

FOREIGN TRADE

DEPARTMENT
OF TRADE AND
COMMERCE
OTTAWA

SEPT. 7. 63

FOREIGN TRADE

SEPTEMBER 7, 1963

Vol. 120 No. 5

Established in 1904. Published fortnightly by the Department of Trade and Commerce.

The Hon. MITCHELL SHARP, Minister.

JAMES A. ROBERTS, Deputy Minister.

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

Price \$5.00 a year in Canada; \$7.00 abroad.

Single copies: 25 cents each.

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

Louisiana Offers Expanding Market 2

Canadian goods are slowly beginning to appear in Louisiana stores but we could be selling more in this important southern state where rapidly growing industry and population are creating new demands. When you think of U.S. markets, don't overlook Louisiana—better still, go and look it over.

How Utex Cultivates New Markets 7

The fierce competition in the European garment market didn't discourage this Canadian firm, now exporting 40 per cent of production. But, as its export manager explains, it took time, thorough prospecting and special promotion techniques (different for each market) to win this success.

Making Sales in Santo Domingo 9

Canadian sales to the Dominican Republic were up by 90 per cent in 1962, and the influx of Canadian business visitors has soared in the last year. The Trade Commissioner in Santo Domingo can assess the prospects for your product, and this article will help you plan that all-important personal visit.

What's Current in Commodities? 16

Markets for toys: in Australia where Canada has a small but increasing share of the market, especially for quality novelty toys; in West Germany where a Canadian trade mission found definite interest in a number of Canadian-made items.

Take a Close Look at Minneapolis-St. Paul 24

The twin cities are the distribution centre for the U.S. Upper Midwest, a major industrial and agricultural area whose 14 million wage-earners command a buying income of \$26 billion a year. You will be a welcome visitor in this rich market.

France Expands Electronics Industry 5

The OECD Approaches Its Third Year 13

Spain's Development Plan 19

LAFTA Membership and Chile's Trade 20

Canada in Foreign Markets 23

Peru Modernizes Railways 25

Argentina's Pulp and Paper Industry 26

Markets in Brief: Saudi Arabia 32

Businessman's Bookshelf 27

Commodity Notes 11

Foreign Exchange Rates 30

Foreign Tariffs and Trade Regulations 28

Trade Commissioners on Tour 29

Terminus of the Mississippi Waterway, with oil and other resources and fertile soil, Louisiana is moving into the front rank of Southern States. It is also becoming an outlet for a broader range of Canadian products—processed foods, manufactured goods, electrical equipment—in addition to the traditional lumber, newsprint and asbestos.

Louisiana

Offers

Expanding

Market

G. E. BLACKSTOCK,

Consul and Assistant Trade Commissioner, New Orleans.

FEW states are more important in U.S. and international trade than Louisiana and few are so little known in Canada. Yet the economic expansion and industrial development going forward there make this a market worth special attention.

Among the important factors making for progress in Louisiana is the abundance of natural resources. One of the most important is petroleum; Louisiana has more per acre than anywhere else in the country. The million barrels brought up every day from its 12,000 wells earn more in one week than the original cost of the Louisiana Purchase. Natural gas is almost as im-

portant and 45 per cent of all U.S. sulphur comes from Louisiana. In its offshore wealth, the state has a unique asset and a unique problem. Under the five million acres of tidelands lying beyond the three-mile limit lie reserves of oil, gas and sulphur worth \$43 billion. However, by federal law Louisiana can only claim out to three miles, although next door Texas has historic rights out to three leagues, about 10.5 miles. Lime is produced in large quantities from the five million cubic yards of shells harvested each year and becomes the base for an important cement industry. Salt is another source of wealth: Louisiana produces 20 per cent of the total U.S. supply.

Turning to agriculture, Louisiana leads the country in production of cane sugar and rice, strawberries and yams, and fur pelts. Cotton, soybeans, corn, cattle, fruits and nuts are also important. It has valuable fisheries and produces some of the world's best oysters from beds covering 70,000 square miles.

The potentially most important resource is its forests. Cutting is still less than half economic capacity, even though there has been an increase of 237 per cent since 1947.

Terminus of Inland Waterway

Undoubtedly the greatest single asset the State of Louisiana now has, however, is the Mississippi River. Every drop of rain that falls south of the Great Lakes—from Butte, Montana, to just south of Buffalo, New York, an area including all or part of 38 states and comprising 41 per cent of the U.S. land area—eventually flows down



New Orleans' Nashville Avenue wharf, completed in 1962, is one of the largest and most modern in the United States. Ocean-going ships arrive and depart the port at the rate of one per hour per day; 72 million tons of cargo were handled last year.

the river past Baton Rouge and New Orleans at the rate of more than 300 billion gallons a day, more than enough to supply the water needs of the entire United States. The silt carried out into the Gulf of Mexico every day would cover a square mile of land two feet deep. The Mississippi has always been important to Louisiana from the time of its discovery, originally as a great transportation route and in this century more and more as a vast and ready supply of fresh water—a vital need of and a powerful attraction for the many new industries that have sprung up along its banks.

Even after the rise of the faster, more reliable railroads the Mississippi retained its importance. Ocean traffic steams in and out of the Port of New Orleans at the rate of one ship per hour every day of the year; some go on up the river to Baton Rouge which, as the ninth deepwater U.S. port, handled 31 million tons of cargo in 1962. North of Baton Rouge lie 15,000 miles of rivers navigable by barge and reaching to Sioux City, Minneapolis, Knoxville, and Pittsburgh, connecting with the St. Lawrence Seaway via Chicago and, at the southern end of the system, with the Intercoastal Waterway. Altogether more traffic moves on this great river system than through either the Panama or Suez Canals: 50 million net tons of ocean-going traffic and over 87 million tons of inland traffic. Three-quarters of the inland traffic is in petroleum products and one-eighth is in grain.

River Cargoes Varied

River shipping consists mostly of square-end barges, up to 40 or more in number, lashed together to form units of up to 1,200 feet long and carrying up to 35,000 tons of cargo—the equal of ten freight trains of 100 cars each.

Cargoes particularly adapted to barge transportation are liquid petroleum products, chemicals, liquid sulphur, grains, bulk metals, lumber, pipe, machinery, automobiles,



This is the heart of old New Orleans—Jackson Square (originally Place D'Armes) and Chartres Street—viewed from a balcony decorated with the traditional iron grill. In the centre is St. Louis Cathedral, built during the Spanish regime; on its left is the Cabildo in which the official transfer of the Louisiana Territory from France took place. The Cabildo and the Presbytere or priest house to its right now house the Louisiana State Museum.

Louisiana Named for Louis

FIRST explored by the Spaniards but named for Louis XIV of France, Louisiana was founded by the French-Canadian naval commander Pierre le Moyne, Sieur d'Iberville, who came from Montreal in the early 1700's. During the next century, Louisiana was in turn French, Spanish, British and French again. In 1803 Napoleon Bonaparte sold the Louisiana territory—which then consisted of an 800,000-square-mile area between the Mississippi River and the Rocky Mountains and stretching up to the border of Canada—to President Thomas Jefferson for \$15 million. It was one of the great real estate bargains of all time, working out to just four cents an acre. Today the territory includes all or part of 13 states. The present-day, much smaller state of Louisiana consists of an upland region to the north with rolling hills and pine forests, and a coastal plain, swampy, semi-tropical, exceedingly fertile, and rainy. Population of the state is just over 3 million, about one-

quarter of whom live in New Orleans. Some 300,000 or more are the French-speaking "Cajuns" or Acadians, descended from those who fled from Nova Scotia over 200 years ago. They settled among the bayous of the southwestern part of Louisiana around New Iberia, a town which because of its tabasco sauce, cane sugar, oil wells, salt mines and crayfish crop, has earned claim to being the hottest, sweetest, oiliest, saltiest, crawliest spot on earth.

Important in Louisiana's development was the Mississippi River. It brought the explorers and the first settlers. During the early nineteenth century, it quickly became the great inland waterway of the developing United States heartland, reaching a peak of importance after the introduction of the first steamboats between 1840 and 1870. During that period, the Civil War was fought; in it, the river played a crucial role and helped to decide the outcome.

newsprint—or all of those that have paced Louisiana's spectacular post-war industrial expansion. Chemicals lead the way, with \$100 million invested in 1961 alone. More than a dozen giant new plants and scores of smaller ones along the lower Mississippi are turning it into a second Ruhr Valley. Their products include petrochemicals, plastics, acids, synthetic rubber, chlorine, sodium, soda ash and caustic soda, alcohols and anti-knock compounds. Two major oil companies have refineries along the river. One of them, at Baton Rouge, the country's biggest, refines 345,000 barrels of oil a day and produces nearly 700 different petroleum products. Huge alumina and aluminum reduction plants, including one with 220,000 tons capacity, have gone up; sulphur, nickel and cobalt, copper and brass refineries complete the picture.

Industrial Progress Rapid

The three factors that together are the key to this rapid industrial development are fuel, water and raw materials. Petroleum and natural gas provide the fuel. Water is used for transportation, for cooling and for processing; it takes 770 barrels of fresh water to refine one barrel of crude oil and the chemical plants at Baton Rouge alone use 300 million gallons of water a day. Raw materials come out of the ground (either the petroleum, gas, sulphur or salt of Louisiana) or are imported (like bauxite and nickel-cobalt ores) attracted by the cheap fuel supplies, or the products of one plant become the raw materials for another, creating a complementary, interdependent industrial complex.

Other industrial products turned out in Louisiana are lumber, paper, steel rolling mill products, cement, glass, farm equipment and ships. Easily the most spectacular development has been the reactivation in 1961 of a giant 46-acre factory on the outskirts of New Orleans to build the huge Saturn Booster rockets which the National Aeronautics and Space Administration will use to put man on the moon. The con-

tracts involved total over half a billion dollars.

Booming Foreign Trade

International trade is vital to Louisiana. It is centered on the Port of New Orleans, last stop on the Mississippi before the Gulf of Mexico. New Orleans was sixth among U.S. ports 16 years ago but today it ranks second, with 20 miles of wharves, 5,000 sailings every year, and 72 million tons of cargo, worth \$2 billion, handled in 1962. More than half New Orleans' exports go to Europe and Asia, and include a variety of raw and manufactured products: grain, flour, cotton, rice, soybeans, tobacco, canned foods; industrial, agricultural and construction machinery; trucks and buses; petroleum and chemical products, sulphur, salt; paper, lumber and wood products, and iron and steel products. New Orleans is the world's No. 1 grain port, with public elevators capable of handling over a million bushels of grain a day, both incoming and outgoing. Port shipments in 1962 from both public and private elevators reached 349 million bushels, over one-quarter of the U.S. total. Principal grains in order of importance are corn, wheat, soybeans, sorghum and feed grains.

Imports come mostly from Latin America and consist largely of tropical foodstuffs (bananas, sugar and green coffee) and raw material (bauxite, nitrates, zinc phosphate, crude petroleum, rubber, fibres, mahogany, copra, barites, vermiculite, gypsum rock, coal tar products and inedible molasses).

Free Zone Useful

New Orleans has a Free Trade Zone with a charter from Congress dated 1947, the second one in the country, (the first is in New York). In this part of the port cargo can be received, stored, processed or stockpiled, and no duty is charged until the importer sells the goods and they are moved out into U.S. Customs territory. There are facilities for manufacturing, cleaning,

counting, grading, packing, repacking, fumigating, drying, bagging, cutting and sampling. The zone can be used for stockpiling and this makes it possible for the importer to offer immediate delivery. It can also be used as a hedge against revisions of tariff charges. Processing can be carried on which may change the duty classification to the importer's advantage. In 1960, almost 1,000 lots of merchandise from 54 foreign countries, valued at \$22 million, were handled. Spices are cleaned and bagged; lumber is kiln dried; transistor radios are repacked and remarked; chain is cut to measure; olives are sampled and gauged; lead and lead oxide are manufactured into battery plates and assembled into casings for storage batteries. The countries making greatest use of these facilities are Italy, West Germany, Japan, Argentina and Britain.

Exchanges with Canada

Canadian exports pass through the Port of New Orleans only in small amounts. The largest import is about \$1 million of newsprint, and lesser amounts of gypsum, steel products, pigments, paints and varnishes also come in. Exports to Canada through the port are almost non-existent. Other trade between Louisiana and Canada, with transportation overland by rail and truck, is important and increasing, in spite of the fact that many major products of both Canada and Louisiana are the same—petroleum, natural gas, sulphur, aluminum and paper, for example.

Canada is Louisiana's best foreign customer for chemicals. We also buy some specialized machinery, quantities of petroleum products, seafoods, cotton, nuts, rice, fresh fruits and vegetables from Louisiana. Substantial quantities of New Orleans-imported bananas and coffee are re-exported to Canada.

Softwood lumber is Canada's biggest export to Louisiana, as it is to most of the Southern States. In this state, Douglas fir predominates.

Newsprint is important; so are hardwoods, asbestos, peat moss, fresh apples and Christmas trees. Importers all over the South are gradually becoming aware of Canada as a supplier of more sophisticated lines too: giftware, women's sportswear, fashionwear, leather goods and accessories, plastic goods, toys and games, office furniture, stereo record players, mechanical and electrical equipment, and gourmet foods such as cheeses, seafoods, biscuits, sauces, spreads, maple syrup, wild rice, canned meats and apple products. The National Canadian Samples Show gave products of this

sort a big boost and Canadian goods are slowly beginning to appear in department stores and supermarkets here where there were none before.

A lot remains to be done in Louisiana, as in the other states of the South, by Canadian businessmen. Many of them have too long assumed that the United States export market ends at Chicago, Detroit and New York and that there can be little of interest for them south of the Mason-Dixon line. They are wrong. Before World War II, only 7 per cent of U.S. industrial output was in the southeastern states. Now it is 20 per cent and

by 1975 it will be 27 per cent. Population has increased to a point where over twice the number of people live in the eleven southern states covered by the Canadian Trade Commissioner's office in New Orleans as in all of Canada. Social changes are raising employment and income levels. New demands are being created. As long as the economic expansion and industrial development of Louisiana keeps up the present pace, she will be in the first rank of southern states. Exporters who have neglected Louisiana and the South should take another look at them. ●

France Expands Electronics Industry

Industry has achieved remarkable postwar expansion, with emphasis on electronic products for industry; has made successful bid for export markets. Canada has shared in this growth, with sales to France in this field worth \$2.25 million in 1962.

