGOW C.2	*Mail:* (City Address) *Cable:* CANTRACOM *Phone:* DOUglas 6751
Britain (Northern Ireland)	Finlay Sim Canadian Government Trade Commissioner N. L. Williams Assistant Trade Commissioner	15-17 Chichester St. BELFAST 1	*Mail:* (City Address) *Phone:* 21867
Ceylon	Commercial Secretary (absent)	Office of the High Commissioner for Canada 6 Gregory's Road Cinnamon Gardens COLOMBO	*Mail:* P.O. Box 1006 *Cable:* CANADIAN *Phone:* 91341
Chile	J. R. Midwinter Commercial Secretary G. L. Gagne Assistant Commercial Secretary	Canadian Embassy 5th Floor Agustinas 1225 SANTIAGO	*Mail:* Casilla 771 *Cable:* CANADIAN *Phone:* 64189
Colombia Ecuador	J. H. Bailey Commercial Secretary and Consul J. C. Bradford Assistant Commercial Secretary	Canadian Embassy Edificio Banco de Los Andes Carrera 10, No. 16-92 BOGOTA	*Airmail:* Apartado Aereo 8582 *Surface Mail:* Apartado 1618 *Cable:* CANADIAN *Phone:* 43-00-65

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
Congo	Chargé d'Affaires	Canadian Embassy C.C.C.I. Building Boulevard Albert 1er LEOPOLDVILLE 1	*Mail:* Boîte Postale 8341 *Cable:* CANADIAN *Phone:* 2706 *Telex:* LEO 68 (DOMCAN LEO)
Cuba	Commercial Division	Canadian Embassy Calle 30 No. 518 esquina 7ª Avenida Miramar HAVANA	*Mail:* Gaveta 6125 *Cable:* CANADIAN *Phone:* 32-3526
Denmark Greenland, Poland	K. Nyenhuis Commercial Counsellor D. A. B. Marshall Counsellor (Agriculture) K. O. Hillyer Assistant Commercial Secretary	Canadian Embassy Prinsesse Maries Allé 2 COPENHAGEN V	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* Hilda 3306
Dominican Republic Puerto Rico	J. C. Leith Acting Commercial Secretary and Vice Consul	Canadian Embassy Edificio Copello 408 Calle El Conde SANTO DOMINGO	*Mail:* Apartado 1393 *Cable:* CANADIAN *Phone:* 2-8138
France Algeria, Morocco	A. G. Kniewasser Commercial Counsellor R. G. Woolham Assistant Commercial Secretary Y. C. Jauron Assistant Commercial Secretary G. P. Morin Assistant Commercial Secretary D. H. M. Branion Assistant Commercial Secretary	Canadian Embassy 35 Avenue Montaigne PARIS 8e	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* BALzac 99-55 *Telex:* 2-0600 (DOMCAN PARIS)
Gabon Cameroun, Central African Republic, Chad, Congo (Brazzaville)		Canadian Embassy National Bank of Commerce and Industry Bldg. YAOUNDE, CAMEROUN	*Mail:* P.O. Box 572 *Phone:* 38-03
Germany Federal Republic (States of Baden-Wurttemburg, Bavaria, Hesse, Rhineland-Palatinate, Saar)	H. J. Horne Commercial Counsellor W. F. Hillhouse Commercial Counsellor (Agriculture) C. Renaud Assistant Commercial Secretary	Canadian Embassy Frankengrabenstrasse 35 BAD GODESBERG	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 76995 *Telex:* 886421 OR 886422 (DOMCAN BONN)
Germany (State of North-Rhine-Westphalia)	H. E. Campbell Consul Louis de Salaberry Vice Consul G. D. Valentine Vice Consul	Canadian Consulate Bismarckstrasse 95 4 DUESSELDORF 1	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 2-05-25
Germany (City States of Bremen and Hamburg, States of Lower Saxony and Schleswig-Holstein)	R. E. Gravel Consul General Richard Turcotte Vice Consul	Canadian Consulate General Ferdinandstrasse 69 HAMBURG	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 326149