DOUGLAS BRANION, *Assistant Commercial Secretary, Paris.*

FRENCH industry, occupied, dislocated, and subjected to heavy destruction and mammoth-scale looting in World War II, had no chance to develop an electronics capacity. Yet even through the wartime occupation years, French engineers and scientists in various laboratories continued secret theoretical work in electronics. It was the high quality of this research that allowed French industry to make such quick postwar advances.

In the decade of the fifties, in fact, the industry achieved a tenfold increase in its total sales: from \$66.6 million in 1950 to \$640 million in 1960. In 1961, total sales rose to \$800 million and in 1962 to \$940 million. The expectation of the current National Equipment and Modernization Plan is that sales will total about \$1.2 billion in 1965,

The components section alone did business worth \$350 million last year.

Sector-by-Sector Gains

To date there are approximately 500 big, medium-sized and small French enterprises involved in electronics research and production. Through the past year, the most notable rise in gross income (20 per cent) was in the sector producing electronic products for industry; immediately following was the electronic components sector (18 per cent). Earnings from the consumer electronics sector, on the other hand, showed only a modest rise, partly because of the progressive saturation of the market for radio sets and a certain reluctance on the part of prospective customers for television sets, many of whom are

waiting for inauguration of the second national channel before buying.

The striking fact is that 27 per cent of the French electronics industry's total production consists of industrial and military items.

High Wages, High Productivity

Despite the spectacular expansion of French electronics enterprises to a present factory space totalling 16 million square feet and the remarkable twelve-year rise in total income, its working force has only increased from 30,000 in 1950 to 70,000 in 1960 and to nearly 100,000 to date. This reflects the growing complexity of the machinery required. In the manufacture of components, automation is being introduced at a rapid rate.

Wages and salaries for the men and women qualified to direct and

carry out this type of high-skill production were close to \$900 million in 1962.

Organization of the Industry

The National Federation of Electronics Industries, FNIE, comprises three main production-type divisions:

- Industrial equipment, covering all radio, television and radio-navigation materials, whether fixed or mobile; calculator ensembles; memory devices; miscellaneous ultrasonic appliances; servo-mechanisms; thermal treatments; nuclear instrumentation; measuring, testing and control equipment—in short, all products intended for industry or public organizations and for the armed forces.

- Consumer products, such as radio and television sets, sound recording and reproduction equipment, magnetophones, etc.

- Components, such as electronic tubes, semi-conductors, parts and accessories.

Decentralization Stressed

The French electronics industry has been a willing participant in the program of decentralization away from the Paris area sponsored by the Government and the business community. At present, about 30 per cent of the industry's personnel is already working outside of Paris.

Some of the major electronics plants that have been built in the provinces in recent years include:

- Compagnie Générale de Télégraphie Sans Fil. (CSF)
- Compagnie Française Thomson-Houston (CFTH)
- La Radiotechnique
- Schneider Radio-Télévision
- Oceanic Radio
- Compagnie des Machines Full
- Le Matériel Téléphonique (LMT)

- Compagnie Générale d'Electricité (CGE)

- Télécommunications Radio-électriques et Téléphoniques

The Market Mosaic

The FNIE describes the contemporary market for electronics manufactures as "multiform, made up of a mosaic of needs, dependent upon the available family household income, the rate of industrial investment in general, the political situation or the proportion of the national revenue which can be or is allowed to be devoted to defence."

As for private investment, the National Federation emphasizes the fear of putting capital into processes and products which, in this dynamic area of enterprise, require long and costly research and development but are soon outmoded. And yet this fast obsolescence means that evergrowing amounts of scientific and technically skilled manpower, money and research must be invested by any electronics firm wanting to stay competitive.

Perhaps more than firms in other fields, an electronics enterprise must forecast accurately the market for its new product, because conversion to an alternative item is extremely expensive. A switch-over from manufacture of television transmitters to VHF transmitters, for example, involves large transformations, a new stock of measuring instruments, new test benches, new machines and readaptation of personnel.

Joint Research

In an effort to reduce some of the demand on the investment funds of any single enterprise, FNIE has established a large co-operative central laboratory near Paris with a full-time staff of 260. There, and in the research departments of the larger companies, the French electronics industry is meeting the new responsibilities incumbent upon it. Through invention, audacious investment and quality production, it is gearing itself to supply the pres-

ent and future needs of an expanding economy and to compete strongly in the international market.

The proof is, and will be, the export record. In 1962, sales of electronic parts to foreign customers rose 48 per cent over 1961; in the same period, French exports of tubes and semi-conductors increased 13 per cent. French electronic exports in 1962 totalled about \$96 million in value.

Canadian Exports to France

During 1962 Canada exported over \$2.25 million worth of electronic products to France, with large sales in particular of communications equipment, computers, instruments and components. Included in the French delegation to "Operation World Markets Machinery" in March of this year were two leading importers of electronic products into France: M. Chauchat, President of Société Metox, who is also the dean of the French importers of electronic equipment, and M. Molac, of Etablissements Radiophon, who represented the Association of French importers of U.S. electronic equipment. These gentlemen are currently looking into the possibilities of selling a number of Canadian electronic products in France.

Another important stimulus to the Canadian electronics industry was the Salon de l'Aéronautique et de l'Espace held in Paris from June 6-16; 21 Canadian companies exhibited this year and a number of these offered Canadian electronic equipment connected with the aircraft industry. It is expected that this initiative will increase interest in Canadian electronic equipment connected with the aircraft and space industry.

To sell in the French market, Canadian electronics firms need a reliable agent, a quality product, and good delivery. The French market offers many opportunities to Canadian electronics companies and the Canadian Trade Office in Paris stands ready to help. ●

How Utex Cultivates New Markets

Distinctive design, shrewd sales promotion, willingness to study and serve foreign customers, continued personal contacts—on these a Montreal sportswear firm has built its successful export program.

O. MARY HILL,
Editor, "Foreign Trade".

CAN a Canadian company turning out consumer products sell them successfully in Britain and in Western Europe?

Yes, says Edward Landsman, export manager for Montreal's Utex Corporation, if the firm:

- Offers Europeans something that they cannot make; then the price doesn't matter.
- Offers them a product cheaper than they can make it.
- Offers them something of better quality and finish but at a reasonable price.
- Has someone who knows the market thoroughly and is given full responsibility in an executive position.

Of the four, he adds, numbers one and four are the best basis for getting export business. And Mr. Landsman speaks out of three years' personal experience in selling Utex products—men's sports jackets, boys' jackets, and car coats—both in England and on the continent.

He has evolved a technique designed to appeal to the quality market. Because he wants to sell to the better class stores, he makes his sales promotion campaign in London and in certain European cities a "prestige" production. As he puts it, "the expensive way of doing the

promotion is the most efficient." Arriving in London, for instance, he takes a suite in one of the best hotels and invites buyers to call and inspect his samples. The reaction proves the value of a "good address". He follows this procedure twice a year—in September when he presents the Utex spring line, and in March or April when he brings over the fall line. Each time he tries to book a full season's orders, with delivery within six months.

Export selling in this way means spending a good deal of money before any of it comes flowing back. That's why one has to be certain that the market really will repay the time and money spent in cultivating it. How can an exporter be sure of this? By looking it over himself, says Landsman. Take a plane to London, see what the stores are selling in your line, and get some idea of English tastes and English prices. If possible, take a few samples with you and talk to buyers about them. Find out what problems an exporter faces and how to minimize them. Then go home and prepare a full-scale campaign if prospects seem promising.

Agent or Direct Selling?

"Talk to buyers." This, says Landsman, may be one of the main problems—getting in to see the right buyers, or getting them to come and see you. Literally thousands of agents and commercial travellers are operating in London and competing for the buyer's time. So con-

tacts become important, either direct contacts or through an agent. Landsman is British himself and when he came to Utex about six years ago he brought with him the contacts made during his years in business in Britain. He thus prefers to work directly with buyers for the big stores—the chains or multiples with 20 to 600 or 700 outlets. In addition, he feels that in the garment trade, direct selling has certain advantages.

To those unfamiliar with the market, he concedes, an agent can be useful. But he must have worthwhile connections in the trade and be able to secure appointments with the right buyers. Finding an agent of this type may take time, but it's worth the trouble. Once found, agent and principal should canvass the field together, presenting samples to prospects and obtaining their reaction. The presence of the principal not only adds prestige but makes selling simpler because he can take decisions on the spot. The buyer may say: "I like this jacket but how about making it up in blue and red also, and with a checked lining." He can get his answer at once. Or take terms. Utex usually offers 30 days net but may stretch this to 40 days under certain circumstances.

Study the Tariff

Selling sports jackets in Britain isn't just a matter of either direct contacts or contacts through an agent—nor of presenting the line to

a potential customer and booking his order. For one thing, there's the customs tariff. If the jackets are to enter free under the British preferential tariff, they must be made entirely of cotton or wool, the Commonwealth content must be at least 25 per cent, and the jackets must have "achieved their essential character" in Canada. The use of synthetic fibres, even for a label, means a duty ranging from 5 to 30 per cent, depending on how much synthetic material is included. For Utex this means turning out a line of jackets and car coats specifically for the British market; the materials used ordinarily would raise the duty and make the selling price uncompetitive.

New Designs Essential

A second problem is one common to all segments of the garment industry—fresh designs to keep ahead of the competition. When Utex entered the British market in 1960 it had the sports jacket field pretty well to itself. But it is easy to copy models or adapt them slightly and the British manufacturers weren't slow to catch up. To maintain its lead, the company must redesign its entire line twice a year. The threat of instant imitation is one reason why Utex does not consider trade fairs a useful means of sales promotion. No one outside the company sees the models in advance and no samples leave the salesman's hands, either in Canada or abroad, until the customer has placed his order. One of his company's main advantages over foreign competition is the greater variety of fabrics here from which to choose.

Air Freight Used

A third problem—and one not peculiar to the British market—is shipment. Utex uses air freight exclusively. Why? Because it makes possible more speedy delivery of orders and also minimizes pilferage and avoids trouble not only with customers but also with the insurance company. The firm leaves

nothing to chance: it even sends a man out to the airport to supervise loading of the packages. The jackets travel in cardboard cartons, with the individual garments hung on hangers and enclosed in a perspex envelope. After some of the shipments arrived damaged, the company switched to a heavier carton. In England a customs broker clears the firm's shipments, unless the customer wishes to use his own broker.

Selling to the English, says Landsman, calls for particular attention to certain points. For one thing, don't first-name your prospects until you and they are really well acquainted. Remember that the average customer there puts more stress on the finish and on the durability of the garment and does not concentrate on styling alone. It's common to see an Englishman turning the jacket inside out to check on the finishing. One high class London store complained about a detail of the finishing that to the manufacturer seemed a mere trifle. It is vital for any firm to ship exactly according to sample—or better still, improve on the sample.

West German Market

Utex has not limited its sales efforts to Britain but has also made forays into the continental market. After initial prospecting Landsman discovered that his line was too high-priced for Holland but that West Germany might repay attention. In exploiting this market, he followed a somewhat different course. First he decided that his efforts could best be concentrated in the area around Duesseldorf. He sent to the Trade Commissioner there a list of names and addresses of possible agents and potential customers. The Trade Commissioner added certain names, and these people were invited to come and see the Utex line at one of the city's better hotels. The written invitation was followed up by telephone and to make communication between buyer and seller possible, Landsman engaged an interpreter,

The German market differs from the British in several ways. All the Utex products are dutiable, no matter what the fabric. For this reason, the company offers the same models as in Canada and does not produce special ones as in England. But the jackets have to be sold to the Germans, who are still under the Italian influence with its emphasis on the broad-shouldered, bulky look. And there is plenty of competition to beat—chiefly from German producers, from the other EEC countries, and from the United States. Landsman and his firm are following developments in the Common Market closely and weighing their effect upon future sales.

The selling process itself is different too. In Landsman's opinion, it takes a man with an unusual amount of savoir faire and business acumen to land orders—and the Germans are tough bargainers. The German buyer isn't given to showing enthusiasm and a too sensitive salesman may become discouraged. It is more difficult also to secure a season's order; the client may prefer to order only 50 jackets at one time and re-order if necessary.

After two and a half years of intensive promotion in selected foreign markets, Utex reports that 40 per cent of its business now is export business, mainly in sports jackets. Lately the company has been moving into the raincoat field. It is also planning shortly to offer its English customers a high-style car coat that they can use almost the year round.

When the time is ripe, says Landsman, Utex will undoubtedly expand into other markets. In doing so, it will follow the usual pattern: make an exploratory trip, call on potential customers and support sales talk with samples, take orders, give customers the best possible service, make contact with them at least twice a year, always show them something new. This way, you can't miss—if you have chosen your market carefully in the first place. ●

Making Sales in Santo Domingo



The Dominican Republic has a variety of hotels and you should have no difficulty in finding one to suit you. This is the Jaragua, situated on the ocean front less than a mile from downtown Santo Domingo, air-conditioned and with a swimming pool.

Planning a trip to South America or the West Indies? Make the Dominican Republic a port of call. If you want to get a share of this expanding market, personal selling will give you a head start.

J. CLARK LEITH, *Acting Commercial Secretary, Santo Domingo.*

MORE and more Canadians are paying profitable business visits to the Dominican Republic to study opportunities there. In the first three months of 1963 alone, more Canadian businessmen came to Santo Domingo than in the whole previous year and 80 per cent more than in 1961. Our sales to the Republic were up 90 per cent in 1962 (see the table on page 10) and prospects continue to be promising.

Before you decide to make the trip, however, you may want our office in Santo Domingo to look into the market potential for your products and perhaps recommend certain local firms which might be interested in handling your line. We can arrange appointments for you, advise you on business conditions here, and make suggestions about your itinerary. On your arrival, we can provide introductions for you.