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
Ghana Guinea, Ivory Coast, Liberia, Mali, Mauretania, Togo, Upper Volta	K. F. Osmond Commercial Counsellor	Office of the High Commissioner for Canada E 115/3 Independence Ave. ACCRA	*Mail:* P.O. Box 1639 *Cable:* CANADIAN *Phone:* 4824
Greece Turkey	B. A. Macdonald Commercial Counsellor F. I. Wood Assistant Commercial Secretary	Canadian Embassy 31 Vassilissis Sophias Ave. ATHENS 138	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 714-041
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	H. E. Lemieux Commercial Counsellor (absent) J. H. Nelson Commercial Secretary K. D. Taylor Assistant Commercial Secretary P. D. Donohue Assistant Commercial Secretary	Canadian Embassy 5a Avenida 11-70, Zone I GUATEMALA CITY, C.A.	*Airmail:* P.O. Box 400 *Surface Mail:* P.O. Box 444 *Cable:* CANADIAN *Phone:* 28448
Haiti	Chargé d'Affaires, a.i. and Consul	Canadian Embassy Route du Canape Vert St. Louis de Turgeau PORT AU PRINCE	*Mail:* P.O. Box 826
Hong Kong Cambodia, Communist China, Laos, Vietnam, Macao	R. K. Thomson Senior Canadian Government Trade Commissioner (absent) J. M. T. Thomas Trade Commissioner N. R. Gish Assistant Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg. HONG KONG	*Mail:* P.O. Box 126 *Cable:* CANADIAN *Phone:* 27743
India (except States of Gujerat, Maharashtra, Andhra Pradesh, Mysore, Madras, Kerala) Bhutan, Nepal, Sikkim	G. A. Newman Commercial Counsellor for Canada (absent) J. H. Suggitt Acting Commercial Secretary	13 Golf Links Road NEW DELHI 1	*Mail:* P.O. Box 11 *Cable:* CANADIAN *Phone:* 618254
India (States of Gujerat, Maharashtra, Andhra Pradesh, Mysore, Madras, Kerala)	W. G. Brett Canadian Government Trade Commissioner	Gresham Assurance House Mint Road BOMBAY 1-BR	*Mail:* P.O. Box 886 *Cable:* CANADIAN *Phone:* 255154
Iran	Commercial Division	Canadian Embassy Bezrouke Building Corner of Takht Jamshid Ave. and Forsat St. TEHRAN	*Mail:* P.O. Box 1610 *Cable:* CANTRACOM *Phone:* 4-9291
Ireland	P. V. McLane Commercial Counsellor for Canada	66 Upper O'Connell St. DUBLIN	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 44251
Israel Cyprus	B. C. Steers Commercial Secretary for Canada	84 Hahashmonaim St. TEL AVIV	*Mail:* (P.O. Box 20140) *Cable:* CANADIAN *Phone:* 221203

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
Italy Libya, Malta	J. H. Stone Commercial Counsellor W. J. Jenkins Commercial Secretary J. J. R. Gagnon Assistant Commercial Secretary	Canadian Embassy Via G. B. De Rossi 27 ROME	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 864-327 *Telex:* RMO 86 (RMO 86 DOMCAN OR RMO 56 DOMCAN)
Jamaica Bahamas, British Honduras	R. W. Blake Commercial Counsellor R. H. M. Cathcart Assistant Commercial Secretary	Office of the High Commissioner for Canada 32 Duke St. (corner Duke and Barry Sts.) KINGSTON	*Mail:* P.O. Box 225 *Cable:* CANADIAN *Phone:* 26948
Japan Korea, Okinawa	R. G. C. Smith Minister (Commercial) P. A. Savard Commercial Counsellor J. D. Blackwood Commercial Secretary D. A. Hilton Assistant Commercial Secretary	Canadian Embassy 16, Omote-Machi 3-chome, Akasaka, Minato-ku TOKYO	*Mail:* Canadian Embassy, c/o Akasaka Post Office, Tokyo *Cable:* CANADIAN *Phone:* 408-2101/8 *Telex:* TK 2218 (DOMCAN TK 2218)
Lebanon Iraq, Jordan, Persian Gulf area, Syria	L. A. Campeau Commercial Counsellor C. E. Rufelds Assistant Commercial Secretary	Canadian Embassy Alpha Building Rue Clemenceau BEIRUT	*Mail:* Boîte Postale 2300 *Cable:* CANADIAN *Phone:* 250955
Mexico	F. B. Clark Commercial Counsellor H. S. Hay Assistant Commercial Secretary J. E. G. Gibson Assistant Commercial Secretary	Canadian Embassy Melchor Ocampo 463, 7th Floor MEXICO 5, D.F.	*Mail:* Apartado 25364 *Cable:* CANADIAN *Phone:* 25-15-60
Netherlands	D. A. B. Marshall Commercial Counsellor J. E. Montgomery Assistant Commercial Secretary	Canadian Embassy Sophialaan 5-7 THE HAGUE	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 61-41-11 *Telex:* 31270 (DOMCAN HAGUE)
New Zealand Fiji, Samoa, Tahiti, Tonga	W. B. McCullough Commercial Counsellor C. A. Carruthers Assistant Commercial Secretary	Office of the High Commissioner for Canada Government Life Insurance Bldg. WELLINGTON	*Mail:* P.O. Box 1660 *Cable:* CANADIAN *Phone:* 70-644 *Telex:* WGN 9 (DOMCAN WGN)
Nigeria Dahomey, Gambia, Niger, Senegal, Sierra Leone	G. F. Mintenko Commercial Secretary	Office of the High Commissioner for Canada Barclays Bank Building, 4th Floor 40 Marina Road LAGOS	*Mail:* P.O. Box 851 *Cable:* CANADIAN *Phone:* 25262
Norway Iceland	J. E. P. Lancaster Commercial Secretary M. R. Bell Assistant Commercial Secretary	Canadian Embassy Fridtjof Nansens Plass 5 OSLO 1	*Mail:* P.O. Box 1379—Vika *Cable:* CANADIAN *Phone:* 33-30-80