On some calls, it might be useful to have a staff member accompany you, but whether we can provide this service depends on the number of Canadian visitors at one time. The Embassy postal address, Apartado 1393, Santo Domingo, is often useful as a mail address while you are in Santo Domingo.

Getting There

Santo Domingo is about the same distance from Toronto and Montreal as Vancouver is, and the flight down is short and relatively inexpensive. The city has a modern airport with jet service to New York, Miami, Caracas, Port-of-Spain, Curacao, San Juan and Kingston, providing fast and convenient connections. The airport is 18 miles from town and the standard taxi charge is \$8.00, but you can usually double up with someone at the airport.

Santo Domingo is the major commercial centre but if you have time, visits to some of the provincial towns such as La Vega, Santiago and Puerto Plata are worthwhile. When you are in Santo Domingo, you can be easily reached via international telephone and by either RCA or All-America cables. The Commercial Division of the Embassy is often a handy cable address, simply "Canadian Santo Domingo".

Customs and Immigration

On arrival, a visiting Canadian will find immigration and customs clearance relatively simple. With a passport as proof of Canadian citizenship, you can obtain for one dollar a tourist card valid for 60 days. You will also need a vaccination certificate, but no other documentation.

Customs regulations are reasonable, allowing personal effects and samples of no commercial value to enter duty-free; resaleable samples are subject to the regular rate of

duty. If you wish, send your samples ahead in good time and we can usually clear them through customs before you arrive, paying customs charges and collecting from you later. They should be packed securely to avoid pilferage.

Climate and Health

Santo Domingo is sub-tropical, with temperatures of about 86 degrees on summer days and 78 degrees on winter days. The humidity is usually high, particularly during the rainy season from April to November. You should bring a tropical-weight suit for daytime wear and a Canadian summer suit

for evening wear. In the better restaurants and hotels the food and water can usually be considered safe, but it is always a good idea to check. With the heat and humidity, you will find that a slightly slower pace is a good idea.

Business Hours

Most businesses are open weekdays from 8 a.m. to 12 and 2 p.m. to 5.30 p.m. Only a few firms remain open Saturday mornings. Businessmen are advised to begin their calls no earlier than half an hour after office opening. As in most of Latin America, there are many religious and national holidays and

you should check with this office before confirming your itinerary. The winter months are the most pleasant time for a visit but business goes on all year and sales do not always rise in direct relation to the snow on your driveway. For your first exploratory trip, plan to spend at least three days in Santo Domingo surveying the market and discussing your products with potential agents.

Language Problem

Most business is carried on in Spanish, and as a result the salesman with a fair knowledge of Spanish as a complement to his brochures and price lists (in Spanish) has a distinct advantage. The aggressive agent or distributor who can market your product most effectively may not speak English and consequently it is difficult for you to pass on your enthusiasm. The next best thing, of course, is a sincere effort to speak Spanish. Even the American-educated professional is impressed and gratified if you pay him the compliment of addressing him in his own language.

Weights and Measures

The Dominican Republic uses an interesting combination of the American and metric systems. Gasoline consumption, for example is measured in kilometers per U.S. gallon. Electrical standards are North American, but specific duties in the customs tariff are levied on the weight in kilograms. Our office will be pleased to answer any specific questions about the standards used.

Currency and Banking

The Dominican peso is officially at par with the United States dollar and similar denominations of bills and coins are used. U.S. currency is accepted by hotels and taxi-drivers, but it is more convenient if you obtain Dominican pesos at a bank shortly after your arrival. Because of the present shortage of foreign exchange, you may find it difficult to reconvert your pesos into

CANADIAN EXPORTS TO DOMINICAN REPUBLIC

	1962	1961	% Change
Herring bloomers	430,951	280,525	54
Cod, boneless salted	31,023	8,501	265
Cod, salted	296,132	3,000	*
Hake, dried salted	285,454	130,768	118
Pollock, dried salted	1,322,174	808,221	64
Sardines, canned	86,721	53,850	61
Wheat, except seed, n.e.s.	2,541,138	1,723,196	47
Malt	127,781	37,077	380
Oatmeal rolled oats	39,032	16,178	150
Wheat flour, n.e.s.	713,329	.....	*
Potatoes, seed	47,625	12,156	345
Asbestos milled fibres	103,750	153,180	-33
Upper leather, n.e.s.	75,594	8,007	*
Wood pulp, sulphite unbleached strong	91,144	72,662	25
Wood pulp, sulphite, newsprint	61,684	.....	*
Newsprint	190,818	197,852	-4
Wet machine board	40,263	10,214	295
Aluminum pigs, ingots, slabs	59,613	.....	*
Aluminum fabricated materials	21,656	12,219	78
Nuts, bolts, screws, washers	33,926	19,756	71
Valves iron or steel	51,930	8,478	511
Insulated wire and cable	158,453	108,246	46
Boot shoe cut-stock findings	23,578	16,512	43
Passenger autos chassis	205,767	.....	*
Truck chassis	34,270	25,226	36
Truck bus tires	215,968	229,269	-6
Telephone apparatus parts	103,081	12,879	700
Printed matter, n.e.s.	207,204	11,630	*
Safety sanitation equipment	77,087	787	*
Textile industrial machinery and parts	43,537	254	*
Structural shapes, sheet, piling	75,771	5,510	*
Cast iron pipe	29,599	.....	*
Pipes and tubes, iron, steel, n.e.s.	31,771	10,305	209
Spark plugs, parts	34,015	5,575	507
Total exports, including all items	8,488,111	4,469,166	89.92

*Indicates practically new item.

dollars on leaving so it is advisable not to get an over-supply of pesos.

Two Canadian banks—the Royal Bank of Canada and the Bank of Nova Scotia—provide full banking service. In addition, there are two U.S. banks with branches in Santo Domingo: the Chase Manhattan and the First National City Bank of New York. The other commercial banks are the Banco de Reservas and the Banco de Credito y Ahorros. The former is controlled by the Government and the latter is privately owned.

Hotels

Canadian businessmen will find a variety of hotels suited to their

various needs and wishes. The Embajador is a modern luxury hotel with even a swimming pool and golf course; it is about four miles from the downtown area. Less than a mile from the business section is the Hotel Jaragua on the ocean front; it has a reasonable standard of service and a swimming pool. In the centre of town is the Hotel Commercial which, as the name suggests, is primarily a commercial hotel. All are air-conditioned.

Follow Up

When you return to Canada, the local businessmen whom you met will expect to hear from you. Those who appear to be good prospects

are anxious to have full details in writing as soon as possible. If at all possible, you should correspond with them in Spanish. If your first trip is promising, plan to visit the Republic again within six months to take advantage of the interest aroused.

Finally, it is worth remembering that the most profitable and long-lasting business relationships are based on personal contact. We are happy to help you in your initial planning, to provide contacts while you are here, and to maintain these contacts between your visits. But it is the personal relationship between you and your Dominican customer that really counts in making sales. ●

COMMODITY NOTES

Aluminum Products

NORWAY—Norway's largest producer of semi-manufactured and finished products of aluminum, A/S Nordisk Aluminium Industri, is installing a new British-made rolling mill purchased as part of a five-year expansion scheme. The total cost of this project is estimated at Norwegian kroner 35 million. This expansion program to be completed by 1965, will double the firm's output of semi-finished and finished goods, bringing total production up to 24,000 tons a year—Oslo.

Bowling Alleys

IRELAND—Next April the Republic expects to have its first bowling alley at Stillorgan, some six miles from Dublin city. Consisting of 24 lanes, the alley will cost approximately £250,000 to set up.

The company responsible for this venture styles itself the Ten-Pin Bowling Company of Ireland, Dublin. AMF (U.S.)—with branches in Britain—will supply British-made equipment, and the bedstock will be Canadian maple—Dublin.

Lead

ITALY—Shareholders of the lead and zinc mining company Societa' Monteponi-Montevecchio recently approved a major investment program for plant con-

struction and mining research in Sardinia. The investments consist of approximately \$12 million and \$15 million for the Montevecchio and Monteponi mines respectively, and more than \$3 million for the construction of a flotation plant. It is expected that upon completion of the program production of lead will total 100,000 tons in the first five years—Rome.

Machine Tools

UNITED STATES—The National Machine Tool Builders Association reported that new orders for metal-cutting tools, both foreign and domestic, reached a six-year peak in April. Continuing an eight-month rising trend, orders for tools of the metal-cutting type totalled \$61.7 million in April, the best single month since January 1957, when the total reported was \$63.25 million—Chicago.

Motor Vehicle Parts

SOUTH AFRICA—Following negotiations with the Quinton Hazell group in Britain, a new R500,000 motor vehicle components factory is to be built at Reuven Township, near Johannesburg. The new plant, it is claimed, will not only double Superite's existing potential in the manufacture of exhaust systems and silencers, but will provide the capacity—initially—for

the joint manufacture of tie rod ends, drag links and suspension parts. It is also proposed to make, at a later stage, king pins, water pumps and parts, and speedometer cables.

Superite at present supplies a considerable quantity of complete exhaust systems as original equipment for a number of different makes of locally-assembled cars—Cape Town.

Nuclear Power

INDIA—The third atomic power station to be built near Mahabalipuram in Madras State in the Fourth Plan period will be designed and built by Indian firms, Dr. H. J. Bhabha, Chairman of the Indian Atomic Energy Commission, announced recently—Bombay.

SPAIN—Authorization has recently been granted to the "Unión Eléctrica Madrileña" to build Spain's first thermonuclear power plant at Zorita de los Canes (Guadalajara). The plant will have a potency of 60,000 kw. Construction details are currently under study and the possibility of using Spanish equipment is being considered. The plant will be built in collaboration with the Spanish Atomic Energy Board and the hope is that it will serve as an example for similar projects in future—Madrid.

Oil Pipeline

SOUTH AFRICA—The Minister of Transport has announced the Government's intention of going ahead with a petroleum products pipeline between Johannesburg and Durban. The cost is estimated at \$30 million and it is expected to take three years to construct.

The route will be from Johannesburg through the Orange Free State centres of Sasolburg, Kroonstad and Bethlehem and the Natal centres of Ladysmith and Maritzburg to Durban. The present estimates indicate 426 million gallons of petroleum products to be transported by 1966, increasing to 599 million gallons by 1975—Johannesburg.

Paper

ITALY—The SAIS Company is purchasing 148 acres in the Oristano (Sardinia) industrial zone near the Santa Giusta Pond—where a new port is to be constructed—for a modern paper factory to cost approximately 7 billion lire (almost \$12 million). The pulpwood required is being grown in the region on approximately 1,000 acres and the paper will be sold on the North African market—Rome.

Paper Mill

UNITED STATES—Crown Zellerbach Corporation has announced that it will begin construction of a new \$40 million pulp and paper mill at St. Francisville, Louisiana.

Facilities will include a kraft mill with annual capacity of 155,000 tons of bleached pulp and two paper machines with a combined annual capacity of 90,000 tons. This is the largest single operation undertaken by the company and will employ 250-300 persons permanently when completed in two years. It will make quality wrapping paper and bleached kraft specialties for industrial use—New Orleans.

Printing and Publishing

NEW ZEALAND—During the year 1961-62, the printing, publishing and allied industries used 66,100 tons of newsprint costing \$14.1 million, compared with 67,800 tons valued at \$14.7 million in 1960-61; other paper used cost \$11.1 million, and the cost of ink was \$1,203,000. The number of newspapers printed in 1961-62 was 360 million compared with 350 million in 1960-61—Wellington.

Synthetic Fibres

NEW ZEALAND—The New Zealand Government has approved the proposals of two overseas companies to manufacture nylon and staple fibres. These are British Nylon Spinners Ltd. through a subsidiary company, Fibremakers (N.Z.) Ltd., and the Von Kohorn International Corporation, a U.S. firm. The latter will make continuous filament nylon yarn for the hosiery industry. In view of the concessions made to Von Kohorn, the British firm (which was to have produced staple fibres as well as nylon yarns) will reassess its decision. Its application was made on the assumption that it would be the solo producer.

These approvals by the New Zealand Government mean that no-remittance licences would be granted to import a plant required to establish the industry and normal licences for raw materials. The industry was not guaranteed any protection by way of tariff duties or regulation of imports—Wellington.

PORTUGAL—The Firm Francisco Fino Lda., S. Lourenço, Portalegre, manufacturers of woollen and mixed textiles for more than a century, will put up a factory to make discontinuous polyester fibres. This firm is the principal manufacturer of woollen and terylene mixtures, using synthetic fibres from Britain—Lisbon.

Wool

ISRAEL—A group of Australian investors opened a wool-top processing plant this month in Ashdod, the southern Israel development town. Mill plans call for the processing of some 2,500 tons of raw wool per year, the equivalent of about 1,500 tons of clean scoured wool. When it is operating at full capacity with 100 workers, the mill will supply about half of all local requirements—Tel Aviv.

The OECD Approaches Its Third Year

G. W. GREEN,
*General Relations Division,
International Trade Relations Branch.*

Emphasis on industrial development is increasing; this trend accentuated with admission of Japan to membership. Co-ordination of development aid is being studied and scientific and manpower policies examined. Meeting to review progress scheduled for November.

ON November 19, 1963, Ministers from all the member nations of the Organization for Economic Co-operation and Development will arrive in Paris for the third annual meeting of the Ministerial Council. Representatives from Japan are expected to provide a significant addition to the twenty other delegations from the North Atlantic Community, which up to now has provided the entire membership of the new body. As an important donor nation, Japan has participated for some time in the work of the Development Assistance Committee. Its position as an industrial power is now to earn for it membership in the Organization as a whole and involvement in the work of the three dozen or more other subsidiary committees that help to carry out its aims and objectives.

Adaptation Continues

In the course of their meeting, Ministers are expected to review the progress made during the past twelve months, to propose new initiatives, and to issue directives for the work that must be carried out if these are to become a reality. The development of the new organization to date deserves a careful look. The reasons behind the re-constitution of the OEEC (Organization for European Economic Co-operation) to form the OECD and the history of the latter's first few months have already been described in previous articles (*Foreign Trade*, January 28, 1961, and June 30, 1962). Since it began its official existence on September 30, 1961, the OECD has been slowly adjusting itself to certain necessary changes in the structure, outlook and methods of its predecessor. The process of adaptation to the new conditions of full membership by

Canada and the United States, as well as to the new aims and objectives laid down in the Convention, is not altogether complete. Broader issues sometimes tend to be overlooked in favour of more limited interests. Nevertheless, as implied above, this regional bias is being weakened to some extent by events, not the least of which has been the Japanese applications for membership. Although the OECD will undoubtedly remain the principal instrument for economic co-operation within the Atlantic Community, the members are coming to be bound more by a common degree of industrial development than by any geographical factors.

The swiftest progress by the Organization to date is becoming apparent in those fields which were the subject of radical new departures by the OECD—economic policy, development aid, science and manpower. In all of these, credit must be given primarily to the further development of those unique consultation and confrontation techniques that the new organization carried over from the OEEC. Resting on the assumption of economic interdependence and on the important rôle played by governments in present day economic life, these consultations have sought to stimulate and influence national action towards the adoption of common, or at least mutually consistent, policies.

Economic and Development Review

With this in mind, each member country's general economic situation and problems are reviewed annually by the Economic and Development Review Committee. Its prospects, its difficulties, and the aims and methods of government

policy are examined closely. The facts are then analyzed and in many instances appropriate policies are recommended. The Economic Policy Committee, which is rapidly proving to be one of the most influential bodies in the organization, supplements this review by even more frequent confrontations between the senior officials directly concerned with the formulation of policy within their respective countries.

In addition, several particularly important aspects of this work are given individual and searching appraisal by three subsidiary groups of the Economic Policy Committee. In November 1961, the Ministerial Council agreed on the desirability of establishing a firm target for economic growth. Member countries were accordingly pledged to a collective increase of 50 per cent in real gross national product during the 1960's. The manner in which this growth may best be achieved is the subject of continual discussion and review by a special working party. This is in turn supplemented by the work of a second restricted group, composed of senior officials from those member countries that together account for the bulk of the Free World's current and capital movements. Here information is freely exchanged on balance-of-payments problems and relevant government policies frankly discussed. Finally, a third working party examines problems of price stability and costs of production. Although interim reports on both economic growth and price stability have already done a great deal to clarify issues and policies, much useful work still remains to be done in these fields.

Development Aid Studied

The second outstanding area of activity for the Organization has been development aid. The Development Assistance Committee, recently augmented by Denmark, consists of representatives of the major capital-exporting countries, including Canada. Through the

How the OECD Is Organized

Members
Austria, Belgium, Britain, Canada, Denmark, France, West Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United States.

Structure
Representatives of all member countries sit on the Council, which meets at the ministerial or official level. This is the central body from which every discussion of the OECD must derive. Assisted by the Executive Committee, it directs all work and makes its decisions on the basis of the reports and proposals submitted to it by subsidiary bodies. The Executive Committee, composed of representatives of ten member countries designated annually by the Council, examines all matters to be submitted to the Council, co-ordinates the work of the subsidiary bodies, and settles any procedural questions.

Other Committees
Economic Policy Committee
Economic and Development Review Committee
Development Assistance Committee

Technical Co-operation Committee
Trade Committee
Payments Committee
Committee for Invisible Transactions
Insurance Committee
Agriculture and Fisheries Committees
Committees for Scientific and Technical Personnel and for Scientific Research
Special Committees for Energy and Industry
Tourism Committee
Maritime Transport Committee
Manpower and Social Affairs Committee
Fiscal Committee
Committee of Experts on Restrictive Business Practices
Board of Management of the European Monetary Agreement
European Nuclear Energy Agency

Canada's Delegation
Permanent Representative: J. C. Langley, plus four other officers of the Department of External Affairs.

usual procedures of meetings, reviews, consultations, confrontations and reports, the committee and its working groups have already done much to increase mutual understanding of national aid programs and to clarify aid concepts and objectives. It has had an undoubted influence on the volume, quality and effectiveness of the aid being provided by member countries. Studies which are now being carried out on the actual terms of aid are expected to be equally useful.

The OECD is at the same time moving towards a more effective co-ordination of aid in individual recipient countries, as illustrated both by the consortia which have been established for Greece and Turkey, and by the new mechanism of co-ordinating groups. Such

bodies have already been set up for Thailand, East Africa and Latin America. Their purpose is to assemble necessary information on these areas with the aim of influencing donors to provide aid in amounts and on terms appropriate to the recipient.

New ground is also being broken by the establishment of a Development Centre which is to act as a general clearing-house of ideas in the assistance field. Its proposed program of training and research on behalf of developing countries will have the incidental and rather significant effect of bringing these countries into direct contact with the Organization for the first time.

Finally, the OECD is following up last year's Ministerial resolution on the co-ordination of trade and

aid policy. At that time, the Secretary-General pointed out the part that increased export revenues might play as a source of funds to meet the growing development needs of less fortunate countries. The resolution pointed out the need to increase these earnings, both from primary and manufactured exports, as well as the need to integrate aid programs more closely with other efforts aimed at stabilizing and expanding the foreign exchange earnings of less-developed countries. The Secretariat is now undertaking a major study of the development needs of such nations and of the extent to which expected aid and trade revenues will suffice to finance them. The entire problem of relations between the industrialized and the less-developed nations, already the subject of important discussion in the United Nations and in the General Agreement on Tariffs and Trade, is expected to have first place on the agenda of Ministers this fall.

Scientific and Manpower Policies

A third area in which the OECD has made great strides is in relating scientific and manpower policies more closely to economic growth. This work is still far from complete but through the extensive operational program of the Committee for Scientific Research and the discussions of the Advisory Committee on Science Policy, new concepts and methods of scientific co-operation are being developed. The basic intention is to encourage and coordinate national efforts in such a way that all member countries can have access to the results of a co-operative program of research projects of direct economic significance without, on the one hand, needless duplication or, on the other, the establishment of costly international facilities. Many problems are being raised, particularly on the rôle of the OECD in international scientific endeavour. These are to be discussed at a Ministerial Meeting on Science early in October which will,

it is hoped, give new impetus to the rational development of the OECD's scientific effort.

The work of the Committee for Scientific and Technical Personnel originated in an urgent need to increase the supply of scientific manpower, but its programs are now predicated on the economic importance of all education, and on the need for national planning if the future requirements of the economy are to be foreseen and met. In the same general area, the Manpower Committee is working out the elements of a new active policy for the development and adaptation of manpower as a resource vital to and deeply affected by economic growth in an age of technological change.

The Trade Committee

These broad areas of activity have provided the milestones for the Organization's work during the past year. In the other sectors broad initiatives have perhaps been fewer, and there has been rather less divergence from the type of work previously carried on in the OEEC. Within the Trade Committee, as implied above, a great deal of emphasis is currently being placed on problems arising from the interdependence of trade and development aid. Other subjects being studied are of immediate but more limited relevance, such as the implications of unrestricted export credit competition, the continued existence of quantitative restrictions in the non-agricultural sector, and the obstructions sometimes imposed by certain customs procedures, government purchasing regulations, and other technical and administrative obstacles to trade. Adjustment assistance to industry has been studied and consultations held on a number of mutual problems in various fields. Development in other international organizations are being considered, such as preparations for the so-called "Kennedy Round" of tariff negotiations in Geneva and for the United Nations Conference on

Trade and Development, both of which are to take place in the spring of next year. Finally, a working party established jointly with the Agriculture Committee is carrying out studies on both restrictions to trade and aid to exports in this particular field.

Close Contacts Valuable

The work of the Organization in individual industrial and commodity sectors, which involves some twenty separate committees, is still concentrated for the most part on a wide range of statistical and technical problems. As these are gradually solved, however, and the work brought into closer relationship with that of the more senior "horizontal" committees, policy considerations may be expected to play an increasingly greater part. Meanwhile these, as well as all other OECD bodies, are providing an unexcelled opportunity for close and frequent contact between senior officials from national capitals. This exposure to information and ideas and mutual appraisal of problems are bound to lead to increased understanding and to help each government to act with greater knowledge of the intentions and expectations of others.

Canada continues to play an important part in the work of both the Organization's "policy" committees and the other bodies that deal with more limited but equally pertinent matters. As a forum for consultation on the many economic problems with which the Western world is faced, the OECD has provided invaluable experience for all those who have attended, enabling us not only to explain our own problems and policies to others, but to understand the concerns of our trading partners better. This year's meeting of Ministers, marking as it does just over two years of such experience, may be expected to show how much farther along the path towards the OECD's far-reaching objectives the twenty member nations have progressed during the past twelve months. ●

What's current in commodities?

Toys

Australia—Sales of Canadian dolls have been rising; preferential tariff helps our exporters. Market for good-quality toys with a novelty appeal could be expanded, with the aid of a good agent.

S. V. ALLEN, *Commercial Counsellor, Sydney.*

THE Australian market for toys has expanded rapidly in recent years, and local production, fostered by the strong demand in the early post-war period that overseas manufacturers were unable to satisfy, now supplies over half the country's requirements. Imports in 1961-62, however, reached a value of nearly £3 million and Canada captured a small share of the market.

I am indebted to the Rural Bank of New South Wales for material published in its December issue of *Trends*, some of which has been used in this article—Author.

Large-scale toy manufacturing started in Australia with the production of rubber toys. In 1936/37, these accounted for more than 90 per cent of total output. In 1938/39, toy production reached £656,000, and foreign toys worth £345,000 were brought in ("landed value"—i.e., overseas suppliers' f.o.b. invoice value, plus freight and duty). Thus approximately one third of Australian toy needs just before World War II was covered by imports and two thirds by local production. After World War II,

the value of toys manufactured in Australia rose steeply to a record £4.5 million in 1960/61 (see Table I). Some of this increase, of course, was the result of rising prices, but imports too rose appreciably, even though initially they lagged behind local production.

Toy Sales Up

The retail sales value of all toys sold in Australia in 1960/61 (year ended June 30) was estimated at about £20 million; sales in 1961/62 were about the same and the 1962/63 figure may be slightly higher because of an excellent Christmas season.

The average Australian child under 14 years of age gets toys costing more than £6 a year and the annual equivalent of about 10/- per week is spent on toys of all kinds for the average family with four small children. Before World War II, the average annual toy "consumption" per child—at 1960/61 prices—was only £3.10.0d.

Domestic Production

Australian statistics do not detail production of toys by types. However, production values are classified by the types of factories in which the toys are made. Of total production valued at £4.5 million in 1960/61, toys worth £1,868,000 (or 41.5 per cent of the total) were turned out in factories classified under "toys, games and sports requisites". The remainder came from establishments classified as "plastic moulding", "metalworking", or "woodworking" factories or as "other industries". The number of employees engaged directly in toy manufacturing is estimated at about 1,400 and the number of firms at



Women make up a large proportion of the 1,400 employees in the over 100 toy manufacturing firms in Australia. These are assembling trucks in a plant near Sydney.

TABLE I
VALUE OF PRODUCTION AND IMPORTS OF TOYS IN AUSTRALIA

Year	Local production	Imports (f.o.b.) (A £'000)	Estimated landed value
1938/39	656	213	345
1946/47	1,604	351	480
1947/48	1,612	563	720
1948/49	1,817	765	1,000
1949/50	2,010	1,278	1,650
1950/51	2,563	2,063	2,700
1951/52	2,185	2,260	3,270
1952/53	2,971	289	410
1953/54	3,412	1,497	2,070
1954/55	3,342	2,168	3,050
1955/56	3,677	2,196	3,080
1956/57	3,634	1,426	2,060
1957/58	3,535	2,104	2,960
1958/59	3,975	2,333	3,320
1959/60	4,404	2,854	4,080
1960/61	4,498	3,084	4,410
1961/62	n.a.	2,981	n.a.

well over 100, though many of these are very small.

The Australian industry is protected by duties on imports. Most toys (with the exception of some wheeled ones) are subject to the following ad valorem rates:

17½ per cent—British preferential tariff (applicable also to goods originating in Canada and New Zealand).

45 per cent—Intermediate tariff (applicable to practically all other countries of origin).

52½ per cent—General tariff.

As Table II shows, imports of dolls and plastic toys have risen sharply in the past two years. In consequence, local doll manufacturers have asked for additional protection and a tariff hearing before the Special Advisory Authority on Temporary Protection was requested a few months ago. In 1955, the Australian Tariff Board recommended an additional 7½ per cent protective tariff for the local industry following a surge of imports in 1953/54 and the following year, but this was not implemented. At that time the Tariff Board stated that "the industry cannot hope to supply all requirements in toys" and that "no country is self-sufficient;

TABLE II
AUSTRALIAN IMPORTS OF TOYS BY MAIN TYPES

	1959/60	1960/61	1961/62
	(A £'000)		
Dolls	318	452	435
Plastic toys	538	600	720
Metal toys	771	824	841
Electrical and mechanical toys	712	611	500
Other toys	515	597	485

TABLE IV—AUSTRALIAN TOY IMPORTS BY TYPES AND MAIN SOURCES

	1959/60	1961/62		1959/60	1961/62
	(A £'000)			(A £'000)	
Dolls, dressed			Toys, textile		
Hong Kong	41	84	Japan	63	59
CANADA	....	81	Britain	43	49
Britain	87	58	CANADA	....	19
Japan	23	22	Hong Kong	6	5
Dolls, undressed			Toys, electrical		
Hong Kong	22	35	Japan	99	46
Britain	62	31	Britain	23	7
CANADA	....	18	CANADA	....	....
Japan	27	24	Hong Kong	....	....
Doll parts			Toys, metal		
CANADA	....	12	Britain	530	604
Britain	13	6	Japan	187	178
Hong Kong	....	....	Hong Kong	....	4
Japan	....	....	CANADA	....	1
Toys, plastic			Toys, wooden		
Britain	258	249	Japan	106	81
Hong Kong	154	224	Britain	25	26
Japan	87	142	Hong Kong	....	....
CANADA	....	4	CANADA	....	....
Toys, mechanical			Toys, other		
Japan	423	267	miscellaneous		
Britain	122	125	Japan	87	66
Hong Kong	3	9	Britain	58	60
CANADA	....	....	Hong Kong	6	2
			CANADA	....	....

there is always some country which can offer something new or a more extensive range."