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
Pakistan Afghanistan	J. A. Elliott Acting Commercial Secretary	Office of the High Commissioner for Canada Hotel Metropole, Victoria Road KARACHI	*Mail:* P.O. Box 3703 *Cable:* CANADIAN *Phone:* 50322 *Telex:* KRC 10
Peru Bolivia	K. G. Ramsay Commercial Secretary D. J. McEachran Assistant Commercial Secretary	Canadian Embassy Edificio Boza, Carabaya 831 Plaza San Martin LIMA	*Mail:* Casilla 1212 *Cable:* CANADIAN *Phone:* 72760
Philippines Republic of China (Taiwan)	J. L. Mutter Consul General and Trade Commissioner W. B. Walton Consul and Assistant Trade Commissioner	Canadian Consulate General L & S Building, 3rd Floor 1414 Dewey Boulevard MANILA	*Mail:* P.O. Box 1825 *Cable:* CANADIAN *Phone:* 5-85-97
Portugal Angola, Azores, Cape Verde Islands, Madeira, Portuguese Guinea	T. J. Monty Commercial Counsellor (absent)	Canadian Embassy Rua Marques de Fronteira No. 8—4° D° LISBON	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 53117
Rhodesia and Nyasaland Seychelles Is., Zanzibar	L. S. Glass Canadian Government Trade Commissioner	8th Floor Grindlays Bank Chambers Baker Ave. SALISBURY	*Mail:* P.O. Box 2133 *Cable:* CANTRACOM *Phone:* 26571
Singapore Brunei, Burma, Federation of Malaya, Indonesia, North Borneo, Sarawak, Thailand	E. H. Maguire Canadian Government Trade Commissioner Geo. Hazen Assistant Trade Commissioner D. S. McCracken Assistant Trade Commissioner	American International Building Robinson Road and Telegraph St. SINGAPORE	*Mail:* P.O. Box 845 *Cable:* CANADIAN *Phone:* 74633
South Africa (Natal, Orange Free State, Transvaal) Malagasy, Mauritius, Mozambique, Reunion	C. R. Gallow Canadian Government Trade Commissioner	Mobil House 17th Floor, Corner Rissik and De Villiers Sts. JOHANNESBURG	*Mail:* P. O. Box 715 *Cable:* CANADIAN *Phone:* 33-2628
South Africa (Cape Province), St. Helena, South West Africa	R. G. Godson Acting Trade Commissioner	13th Floor African Life Centre St. George's St., CAPE TOWN	*Mail:* P.O. Box 683 *Cable:* CANADIAN *Phone:* 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio Muni, Rio de Oro	M. T. Stewart Commercial Counsellor R. M. Dawson Assistant Commercial Secretary	Canadian Embassy Edificio Espana Avenida de Jose Antonio 88 MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Phone:* 47-54-00
Sweden Finland	G. A. Browne Commercial Counsellor J. P. Bell Assistant Commercial Secretary	Canadian Embassy Strandvagen, 7-C STOCKHOLM	*Mail:* P.O. Box 14042 *Cable:* CANADIAN *Phone:* 67-92-15
Switzerland Tunisia	S. G. MacDonald Commercial Counsellor B. Horth Consul and Assistant Commercial Secretary	Canadian Embassy Kirchenfeldstrasse 88 BERNE	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 44-63-81 *Telex:* 2-2386 (DOMCAN GENEVE)