Production vs. Imports

Table I compares the value of local production and imports on two bases: overseas f.o.b. values, and an adjusted landed duty-paid value. The latter represents a better means of comparing the share of trade enjoyed by foreign suppliers with sales of local manufacturers, because in most instances the ocean freight on toys and the customs duties represent a high proportion of the local

TABLE III
AUSTRALIAN IMPORTS OF TOYS BY MAIN SOURCES

	1959/60	1960/61	1961/62
	(A £'000)		
Britain	1,234	1,317	1,203
Japan	1,145	1,105	908
Hong Kong	232	249	342
Canada	.....	77	136
Other countries	243	336	392
Total	2,854	3,084	2,981

TABLE V
CANADIAN TOY EXPORTS TO AUSTRALIA*

Year	Dolls	Toys (Can. dollars)	Total
1959	2,947	263	3,210
1960	52,975	26,012	78,987
1961	258,572	37,471	296,043
1962	260,082	174,334	434,416

*The figures are not strictly comparable because of changes in Canadian statistical classifications since 1960, which include dolls' clothing, games, etc., not previously classified under these headings. Nevertheless, the figures do demonstrate the growth in trade.

cost. Because of the large variety of products made locally and imported and the range of prices applicable to any one class, no precise indication of the value of types of toys sold can be given. Table II on imports, however, provides estimates of the trade enjoyed by all foreign suppliers of the main products.

Sources of Supply Changing

Before the last war, half of Australia's toy imports came from Japan and only about 20 per cent from Britain. During the early post-war years and up to the beginning of the fifties, British toy manufacturers supplied almost all the toy imports. Lately the British share has been more than 40 per cent and Australia is still the British industry's largest market. Japan and Hong Kong together share approximately 40 per cent. Strangely enough, West Germany has only a small and diminishing part of the Australian trade. The main supplying countries are shown in Table III.

Table IV gives sources of supply for specific items, the dominant suppliers in each of the last two years, and Canada's share of the trade.

Canada's Position Improving

Canadian sales during the past three years have increased with the modification in import licensing regulations. Our toy trade with Australia, as recorded in Canadian returns, is shown in Table V.

Despite the increase in our sales, we are still a relatively small supplier in terms of total imports or of the trade in specific products, with the exception of dolls. For the most part, Canadian toys appeal to a selective, high-grade group who want something different. Our manufacturers do not normally compete in the mass toy market because delivered prices are usually high, despite a definite tariff advantage over some countries. Our production of spring and fall lines cannot

match the Australian buying seasons. Consequently, there is some impediment to sales in the additional costs involved in carrying fall-produced stocks for 15 months until the following Christmas. Ocean freight costs too work against us. June to August are the heaviest shipping months from North America for the Christmas trade. Notwithstanding these handicaps, the Australian toy trade is receptive to innovations and new lines—and especially to North American playthings which have novelty appeal and good finish and are not too expensive. The services of a good agent and his advice about adapta-

tion to local marketing needs are indispensable for successful sales.

The Melbourne and Sydney offices regularly receive inquiries from reputable Australian toy agents for contacts with Canadian firms. The vagaries of this trade and questions of price make it difficult to suggest lines that can be sold in Australia. The best appraisal in terms of local needs is one based on an illustrated export price-list accompanied by typical samples. Canadian toy manufacturers who are not selling to Australia are invited to send our Australian offices full particulars so that they can investigate trade opportunities. ●

West Germany—Trade mission from Canada last year explored opportunities for our toymakers. To take advantage of these, producers should consider exhibiting through a German agent at the Nuremberg Toy Fair; the 1964 dates are February 23 to 28.

RICHARD TURCOTTE, *Vice Consul, Hamburg.*

WEST GERMAN imports of toys and festival goods again increased in 1962 by a spectacular 25 per cent to reach \$18 million, ten times the 1956 output. At a time when domestic production and exports are levelling off, foreign manufacturers are gaining a firm foothold in this market. The Canadian Playthings Manufacturers Trade Mission to this country in November of last year discovered that Canadian manufacturers could also be selling in the West German market, yet Canadian sales have been too small to appear in German import statistics. (See the commodity report "West Germany—Toys and Games" in the November 3 issue of *Foreign Trade*.)

Imports Are Rising

The 25 per cent surge in imports last year followed similar spectacu-

lar increases in each successive year since 1956—from U.S.\$1.9 million in that year to \$4.1 million in 1957, \$8.0 million in 1958, \$8.7 million in 1959, \$10.4 million in 1960, \$14.7 million in 1961 and \$18.3 million in 1962.

In comparison, German production of toys and festival goods increased only 2.5 per cent in value over 1961 to reach U.S.\$125 million, as against \$120 million in 1961. All of this increase, however, is said to be the result of wage and price increases and volume decreased slightly. Exports remained virtually constant and, in fact, have fluctuated within a very narrow margin ever since 1956, reaching a low of U.S.\$35 million in 1958 and a high of \$41 million in 1962. Nevertheless, West Germany still accounted for about one-half of

MAJOR PRODUCERS OF TOYS AND GAMES, 1962

(millions of dollars)

Common Market countries	270
Of which:	
Germany	125
France	70
Italy	50
Other European countries	150
United States	1,000
Japan	150
Britain	96

total Common Market production in this field. (See table.)

As a result, the share of imports in the rising German domestic consumption has gone up handsomely in recent years: 13.2 per cent of the approximately U.S.\$80 million spent by West Germans on toys in 1960 was spent on imported articles. This figure increased to 15.4 per cent of the \$96 million expenditure in 1961, and to some 19 per cent of the estimated \$102 million domestic consumption in 1962.

Mission Studied Market

To take full advantage of new opportunities for imported toys in West Germany, a four-man Canadian Playthings Manufacturers Trade Mission visited Nuremberg on November 22-25, 1962. The Mission met with German toy importers and wholesalers and visited a German toy factory. The members impressed the local import trade with the broad range of toys offered by the numerous Canadian manufacturers. In fact, a number of Canadian-made items were of definite interest to this market, particularly those made to appeal to characteristic German tastes. The following types of toys appeared to be of special interest:

- novelty pull-type wooden toys
- Canadian hockey games
- quality dolls, particularly those over 10 inches high
- plush toys of all categories
- metal toys such as trucks, cranes, large-size aircraft, garages, toys for girls, such as dolls' houses, ironing boards, doll carriages
- sewing kits, dishes

vinyl squeeze toys
spring horses
do-it-yourself kits of all kinds

In plastic toys, however, the competition, particularly from Italy and Japan, is keen, and many German firms are rationalizing production in this field to improve their competitive position in a changing market.

A new development in German retail marketing methods was the opening of a self-service toy "supermarket" by the huge Helmut Horten department store chain in one of its branches in Essen. The self-service toy store will operate like a food supermarket, with 4,000 different types of toys laid out on counters. The toys can be tried out before buying.

Fairs a Good Medium

Canadian toy firms which wish to break into this market should find a German importer or agent who can display the toys at the Nuremberg Toy Fair held once a year in February. This is strictly a buyers' fair and some 70 per cent of the annual sales of local and imported toys in this country are made during the six days of the fair.

The next annual Nuremberg International Toy Fair will be held from February 23-28, 1964. The 1963 show came second only to New York as the biggest specialized toy fair in the world, and the next event will be even larger.

It will be the seventh since foreign firms were first admitted as direct exhibitors. In 1963 there were 1,045 exhibitors, of which 342 were foreign firms from some 20 countries, compared with only 971 exhibitors and 273 foreign firms at the 1962 fair. Italy was in the lead with the largest share of foreign displays, followed by Britain and France.

In number of registered buyers attending, the 1963 event, with over 15,000 (25 per cent of whom were from some 60 countries) was already the world's largest and the figure is expected to increase again next year. ●

Spain's Development Plan

THE initial aim and objectives of Spain's ambitious development plan were outlined recently by the Plan's director. The first phase, it is hoped, will commence in January 1964 and continue through 1967. The director spoke of the important rôle to be played by the World Bank in the financing of this program; it is expected that an agreement will soon be reached for the granting of an IBRD loan (rumoured to be approximately \$30 million), to finance highway construction projects.

It is expected that the initial four years of the Plan will see the creation of 970,000 new jobs in industry and public service, boosting Spain's active labour force to 12,450,000 persons—4.4 million agricultural workers, 5 million industrial workers, and 3 million in public services. The growth of the labour force will be realized through an expected 6 per cent rise in the gross national product and an increase in private consumption of 5.5 per cent compared with the 4 per cent of 1954-1962. Ordinary expenditure in the public sector should also increase at the rate of 5 per cent per year.

One of the most important indicators, gross capital formation, is expected to rise at an annual rate of 9 per cent and by 1967 will represent 24.5 per cent of gross national product, compared with 22 per cent in 1962. It is hoped that investment in industry will make up 10 per cent of this increase as private savings to finance investments rises annually at a rate of 6 per cent.

Imports from all sources are expected to increase at a yearly rate of 11 per cent up to 1967, and these gains will come from the following sources: food products 5.5 per cent, raw materials and semi-manufactured goods 9 per cent, and investment and manufactured consumer goods 10 per cent. The cumulative result of these gains will be an over-all increase in imports by 1967 of 10 per cent.

The rise in imports over the period will necessitate a foreign investment of \$350 million a year to avoid a serious depletion of foreign exchange reserves. Some of this money will come from an expected 11 per cent increase in tourist spending; by 1967, tourist spending should total \$858 million compared with \$500 million in 1962.

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

Development of LAFTA will alter significantly pattern of Chile's trade with outside world. Canada's exports may change in composition rather than volume, as economic progress within LAFTA enhances need for imported products and services.

THE Government of Chile is officially committed to the cause of Latin American economic integration. It was a founder-member of the Free Trade Association and its representatives at meetings of the Economic Commission for Latin America and other regional conclaves have always in recent years urged closer commercial and economic ties among countries of the area.

LAFTA Membership and Chile's Trade

J. R. MIDWINTER,
Commercial Secretary, Santiago.

There can be little doubt that development of LAFTA will alter significantly the pattern of Chile's trade with its LAFTA partners and with the outside world. Tables I and II list some of the products of interest to Canadian exporters on which Chile has granted or received tariff concessions in the first two rounds of negotiations. Because of the generally high level of tariffs in Latin America and the restrictive nature of other import regulations, concessions can be relatively much greater than in, say, the European Common Market. This comment is especially valid for concessions granted by Chile to the products of the other countries.

The items listed in the tables are only a few of the several thousand on which Chile has now granted or received concessions. In the forthcoming third round, Chile will be requesting tariff concessions on

about 500 individual items, including 140 not yet appearing on the LAFTA lists. And each item must be negotiated separately in a round-table meeting with the other eight members.

Assessing the Effects

As time goes on, it can reasonably be expected that Chile's imports of the items listed in Table II will shift towards LAFTA sources and that, in turn, the other countries will obtain from Chile an increasing share of their requirements of the items in Table I. As yet, however, the effects of the Montevideo Treaty on Chile's trade cannot be measured accurately. Statistics for 1963 are not yet available and those for 1962 really only reflect the first round of negotiations in the fall of 1961.

Table III and Table IV show Chile's total trade with LAFTA and with the world over three years 1960-62. Fluctuations in both imports and exports are really too erratic to permit the significance of concessions granted or received so far to be assessed. In general, however, the tables show that in recent years Chile has been selling to its LAFTA partners U.S.\$30-\$40 million of goods annually and buying from them rather more than twice as much, or U.S.\$80-\$90 million. This LAFTA trade has represented 6 to 7 per cent of Chile's total exports and 15 to 16 per cent of its imports, a rather heavy imbalance against Chile.

The product breakdown of Chile's transactions with its LAFTA partners is more illuminating than the totals. Principal items traded in 1962, a typical year, are shown in Tables V and VI and reveal the narrow base on which trade has been traditionally conducted.

In both exports and imports, the reader will note, about a dozen individual products make up almost 90 per cent of the total movement.

Chile's imports from LAFTA countries, primarily Argentina and Peru, are chiefly agricultural and livestock products and two products

TABLE I

Chile: Concessions from LAFTA Partners on Export Products of Interest to Canada

Fish and shellfish, fresh, frozen or canned
Apples, fresh
Certified seed potatoes
Table potatoes
Malt
Timber and lumber
Wood pulp
Newsprint
Tabulating card stock
Ferro-alloys
Iron and steel ingots, blooms, slabs, bars, sheets, plates, etc.
Copper, electrolytically or fire-refined, in primary shapes
Insulators, porcelain
Telephone and radio equipment
Railway cars
Wheels and axles for manufacture of railway cars

TABLE II

Chile: Concessions to LAFTA Partners on Import Products of Interest to Canada

Purebred livestock
Wheat
Tallow
Unrefined vegetable oils
Industrial alcohols
Esters and organic acids
Synthetic rubber
Synthetic resins
Plastic raw materials
Papermakers' felts
Fourdrinier wire-screening
Iron and steel pipes, seamless, and fittings
Iron and steel cables
Stationary air compressors
Bulldozers, scrapers, graders, rollers and some other highway construction machinery
Seeders, cultivators, seed cleaners and some other agricultural machinery
Machine tools
Sawmills
Typewriters
Calculating machines
Electric generators and generator sets
Electric motors over 10 h.p.
Transformers over 75,000 volts
Kaplan turbines
Short- and medium-wave radio broadcasting apparatus
Microwave equipment

—raw cotton and live cattle—comprise over half. A curiously high-value item is "books, magazines and newspapers" which reflects the strong publishing industry in Spanish-speaking America's two major metropolises, Mexico City and Buenos

TABLE III

Chile: Exports to LAFTA Area 1960-62

	1960	1961	1962
	(U.S.\$'000)		
Argentina	17,879	23,170	14,857
Brazil	5,813	6,281	18,513
Colombia	997	273	663
Ecuador	701	478	454
Mexico	371	286	721
Paraguay	52	25	30
Peru	3,350	2,863	3,121
Uruguay	1,066	1,434	1,062
Total exports LAFTA area	30,229	34,810	39,421
Total exports to the whole world	490,017	508,139	532,082
Percentage of exports to LAFTA area 1960-62	6.4	6.8	7.4

TABLE IV

Chile: Imports from LAFTA Area 1960-62

	1960	1961	1962
	(U.S.\$'000)		
Argentina	39,578	55,069	42,827
Brazil	13,503	9,793	7,118
Colombia	336	409	332
Ecuador	4,050	2,379	2,506
Mexico	1,736	2,045	2,815
Paraguay	185	85	103
Peru	22,197	24,041	23,983
Uruguay	327	649	858
Total imports LAFTA area	81,912	94,470	80,542
Total imports from the whole world	499,672	590,485	511,840
Percentage of imports from LAFTA area 1960-62	16.3	16	15.7

Aires. Otherwise, manufactured goods in 1962 formed only an insignificant portion of Chile's purchases from its neighbours.