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
Trinidad and Tobago Barbados, Windward and Leeward Islands, British Guiana, French Guiana, Surinam, Guadeloupe, Martinique	R. F. Renwick Commercial Counsellor C. J. St. Pierre Assistant Commercial Secretary	Office of the High Commissioner for Canada Colonial Building 72 South Quay PORT-OF-SPAIN	*Mail:* P.O. Box 125 *Cable:* CANADIAN *Phone:* 34787
Union of Soviet Socialist Republics	R. V. N. Gordon Commercial Counsellor	Canadian Embassy 23 Starokonyushenny Pereulok Moscow	*Mail:* (City Address) *Cable:* CANAD *Phone:* 415142
United Arab Republic Aden, Sudan, Ethiopia, Saudi Arabia, Yemen	W. Gibson-Smith Commercial Counsellor	Canadian Embassy 6 Sharia Rouston Pasha Garden City CAIRO	*Mail:* Kasr el Doubara Post Office *Cable:* CANADIAN *Phone:* 23110
United States	M. Schwarzmann Minister (Economic) W. J. Van Vliet Commercial Counsellor (Agriculture) R. R. Parlour Commercial Counsellor W. R. Hickman Commercial Secretary (Agriculture) N. W. Boyd Commercial Secretary S. G. Harris Assistant Commercial Secretary	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 36, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* DEcatur 2-1011
United States	N. R. Chappell Counsellor (Energy)	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 36, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* DEcatur 2-1011
United States (Connecticut, the eleven northern counties of New Jersey, New York) Bermuda	B. I. Rankin Deputy Consul General (Commercial) A. A. Caron Consul and Trade Commissioner A. A. Lomas Consul and Trade Commissioner R. D. Sirrs Consul and Trade Commissioner W. G. Huxtable Consul and Trade Commissioner C. G. Bullis Consul and Assistant Trade Commissioner	Canadian Consulate General 680 Fifth Ave. NEW YORK CITY 19	*Mail:* (City Address) *Cable:* CANTRACOM *Phone:* JUdson 6-2400 *Telex:* 0-01-26242
United States (Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)	M. R. M. Dale Consul and Trade Commissioner L. D. R. Dyke Consul and Assistant Trade Commissioner	Canadian Consulate General 607 Boylston St. BOSTON 16	*Mail:* (City Address) *Phone:* COngress 2-1245 *Telex:* 0-094-567

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Kentucky, Missouri, Nebraska)	V. B. Chew Consul and Trade Commissioner N. L. Currie Consul and Assistant Trade Commissioner J. M. Knowles Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 310 South Michigan Ave. Suite 2000 CHICAGO 4	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 427-7926 *Telex:* 0-025-571
United States (Michigan, Ohio)	I. V. Macdonald Consul and Trade Commissioner	Canadian Consulate 1139 Penobscot Building DETROIT 26	*Mail:* (City Address) *Phone:* WOodward 5-2811 *Telex:* 0-023-445
United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico	G. F. J. Osbaldeston Consul and Trade Commissioner R. C. Anderson Consul and Assistant Trade Commissioner	Canadian Consulate General 510 West Sixth St. LOS ANGELES 14	*Mail:* (City Address) *Phone:* MAdison 2-2233 *Telex:* 0-06-74119
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	T. F. Harris Consul and Trade Commissioner G. E. Blackstock Consul and Assistant Trade Commissioner	Canadian Consulate General Suite 1710 225 Baronne St. NEW ORLEANS 12	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* JAckson 5-2136 *Telex:* 0-058-237
United States (Delaware, Maryland, the nine southern counties of New Jersey, Pennsylvania, Virginia, West Virginia)	W. J. Millyard Consul and Trade Commissioner J. B. McLaren Consul and Assistant Trade Commissioner	Canadian Consulate 3 Penn Center Plaza PHILADELPHIA 2	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* LOcust 35838
United States California (except the ten southern counties), Wyoming, Nevada (except Clark County), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General 333 Montgomery St. SAN FRANCISCO 4	*Mail:* (City Address) *Phone:* YUkon 1-2670 *Telex:* 0-03-431
United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General The Tower Building Seventh Avenue at Olive Way SEATTLE 1, Washington	*Mail:* (City Address) *Phone:* MUtual 2-3515 *Telex:* 0-032-462
Uruguay Falkland Islands	Commercial Division	Canadian Embassy No. 1409 Avenida Agraciada Piso 7° MONTEVIDEO	*Mail:* Casilla Postal 852 *Cable:* CANADIAN *Phone:* 96096
Venezuela Netherlands Antilles	W. D. Wallace Commercial Counsellor (absent) D. I. Campbell Acting Commercial Secretary	Canadian Embassy Avenida La Estancia No. 10 Ciudad Comercial Tamanaco CARACAS	*Mail:* Apartado 11452-Este *Cable:* CANADIAN *Phone:* 32.40.41.44