The export picture is rather more balanced although even here one product, refined copper, dominates. Aside from minerals, however, forest and specialized agricultural products and some semifabricated metal products are important.

Relatively speaking, in the LAFTA context Chile is an exporter of manufactured and processed goods and an importer of food and raw materials.

The foregoing review should suffice to show that, although LAFTA concessions will undoubtedly broaden Chile's trade with its neighbours, especially in

TABLE V

Chile: Principal Exports to LAFTA Area 1962

Product	Value (U.S.\$'000,000)	Principal Markets
Copper, refined, in ingots	16.7	Brazil, Argentina
Wood pulp	3.1	Argentina, Brazil
Newsprint	3.1	Argentina, Peru, Brazil, Uruguay
Nitrates	2.7	Brazil, Argentina, Mexico, Peru
Wood, sawn	2.1	Argentina, Peru
Iron ore	2.0	Argentina
Iron and steel sheets	1.6	Argentina
Nuts, shelled or not	1.0	Argentina, Brazil
Steel tires for railroad cars	0.9	Argentina
Potatoes	0.6	Argentina
Peaches, canned	0.5	Peru
Total of above items	34.3	
All exports to LAFTA area	39.4	

TABLE VI

Chile: Principal Imports from LAFTA Area 1962

Product	Value (U.S.\$'000,000)	Principal Sources
Cattle, live (mostly for slaughter)	23.8	Argentina
Cotton, raw	18.0	Peru, Mexico
Beef, fresh or chilled	3.8	Argentina
Sugar	3.6	Argentina, Brazil, Peru
Books, magazines, newspapers	3.5	Argentina, Mexico
Wheat	3.2	Argentina
Coffee, green	2.7	Brazil
Yerba mate	2.5	Brazil
Bananas	2.5	Ecuador
Diesel fuel, gasoline	2.3	Peru
Lard	1.8	Argentina
Wool and wool tops	1.7	Argentina, Uruguay
Hides (mostly cattle)	0.8	Argentina
Quebracho extract	0.8	Argentina
Total of above items	71.0	
All imports from LAFTA area	80.5	

manufactured goods, the process will have to continue for some time before the traditional pattern is altered significantly.

Some Limiting Factors

The sheer complexity of Latin America's trade problems and the

negotiations necessary to overcome them have meant that, in a very real sense, the first two or three years of LAFTA's existence were needed to establish the organization's ground rules and to train the negotiators. This formative period is now well along and the pace of integration could begin to accelerate in a dozen important, though perhaps undramatic, ways. An example is the industry-wide meetings which are beginning to bring together businessmen and officials from the various LAFTA countries to form, if not cartels, at least bases for the avoidance of duplication.

Other limitations, however, still exist. First, demand in other LAFTA countries for specific products frequently is rising at a faster rate than production, and as a result no surplus is available for export even where preferences favour LAFTA suppliers.

Second, the Chilean Government frequently waives import duties, taxes and other restrictions in order to encourage the development of certain industries or regions or to assist charitable activities and projects of special national interest. This is particularly true of imports by government enterprises and agencies which, as in most developing nations, are relatively more significant than in countries like the United States or Canada. In such instances an apparent advantage for goods of LAFTA origin may be completely nullified. This problem is receiving the attention of the various governments but it is difficult to resolve since, because of the structure of import charges currently in effect, application of duties could in many cases double the capital equipment cost of new undertakings. The problem is similar to that prevailing when duties and other restrictions are low or non-existent—an apparent concession may mean little in practical terms.

Third, a very considerable preference may frequently be necessary to overcome the real or fancied inferiority of a product made in another Latin American country

compared with those from traditional sources, or to force buyers to search for LAFTA suppliers.

Will Canadian Trade Suffer?

These difficulties may be only short-term. Certainly, formation of intra-zonal business associations, activities of trade missions, and a considerable expansion of advertising and public relations (both by private parties and governments) are rapidly increasing the public's awareness of the business opportunities available in other LAFTA countries. In Chile the Government has disseminated a great deal of information, both direct and through the Chilean Chamber of Commerce and other organizations. This, and the trade promotion activities of other countries (especially Brazil), is beginning to show results. Canadian exporters therefore should assume that Chilean buyers will be familiar with alternative sources of supply within the LAFTA area and with the comparative qualities and conditions of sale of the products concerned.

Although many traditional exports to Chile (and other Latin American countries) will undoubtedly be adversely affected or eliminated by LAFTA concessions, it does not follow that *total* Canadian exports need fail. In Chile, as in all Latin America, there is an unsatisfied demand for goods and services from North America, Europe and other areas. With development needs growing so rapidly, the pressure on foreign exchange resources will probably not be eased in the foreseeable future. The result is that any net regional earnings or savings resulting from the diversion of import orders to a LAFTA partner from a third country will be immediately absorbed by other import or transfer needs.

To take a practical example, Chilean kraft pulp and newsprint are displacing Canadian supplies of these commodities in Chile and elsewhere in Latin America. Meanwhile, however, the export oppor-

tunities opened for Chilean pulp and newsprint have made new projects economic and have led to heavy orders for Canadian machinery, supplies and engineering services. Remittance of dividends, interest, royalties and other invisibles are also involved.

To pick their way through the thickening maze of national and regional regulations and concessions, exporters will have to be alert and ready to seize new opportunities as these develop. For further information on the effects that LAFTA may have on their sales in Chile Canadian exporters should contact:

Chief, Latin American Division,
International Trade Relations
Branch,
Department of Trade and
Commerce,
Ottawa, Ontario

Commercial Secretary,
Canadian Embassy,
Casilla 771,
Santiago, Chile.

Trade Conference in Edmonton

TRADE development, with the emphasis on new markets for Alberta's industries, will be the theme of a one-day conference planned by the Edmonton Chamber of Commerce to be held on October 16 in the Macdonald Hotel. The morning and afternoon sessions will feature panel discussions on three topics: regional trade relations and development, market expansion, and transportation facilities. Denis Harvey, Assistant Deputy Minister (Commodities and Industries) of the Department of Trade and Commerce will serve as moderator of the discussion on market expansion and several other Trade and Commerce officials will take part. At the luncheon the Hon. Mitchell Sharp, Minister of Trade and Commerce, will address the delegates. The evening session will be devoted to general discussion and the answering of questions from the floor.



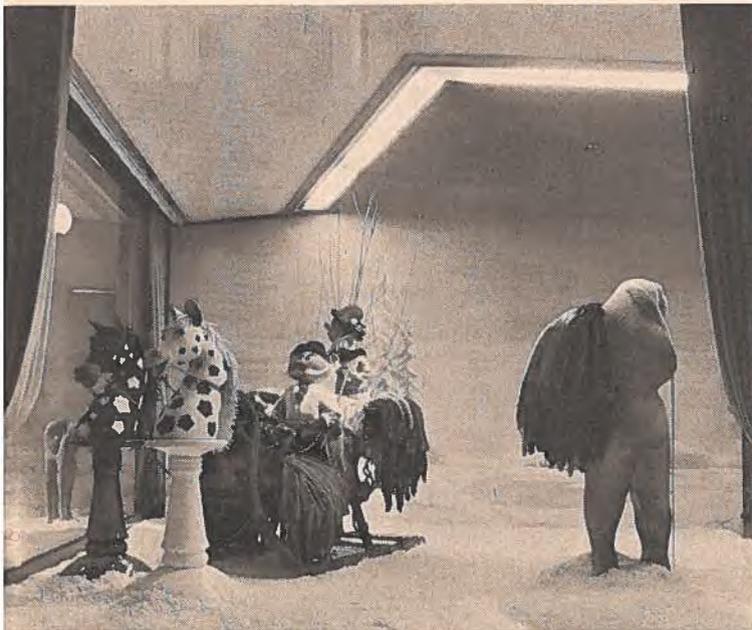
In Australia—A special two-week promotion, with advertising and demonstrations in a Sydney department store, netted sales of 135 dozen nylon wig tricks for the Canadian manufacturer.



In Britain—In this attractive setting Canadian-made children's clothing is displayed for buyers by the British distributor; the showroom is near Oxford Circus in London's West End.

Canada in Foreign Markets

Canadian exporters are invited to contribute to this series photographs of their products in use or on sale in foreign markets. Photographs should be adequately captioned, protected for mailing, and addressed to: The Editor, "Foreign Trade".



In Italy—This delightful imaginative show window was arranged by a Milan store to display mink pelts from Canada.



In Belgium—Another window display featuring a Canadian export—this time blouses in a Brussels shopping centre.

Take a Close Look at Minneapolis-St. Paul

... and you'll see that the Twin Cities serve a U.S.\$2 billion market, lying along the Canadian border from the Sault to the Divide. Here a variety of industries provide a wide range of selling opportunities, living standards are high, and Canadians are favourably known.

NEIL L. CURRIE, *Consul and Assistant Trade Commissioner, Chicago.*

CANADIAN secondary manufacturers interested in selling in the United States, especially those in the area from the upper Great Lakes to the Rockies, should think hard about the market in the Upper Midwest States, with Minneapolis-St. Paul as a starting point.

Don't visualize Minneapolis in terms of Scandinavians bucking logs and shovelling iron ore (though their influence is obvious and the mines and mills are still there) or of Pierre Radisson paddling up the mighty Mississippi, though his name is prominent and the river now moves four million tons of goods in and out of Minneapolis-St. Paul each year. Rather, think of Minnesota Mining and Metals, Pillsbury, Minneapolis-Moline, General Mills, Minneapolis-Honeywell, Gable-Skogmo, North-West Airlines, Coast-to-Coast.

Think of a market area lying close to Canadian sources of supply that contains 14 million wage-earners who command an effective annual buying income of \$26 billion.

An advantage for Canadian exporters, besides the obvious one of proximity, is that tastes, attitudes and customs in these Western states are very similar to those on the Canadian side of the line. Canadians are well and favourably known in

Minneapolis because a constant stream of tourist-shoppers (and dollars) flows in from the Prairie Provinces, just as a stream of emigrants flowed in the other direction four or five decades ago.

Distribution Centre

The Upper Midwest area includes, from east to west, upper Michigan, western Wisconsin, Minnesota, northern Iowa, the Dakotas and Montana. This coincides with the Ninth Federal Reserve District of the United States banking system which is based on economic boundaries and centred on the Federal Reserve Bank of Minneapolis. The nerve centre—Minneapolis-St. Paul—is 250 miles from the Canadian border, and it distributes approximately \$2 billion worth of goods a year throughout the territory.

The Twin Cities are the Winnipeg of the U.S. Upper Midwest, filling the same sort of distribution rôle that Winnipeg did for our opening West—and still does. They are home base for a corps of manufacturers' representatives who operate in the area, for two large farm and home mail-order houses (Gable-Skogmo and Coast-to-Coast), and for a large number of wholesale and distributing houses. The cities are served by 10 trunk line railroads,

12 buslines, eight airlines (North-West has its headquarters there), and a number of Mississippi barge lines. Minnesota itself has a mile of railroad for every ten square miles in the state.

The population of the Twin Cities and the metropolitan area was more than 1½ million in 1960, an increase of 28.8 per cent in a decade. The Metropolitan Planning Commission estimates that this will rise to 1.8 million in 1970 and to 2.3 million in 1980. Minneapolis itself has the fastest suburban growth rate in the United States. Between 1950 and 1960 the suburban population increased 115.7 per cent, compared with 87 per cent for Washington, D.C., and 82.6 per cent for Los Angeles-Long Beach. In 1961 the average price of homes was \$16,900, illustrating the high standard of living. During the period 1946 to 1956, 649 industrial and wholesale buildings were erected at a cost of \$164 million, using more than 1,700 acres of land in metropolitan Minneapolis-St. Paul. At present, \$115 million worth of office buildings and hotels are under construction or are being planned in both cities.

Varied Industry

The economy of the Upper Midwest is soundly based on extractive industries (forests and mines), farming (grain and livestock) and manufacturing, which give it a stability not enjoyed in all areas. Figures for the value of production by the various industries are not readily available, but the following figures for non-agricultural employment in Minnesota, the Dakotas,

Montana and upper Michigan in 1960 illustrate the diversity.

Total manufacturing	282,400
durable goods	137,800
non-durable goods	144,600
Mining	34,500
Construction	89,500
Transportation and public utilities	124,000
Trade	366,900
Financial, insurance, real estate	69,000
Service industries	215,400
Government	278,900
Forest products industries	50,000

Wide Selling Range

The Twin Cities claim to be the second largest producers of scientific and precision instruments in the U.S. and their fastest growing industry is electronics.

Outdoor sports are important here too and they are sports well known to Canadian manufacturers—hunting, fishing, boating, camping, swimming, skiing. They are important not only to the residents but to the millions of other Americans who visit this vacationland each year. This means there is a market not only for sporting equipment but also for sportswear, because in North America dressing for the sport has become almost as important as the sport itself. As an example of the emphasis on the out-of-doors, Minneapolis claims 22 lakes within the city boundaries. A visiting businessman looking out as his aircraft approaches to land will not challenge this.

Although Minneapolis does not dispute Chicago's claim to be the mail-order capital of the United States, the catalogue houses in the city that serve the farms and homes of the seven-state area are important and provide a potential method for Canadian manufacturers to reach this market.

In addition, this is a major agricultural area: it has a large meat packing industry and a dairying industry of national importance. It is also headquarters for the largest milling corporations in the United States.

Agricultural, mining and lumbering equipment find a good market here. Advanced Canadian designs are often acceptable, even desirable, although often agricultural equipment must be altered to suit the U.S. farmer's taste. He tends to use more sophisticated and expensive equipment that requires less labour and attention to operate.

See for Yourself

Whether you're big or small, whether you make moccasins or mining equipment, if you have an improved product or a new design take a look at this varied and important market so close to Canada. Visit it (by air, two hours from Toronto, four from Winnipeg), armed with c.i.f. prices and duty rates, discounts, delivery times. Arrive with a sales pitch based on quality and design, and with assurances that you can service your

customers despite the national boundary that separates you. The Canadian Government Trade Commissioner, whose territory includes Minneapolis-St. Paul and most of the area under discussion, is located in Chicago at the Canadian Consulate General, 310 South Michigan Avenue, (phone: 427-7926; telex: 0-025-571). He and his staff can assist in arranging appointments with potential customers, in finding manufacturers' representatives, or even in arranging schedules and hotel reservations.

There is little need for a Canadian to make a market survey of this area and there is no point in passing it up in the belief that everything needed is already supplied. The market is there and its capacity is great. Any product new in design or high in quality will have a chance. Instead of a market survey, make a market test. ●

Peru Modernizes Railways

LIMITED by a topography of soaring mountains, deep canyons and lofty plateaus, the railway system of Peru is made up of a series of unconnected lines of varied gauge and ownership. The diversity mainly arises from the growth in the economy—as an area was developed, a railway was built by and served local interests, either public or private. For example, Cerro de Pasco, a United States-owned copper mine, operates 242 kilometers of track which, connected with the Central Railway, gives the mine access to the coast. The result has been that more than twenty railroads operate trackage of from a few to 1,800 kilometers in length.

The largest system is that of the Peruvian Corporation. Two of its five railways, the Southern and the Central, alone operate 930 and 549 kilometers respectively and the Central Railway is proudly referred to as the "highest standard-gauge railway in the world" as it crosses the watershed of the Andes at an altitude of 18,688 feet.

The second largest railroad operator is the Peruvian Government, with almost 900 kilometers of track. Together, the Government and the Corporation account for more than 2,600 of Peru's 4,270 kilometers of rail.

In 1962, Peru secured a loan from the World Bank to finance a long-range program of dieselization and modernization. The first tender for diesel locomotives was awarded recently to a United States firm, with the next stage tentatively scheduled for 1965. Dieselization and improvement of rolling stock will result in faster and heavier trains and will eventually mean greater wear and tear on existing track and facilities. Canadian manufacturers not only of locomotives and rolling stock but also of railway maintenance equipment and supplies might find in Peru a substantial market and one without any import or currency restrictions at present. Further details may be obtained by contacting or visiting the office of the Commercial Secretary for Canada in Lima.

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

Argentina's Pulp and Paper Industry

One half wood pulp needed is still supplied by imports; high production costs, shortage of money hamper local industry. Foreign-made newsprint dominates the market and Canada is second supplier; other papers and cardboard largely from domestic sources.

J. G. IRELAND, *Assistant Commercial Secretary, Buenos Aires.*

THE pulp industry in Argentina has come into its own in the last seven or eight years. Ten local companies now produce about one-half of the country's wood-pulp needs. The 75 manufacturers of paper can turn out practically all the paper products required with the notable exception of newsprint; in recent years 90 per cent of newsprint consumption has been supplied by imports. Less than one quarter of Argentine papermakers also produce pulp.

Wood pulp was first made in Argentina in 1929, in a single plant near Rosario that used wheat straw as raw material. Not until after World War II was a second plant built and it used pine, eucalyptus, willow and bamboo as raw materials. During the Peron regime, pulp production practically stagnated because imports were subsidized by artificially low foreign exchange rates, which did not apply to imports of paper products.

The following paragraphs give a picture of Argentine pulp and paper production and imports at the present time.

● *Wood Pulp*—Argentine pulp producers have faced stiff competition

from imports in recent years, despite a 25 per cent import surcharge on wood pulp. One reason for this is the ever increasing local production costs at a time when foreign suppliers benefit from more stable prices. Another is credit terms; foreign suppliers have been offering terms of up to 180 days from delivery on pulp shipments and local producers have found it difficult to compete because of the severe shortage of money in Argentina. The sharp devaluation of the Argentine peso in 1962 enabled the larger domestic producer to place increased pulp supplies on the local market, but a few smaller companies were forced out of business because of their high production costs and inability to finance sales. According to 1961 Argentine statistics, (the latest available), wood pulp imports for papermaking totalled 141,000 metric tons worth \$U.S.18.6 million. The major suppliers were:

	metric tons
Sweden	41,000
Finland	29,000
Canada	25,000
United States	23,000
Chile	19,000

No breakdown by grade is provided but the trade estimates that in normal years about one half of the pulp that Argentina imports is unbleached sulphite, paper grades, and bleached and unbleached sulphate, paper grades. Canadian statistics for the same year show that our wood pulp sales to Argentina were valued at Can.\$3.4 million. The main grades sold were:

	Can.\$
Unbleached sulphate	1,128,000
Bleached sulphate	650,000
Bleached sulphite	513,000
Semi-bleached sulphate	429,000
Unbleached sulphite, strong	295,000
Unbleached sulphite, newsprint	211,000

● *Newsprint*—A number of the larger Argentine paper mills have machinery capable of producing either newsprint or other papers. Most paper products entering Argentina are subject to prohibitively high import surcharges, but newsprint enters free of duty and with an import surcharge of just 5 per cent. It is mainly for this reason that at present Argentina imports over 90 per cent of its newsprint requirements; only one Argentine firm is now producing newsprint, with an installed capacity of 20,000 metric tons a year. The annual newsprint consumption in normal years totals at least 150,000 metric tons. Considering the huge capital investment necessary to develop an efficient local industry and the natural advantages that foreign producers enjoy, it seems unlikely that Argentina's newsprint industry will develop much within the foreseeable future. According to Argentine statistics, imports of newsprint in 1961 reached 196,000 metric tons, an all-time record. Finland was the leading supplier with 68,000 metric tons, Canada was second with 55,000, and Sweden third with 31,000. Total imports during the first eleven months of 1962 were smaller, at 118,000 metric tons; the major suppliers were Finland 38,000 metric tons, Canada 30,000, and Sweden 24,000. Canadian statistics give

Canadian sales of newsprint to Argentina in 1961 at Can.\$8.46 million.

● *Other Papers and Cardboard*—Practically speaking, Argentina produces all of her requirements of other papers and cardboard and imports during recent years have been negligible. With the exception of a few specialty papers, most fine and

kraft papers are subject to import surcharges of anything up to 177½ per cent of the c. and f. invoice value. (Import surcharges are in addition to ordinary customs duties and not a substitute for them.) The industry at the end of 1962 was operating at much below capacity because of the serious over-all business recession that began early in 1962 and is continuing. Although

the prospects for the rest of 1963 are not bright and many plans for modernization and new construction have been shelved temporarily, the long-term prospects appear good. At present the annual per capita consumption of paper in Argentina is estimated at only 24 kilos compared with 300 kilos in the United States—one indication that there is room for expansion. ●

BUSINESSMAN'S BOOKSHELF

Commodity Series, 1962. Commonwealth Economic Committee. Seven volumes.

THE Commonwealth Economic Committee provides an economic and statistical service on commodities important in Commonwealth production and trade. The publications noted below are designed to present annual reviews of world production, consumption and prices of, and trade in, seven groups of commodities, with special reference to the Commonwealth. They also include information on national policies and legislative measures likely to affect supply and demand. The seven volumes are revised annually, are paperbound, contain an average of 175 pages, and are priced at \$2.20 each, with the exception of *Meats* and *Dairy Produce* at \$1.70 each. They should be ordered from the Queen's Printer, Government Printing Bureau, Ottawa; (payment with order).

● *Fruit*—A country-by-country review of production and trade relating to fresh, canned, frozen and dried fruit, fruit juices and wine. The information is supported by detailed statistical tables and the publication includes appendices examining various areas, such as import duties and trade regulations, fruit consumption levels, etc.

● *Grain Crops*—A survey of production, consumption and prices of, and trade in, wheat, wheat flour, maize, barley, oats, rye and rice. Includes appendices on various international agreements and duties and import restrictions on grains going into certain countries.

● *Plantation Crops*—A detailed examination of sugar, tea, coffee, cocoa, spices, rubber and tobacco, with specific reference to prices, production, trade and consumption. Also contains tables and text applying to various international agreements, export and import

duties, and trade with the countries of the European Economic Community.

● *Dairy Produce*—A statistical analysis of production, consumption and prices of, and trade in, butter, cheese, condensed milk, milk powder, casein, eggs, egg products and margarine. Of particular interest to Canadian exporters of dairy products, the publication includes sections on imports into the EEC countries, plus relevant government measures, import duties and controls for selected countries.

● *Industrial Fibres*—This study covers briefly production and consumption of, and trade in, wool, cotton, silk, flax, jute, sisal and other hemps, mohair, coir, kapok, rayon and other manmade fibres. It also has important sections dealing with end-uses of fibres, consumption, import duties in principal countries, fibre prices in Britain and other noteworthy facts.

● *Meat*—A comprehensive review of the production, consumption and prices of, and trade in, beef, live cattle, mutton and lamb, live sheep, bacon and ham, pork, live pigs, canned meat, offals and poultry meat. Detailed appendices cover government measures affecting meat in certain countries including those of the EEC, the beef and veal trade of the EEC countries, and import duties and controls for various countries.

● *Vegetable Oils and Oilseeds*—Contains statistical notes on the production, prices and utilization of, and trade in, groundnuts, cottonseed, linseed, soya beans, coconut and oil palm products, olive oil and other oilseed and oils. It includes a section which places particular emphasis on supplies of vegetable oils and whale oil, import duties on oils and oilseeds, and trade with the countries of the EEC.

FOREIGN TARIFFS AND TRADE REGULATIONS

Australia

SALES TAX LAW RELAXED—In the Budget address of August 13 provision was made for relaxation of the Australian Sales Tax Law. Effective August 14, all foodstuffs hitherto subject to tax, with the exception of confectionery and aerated or carbonated beverages, became exempt from sales tax. Also exempted were wrapping materials, resinated paper strapping, returnable bottles, certain adhesive preparations and fork-lift trucks for use by shipowners.

Conditional exemptions on metal materials; welding and brazing electrodes; rods and wires; tractors, but not parts; earth-moving scoops, and wool were made unconditional.

The tax on silver-plated ware was reduced, with some exceptions, from $12\frac{1}{2}$ to $2\frac{1}{2}$ per cent. The reduction on fur floor rugs was from 25 to $2\frac{1}{2}$ per cent and on commercial radio receiving sets from 25 to $12\frac{1}{2}$ per cent.

In general, sales tax in Australia, and exemptions from it, apply equally to imported and domestically produced goods. However, the exemptions from sales tax for canned fish, canned meat, nuts and dried fruits have until now applied to these products only when they were of Australian origin—Canberra.

DUTY ON MAN-MADE FIBRE PIECEGOODS—As a result of a special Advisory Authority report, temporary additional duties have been imposed on a sliding scale on certain woven fabrics either made of or containing not less than 20 per cent by weight of man-made fibres, effective August 16, 1963. These duties may not exceed 1s. 3d. per square yard.

Temporary duties, however, are not payable on fabrics with an f.o.b. price of 48d. or less per square yard, or 120d. or more per square yard. Fabrics that were in direct transit to Australia on July 8, 1963, are exempt from the additional duties. The normal protective needs of this Australian industry have been referred to the Tariff Board for inquiry and report. The temporary duties will remain in effect only until the Government takes action on the Tariff Board's report—Canberra.

DUTY INCREASED ON IMPORTED CANNED TUNA—In an endeavour to protect the local canned tuna industry the Australian Government has imposed an additional duty of 7d. per lb. on imports of canned tuna, following the decision to eliminate the $12\frac{1}{2}$ per cent sales tax on August 14. Effective August 15, 1963, the B.P.T. rate will be $\frac{1}{2}$ d. per lb. and the M.F.N. rate $\frac{1}{4}$ d. per lb.

The Tariff Board Report of September 1961 on canned fish foresaw the possible elimination of sales tax on imported canned tuna and recommended at that time that higher duties be imposed should this occur—Canberra.

DUTIES ON PHTHALIC ANHYDRIDE—Effective August 15, 1963, phthalic anhydride will be dutiable at 5d. per lb. B.P.T. and at $6\frac{1}{2}$ d. per lb. M.F.N., plus an additional duty of $\frac{1}{2}$ d. per lb. for each $\frac{1}{2}$ d. or part thereof by which the f.o.b. price is less than $12\frac{1}{2}$ d. per lb. These duties, which are the result of the findings of a recent Tariff Board inquiry, are higher than the previous ordinary duties but less than the combined ordinary and temporary duty in effect since May 1962.

In addition, phthalic anhydride is liable to additional taxes under the Customs Tariff (Dumping and Subsidies) Act—Canberra.

DUTIES ON VINYL CHLORIDE POLYMERS AND COPOLYMERS—As the result of a recent Tariff Board inquiry, vinyl chloride polymers and copolymers especially prepared for the manufacture of sound reproduction discs are now dutiable at the rate of 6d. per lb. B.P.T. and $7\frac{3}{4}$ d. per lb. M.F.N. Other polymers and copolymers covered by the same Tariff Board inquiry are dutiable at the rates in existence previous to the imposition of temporary protection duties on April 30, 1962.

In addition, production in Australia of uncompounded vinyl chloride polymers will be assisted by means of a bounty of 4d. per lb., subject to a profit limitation of 10 per cent per year pending a review of the industry in three year's time.

The effective date of these tariff changes is August 15, 1963—Canberra.