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

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

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

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

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

For conversion to United States dollar equivalent multiply by .92512.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent July 29	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.008019	124.70	
Australia	Pound		2.4220	.4129	
Austria	Schilling		.04189	23.87	
Bahamas	Pound		3.0275	.3303	
Belgium and Luxembourg	Franc		.02167	46.15	
Bermuda	Pound		3.0275	.3303	
Bolivia	Peso	Free	.09217	10.85	
Brazil	Cruzeiro	Official free	.001772	564.33	
		Special category	†	†	
Britain	Pound		3.0275	.3303	
British Guiana	Dollar		.6307	1.59	
British Honduras	Dollar		.7569	1.32	
Burma	Kyat		.2270	4.41	
Ceylon	Rupee		.2271	4.40	
Chile	Escudo	Bank rate	.5813	1.72	
		Free	.3585	2.79	
Colombia	Peso	Certificate	.1201	8.33	
Congo, Republic of	Franc		.02167	46.15	
Costa Rica	Colon		.1632	6.13	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1501	6.66	
Denmark	Krone		.1566	6.39	
Dominican Republic	Peso		1.08094	.9251	
Ecuador	Sucre	Official	.06005	16.65	
		Free	.05026	19.90	
El Salvador	Colon		.4324	2.31	
Fiji	Pound		2.7275	.3667	
Finland	Markka		.3378	2.96	
France, Monaco, etc.	Franc		.2206	4.53	(1)
Franco-African Republics, etc.	Franc		.004412	226.65	(2)
French Pacific	Franc		.01213	82.44	(3)
Germany	D Mark		.2712	3.69	
Ghana	Pound		3.0275	.3303	
Greece	Drachma		.03603	27.76	
Guatemala	Quetzal		1.08094	.9251	
Haiti	Gourde		.2162	4.63	
Honduras	Lempira		.5405	1.85	
Hong Kong	Dollar	Free	.1880	5.32	*July 19
		Official	.1892	5.29	
Iceland	Krona	Official	.02514	39.78	(4)

†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 July 29	Units per Canadian dollar	Notes (See below)
India	Rupee		.2271	4.40	
Indonesia	Rupiah	Official	.02402	41.63	(4)
Iran	Rial		.01427	70.08	
Iraq	Dinar		3.0266	.3304	
Ireland	Pound		3.0275	.3303	
Israel	Pound		.3603	2.78	
Italy	Lira		.001741	574.38	
Japan	Yen		.003003	333.00	
Lebanon	Pound	Free	.3606	2.77	
Mexico	Peso		.08648	11.56	
Morocco	Dirham		.2162	4.63	
Netherlands	Florin		.2997	3.34	
Netherlands Antilles	Florin		.5732	1.74	
New Zealand	Pound		3.0068	.3326	
Nicaragua	Cordoba		.1544	6.48	
Nigeria	Pound		3.0275	.3303	
Norway	Krone		.1513	6.61	
Pakistan	Rupee		.2271	4.40	
Panama	Balboa		1.08094	.9251	
Paraguay	Guarani	Free	.008554	116.90	
Peru	Sol	Free	.04030	24.81	
Philippines	Peso	Free	.2773	3.61	
Portugal & Colonies	Escudo		.03760	26.60	(5)
Singapore and Malaya	Straits dollar		.3531	2.83	
South Africa	Rand		1.5138	.6606	
Spain and Dependencies	Peseta		.08102	55.49	
Sweden	Krona		.2086	4.79	
Switzerland	Franc		.2502	4.00	
Syria	Pound	Free	.2833	3.53	
Thailand	Baht	Free	.05129	19.50	(4)
Tunisia	Dinar		2.6159	.3823	
Turkey	Lira		.1201	8.33	(4)
United Arab Republic	Pound	Official	2.4862	.4022	
United States	Dollar		1.0809375	.92512	
Uruguay	Peso	Free	.06463	15.24	
Venezuela	Bolivar	Controlled market rate	.3226	3.10	
		Official free	.2380	4.20	
West Indies	Dollar		.6307	1.59	(6)
	Pound		3.0275	.3303	(7)
Yugoslavia	Dinar	Official	.001441	693.96	