British Honduras

IMPORT RESTRICTIONS—The competent authority of British Honduras announced recently that the following goods consigned from and originating in dollar area countries are required to be imported under a specific licence:

- Arms and ammunition
- Aerated waters
- Beans and peas, dried (red kidney, pinto, split and lentils)
- Leather footwear
- Dressed poultry
- Eggs in the shell (hen's)

Gold, fully and semi-manufactured
Rice, whole and broken
Tiles
Vegetables, fresh (cabbage, carrots, lettuce and tomatoes)
All furniture of wood
Peanuts in shell
Orange juice
Live Christmas trees

Burma

IMPORTS THROUGH COMMERCIAL AGENTS—

It has been announced that effective August 1, 1963, all agency commission business in Burma will be handled by the Government. Under the new decree, imports of goods that are required to be imported through commission agents should be channelled only through those who now hold new registration certificates issued by the importers and exporters Registration Board of the Ministry of Trade and Development.

Imports under letters of credit opened on or before July 31, 1963, will be treated as committed. No increase in the value of letters of credit will be granted.

Direct imports of goods under licences or under Open General Licence will continue to be covered by the relevant current licence or notifications.

An interpretative explanation of this decree will be included in an article on Burma which will appear in a forthcoming issue of *Foreign Trade*.

East Africa

SHIPPING MARKS—On shipments to East Africa it is now mandatory that the shipping marks shown on the importer's invoice be identically shown on the packages containing the shipment and on the respective bills of lading and ship's manifest, otherwise fines will be levied by the Customs Department and the goods shipped are liable to incur additional storage costs before being released. Another ruling is that the word package or packages as a description of the goods will no longer be accepted: a precise description must be shown—cartons, crates, bundles—Salisbury.

Korea

IMPORT TRADE PROGRAM REVISED—Early in 1963 the Government of the Republic of Korea revised its import trade program. The Ministry of Commerce and Industry which is responsible for this program abolished the category of items that may be imported automatically into Korea. In view of the depletion of Korea's foreign exchange reserves, applications for import licences are being held up pending a review of the import policy, but this suspension in processing import applications will be only temporary. The free import procedure by which successful exporters were

given automatic import privileges is expected to be abolished.

The items that have been imported automatically were mostly essential imports. The Ministry is expected to establish quotas and priorities for imports and hopes to avoid delays which might sharply affect the economy of the country.

Because of these restrictive measures, Canadian exporters are advised to make certain that a valid import licence has been issued before shipping to Korea.

Peru

ADDITIONAL CUSTOMS TAX ON STEEL IMPORTS—On November 29, 1962, an additional customs tax of 150 per cent on the c.i.f. value of steel goods imported under ten items of the Peruvian Customs Tariff was decreed. This same tax has now been extended to seven more tariff items covering steel products. These are:

Item 2463—Iron or steel nails, staples and tacks, up to 21 millimetres long.

Item 2464—Iron or steel nails, staples and tacks, over 21 millimetres long.

Item 2472A—Iron or steel bolts, galvanized, from $\frac{1}{4}$ to $\frac{1}{2}$ inch in diameter.

Item 2472-B—Iron or steel bolts, galvanized, of more than $\frac{1}{2}$ inch in diameter.

Item 2473-A—Iron or steel rivets, from $\frac{1}{8}$ to $\frac{1}{2}$ inch in diameter.

Item 2473-B—Iron or steel rivets, of more than $\frac{1}{2}$ inch in diameter.

Item 2474—Iron or steel screws.

—Lima.

Trade Commissioners on Tour

In Territory

J. H. BAILEY, Commercial Secretary in Bogotá, Colombia, will visit Ecuador for ten days beginning September 24.

W. G. BRETT, Trade Commissioner in Bombay, India, will visit Hyderabad, Madras and Bangalore, September 2-14.

R. G. GODSON, Acting Trade Commissioner in Cape Town, South Africa, will visit Port Elizabeth, East London and Durban from October 8-12.

J. E. P. LANCASTER, Commercial Secretary in Oslo, Norway, will visit Iceland September 22-27.

C. J. ST. PIERRE, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Barbados and Grenada from September 24 to October 1.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Bailey at Bogotá, Mr. Brett at Bombay, Mr. Godson at Cape Town, Mr. Lancaster at Oslo, and Mr. St. Pierre at Port-of-Spain.

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 .92325.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Aug. 23	Units per Canadian dollar	Notes (see below)
Argentina	Peso	Free	.008083	123.72	
Australia	Pound		2.4250	.4124	
Austria	Schilling		.04197	23.83	
Bahamas	Pound		3.0312	.3299	
Belgium and Luxembourg	Franc		.02171	46.06	
Bermuda	Pound		3.0312	.3299	
Bolivia	Peso		.09236	10.83	
Brazil	Cruzeiro	Official Free	.001776	563.06	
		Special Category	†	†	
Britain	Pound		3.0312	.3299	
British Guiana	Dollar		.6315	1.58	
British Honduras	Dollar		.7578	1.32	
Burma	Kyat		.2275	4.40	
Ceylon	Rupee		.2273	4.40	
Chile	Escudo	Bank rate	.5935	1.68	
		Free	.3592	2.78	
Colombia	Peso	Certificate	.1203	8.31	
Congo, Republic of	Franc		.02171	46.06	
Costa Rica	Colon		.1635	6.12	
Cuba	Peso		†	†	
Czechoslovakia	Koruna		.1504	6.65	
Denmark	Krone		.1566	6.39	
Dominican Republic	Peso		1.08313	.9233	
Ecuador	Sucre	Official	.06017	16.62	
		Free	.05686	17.59	
El Salvador	Colon		.4333	2.31	
Fiji	Pound		2.7308	.3662	
Finland	Markka		.3385	2.95	
France, Monaco, etc.	Franc		.2210	4.52	(1)
Franco-African Republics, etc.	Franc		.004420	226.24	(2)
French Pacific	Franc		.01206	82.92	(3)
Germany	D Mark		.2720	3.68	
Ghana	Pound		3.0312	.3299	
Greece	Drachma		.03610	27.70	
Guatemala	Quetzal		1.08313	.9233	
Haiti	Gourde		.2166	4.62	
Honduras	Lempira		.5416	1.85	
Hong Kong	Dollar	Free	.1890	5.29	*Aug. 16
		Official	.1895	5.28	
Iceland	Krona	Official	.02519	39.70	(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 Aug. 23	Units per Canadian dollar	Notes (see below)
India	Rupee		.2273	4.40	
Indonesia	Rupiah	Official	.02407	41.55	(4)
Iran	Rial		.01430	89.94	
Iraq	Dinar		3.0328	.3297	
Ireland	Pound		3.0312	.3299	
Israel	Pound		.3610	2.77	
Italy	Lira		.001744	573.39	
Japan	Yen		.003009	332.34	
Lebanon	Pound	Free	.3613	2.77	
Mexico	Peso		.08665	11.54	
Morocco	Dirham		.2166	4.62	
Netherlands	Florin		.3000	3.33	
Netherlands Antilles	Florin		.5743	1.74	
New Zealand	Pound		3.0105	.3322	
Nicaragua	Cordoba		.1547	8.46	
Nigeria	Pound		3.0312	.3299	
Norway	Krone		.1515	6.60	
Pakistan	Rupee		.2273	4.40	
Panama	Balboa		1.08313	.9233	
Paraguay	Guarani	Free	.008572	116.66	
Peru	Sol	Free	.04038	24.76	
Philippines	Peso	Free	.2779	3.60	
Portugal & Colonies	Escudo		.03767	26.55	(5)
Singapore and Malaya	Straits dollar		.3538	2.63	
South Africa	Rand		1.5156	.6598	
Spain and Dependencies	Peseta		.01805	55.40	
Sweden	Krona		.2087	4.79	
Switzerland	Franc		.2510	3.96	
Syria	Pound	Free	.2833	3.53	
Thailand	Baht	Free	.05139	19.46	(4)
Tunisia	Dinar		2.6212	.3815	
Turkey	Lira		.1203	8.31	(4)
United Arab Republic	Pound	Official	2.4912	.4014	
United States	Dollar		1.083125	.92325	
Uruguay	Peso	Free	.05984	16.71	
Venezuela	Bolivar	Controlled market rate	.3236	3.09	
		Official Free	.2385	4.19	
West Indies	Dollar		.6315	1.58	(6)
	Pound		3.0312	.3297	(7)
Yugoslavia	Dinar	Official	.001444	692.52	

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, Camerons, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Pierre and Miquelon.
3. New Caledonia, New Hebrides, French Polynesia.
4. Additional rates are in effect.
5. Portugal: approximately same rate for Portuguese territories in Africa.
6. Barbados, Trinidad and Tobago, Leeward and Windward Islands.
7. Jamaica.

Markets in Brief

SAUDI ARABIA

Area: 927,000 square miles, mainly desert.

Population: 7.5 million.

Climate: coastal area—summer hot and humid, winter humid but lower temperatures; inland air dryer and more invigorating.

Language: Arabic official language; French and English understood.

Currency: rial (20 qirsh), valued at the rate of 4.50 rials per United States dollar.

Weights and measures: native weights and measures used; metric system generally understood.

Electric supply: 60 cycles, single and three phase—Dhahran 120/208 volts, Jeddah 120/240 (single phase only) and 120/208, Medina 120/208, Riyadh 120/208; 50 cycles, single and three phase—Hofuf 230/415 and 120/240 volts, Mecca 230/415, Taif 230/415. Frequency not stable in Jeddah, Medina and Riyadh.

Capitals: Mecca, capital of Hejaz on the Red Sea side of the Kingdom, and Riyadh, capital of Nejd.

Chief ports: on the Red Sea—Jeddah the port for Mecca, Yanbu the port for Medina; on the Persian Gulf—Dammam and Ras Tannura.

Marketing centres: Riyadh (population) 350,000, Mecca 250,000, Jeddah 200,000, Medina 72,000, Taif 54,000, Dammam 40,000, Al Khobar 35,000, Ras Tannura 30,000, Dhahran 5,000.

Economy: based almost entirely on production and sale of petroleum and its refined products, which provides revenue to finance imports. Agriculture possible only in small irrigated areas; principal crops are dates, sorghum grain and some wheat. Industry confined to cement and gypsum.

Total Saudi Arabian imports: June 1960 to June 1961—U.S. \$236.8 million.

Chief imports: (U.S.\$ million) June 1960 to June 1961—motor vehicles 12, rice 10, wheat flour 8.9, animals and meat 8.1, tea and coffee 6.2, cement 4.2.

Chief suppliers (U.S.\$ million) 1960 to 1961—United States 47.4, Britain 20.3, West Germany 15.5, Japan 14.2, Egypt 9.6, Italy 8, India 4.6.

Value of imports from Canada: 1962—Can.\$3,256,840; 1961—Can.\$2,697,018.

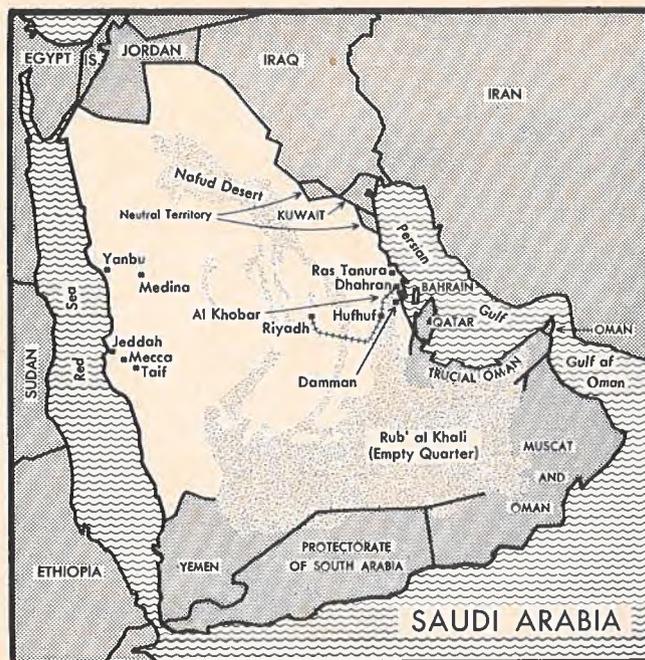
Chief imports from Canada: (Can.\$'000) 1962—wheat 2,183, motor vehicles 640, clocks and parts 63, washing machines 20, wheat flour 4.

Total Saudi Arabian exports: June 1960 to June 1961—U.S. \$874.3 million.

Chief exports: almost entirely oil; no statistics for dates.

Chief markets: (U.S.\$ million) June 1960 to June 1961—Japan 97.5, Italy 73.2, United States 73.1, West Germany 61.2, Spain 40.9, Canada 33.7, France 31, Britain 19.8.

Value of Canadian purchases: 1962—Can.\$40,550,538; 1961—Can.\$41,393,000.



Chief Canadian purchases: 1962—crude petroleum Can. \$40,439,370.

Import and exchange regulations: all goods may be imported freely, with the exception of a few items which are prohibited from all countries. Shipments on Israeli ships or ships calling at Israeli ports are not acceptable. Imports of pharmaceuticals require a certificate from the Department of Health or equivalent agency in the exporting country. Cereals, meat, milk, spices, vegetable oils and certain drugs are only goods granted an import subsidy and they must be imported under letter of credit. No exchange restrictions.

Trade agreements: one column tariff, rates of duty apply equally to imports from all countries. Canadian imports from Saudi Arabia are subject to the rates in the General Tariff schedule.

Prices: quote c.i.f.

Samples: free of duty if for merchandise display but not for sale; those of commercial value and saleable require deposit on import which is refunded on export.

Correspondence: air mail only; letters 25 cents per half ounce.

Import controls, documentation, customs tariff, marking and labelling: consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

For detailed information on this market write to:

Asia and Middle East Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Councillor
Canadian Embassy
6 Sharia Rouston Pasha
Kasr el Doubara Post Office
Garden City
Cairo, United Arab Republic

Roger Duhamel
QUEEN'S PRINTER

If undelivered return to:
The Queen's Printer, Ottawa, Canada