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.

FOREIGN TARIFFS AND TRADE REGULATIONS

El Salvador

RECENT TARIFF CHANGES—By decree No. 364 of June 11, 1963, El Salvador has made changes in more than 40 tariff items, most of them resulting in increases in rates of duty. The following classes of goods are affected: alcoholic beverages, manufactures of tobacco, cosmetics and toilet preparations, automotive vehicles, photographic apparatus, radio and TV equipment, record players, pens and pencils.

New rules for depreciated value of used vehicles have also been introduced.

Guatemala

FOREIGN EXCHANGE REGULATIONS EASED—The Canadian Commercial Counsellor in Guatemala City reports that the Guatemalan Government has issued new regulations modifying the system of exchange controls originally imposed on October 12, 1962.

Effective May 25, 1963, import licences are no longer required and exchange cover for all classes of imports may once more be purchased at the official exchange rate of one quetzal per U.S. dollar (plus the usual 1 per cent banking commission charge). All transactions involving payments abroad, however, must be registered with the Exchange Department of the Banco de Guatemala and importers are required to register anticipated shipments within eight days of receiving confirmation of the order.

Kuwait

DOCUMENTATION REGULATIONS AMENDED—The Ministry of Finance and Industry of Kuwait, Arabian Gulf, made public in the *Official Gazette* of June 23, 1963, the following amendment in the documentation requirements for shipments to that area. "Importers are henceforth required to have the requisite authenticated Certificate of Origin include the following undertaking:

"The beneficiary undertakes to forebear from shipping the goods on a blacklisted ship or on a ship calling at an Israeli port on its voyage. He shall be held liable for all of the damages accruing from his contravening the obligations of his undertaking."

Lebanon

IMPORT CONTROLS RELAXED—In a decision dated May 9, 1963, and published in the Lebanese *Official Gazette* of May 16, 1963, the Minister of National Economy announced a further relaxation of the Lebanese import trade control regulations. The following commodities have been removed from the list of imports subject to prior licence: cottonseed oil; methanol; acetic acid and acetic anhydride; furniture and parts of furniture, of iron, cast iron, steel or malleable cast iron; mattress supports of metal.

Panama

GENERAL DUTY INCREASE—The Canadian Commercial Counsellor in Guatemala City reports that, effective April 1, 1963, customs duties on all dutiable imports into Panama were increased by 1 per cent of the f.o.b. value. Duty-free items are not affected by this new import charge.

United States

REVISED U.S. TARIFF EFFECTIVE AUGUST 31—The United States intends to bring its new tariff classification into force on August 31. A consolidation of the newly classified tariff will be available on August 1 and copies may be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C. Price per copy is $5.00 plus $1.25 mailing charge per copy, U.S. funds, and this includes supplementary material that, we understand, will be mailed later. The seventh and final supplement report of the U.S. Tariff Commission on the new classifications is to be ready by August 10.

It may be recalled that the purpose of the new classification is to modernize the U.S. tariff to take account of products unknown in 1930, to eliminate anomalies, and to simplify the determination and application of tariff classifications. The new classification is not intended to change rates of duty, but some changes of duty are involved incidental to the achievement of the purposes of the new classification. The U.S. Tariff Classification Act was described in detail in *Foreign Trade* of June 16, 1962.

If the new U.S. classification poses a significant tariff problem for any exporter he should draw it to the attention of the U.S. Division of the Department of Trade and Commerce at the earliest opportunity. Canada and other member countries of the General Agreement on Tariffs and Trade will be consulting the United States to resolve problems that may arise.

Roger Duhamel
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