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FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

Ghana Encounters Trading Problems

Nigeria Makes Steady Progress

Head Office Directory

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How to pay for progress—this is the question that Ghana faces, as cocoa prices remain low and capital imports for projects like the Volta Dam climb. Canadian interests have already been affected by attempts made to solve this problem.

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. . . and see for yourself how products are marketed, choose a good agent, help train him to do a job for you. You can accomplish all this without leaving Accra.

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The visitor to Ghana today is invariably taken to see how the big Volta project, key to economic advance, is progressing. He also meets Canadian engineers on loan to the Volta Authority and sees where Canadian generators will be used.

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Good crops helped boost exports to a record high, but country is also pushing development of mineral resources and industry. Growth of manufacturing and policy of protecting young industries from competition have affected Canadian sales. Our Lagos office sees in trend towards diversity in exports our best hope.

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Ten months ago, the author of this report arrived in Lagos fresh from Canada. Drawing on his experience since, he briefs the businessman on geography, climate, accommodation, social customs, and transportation—discusses trading practices.

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COMING——CURRENT CONDITIONS IN WESTERN EUROPE, JUNE 27 ISSUE

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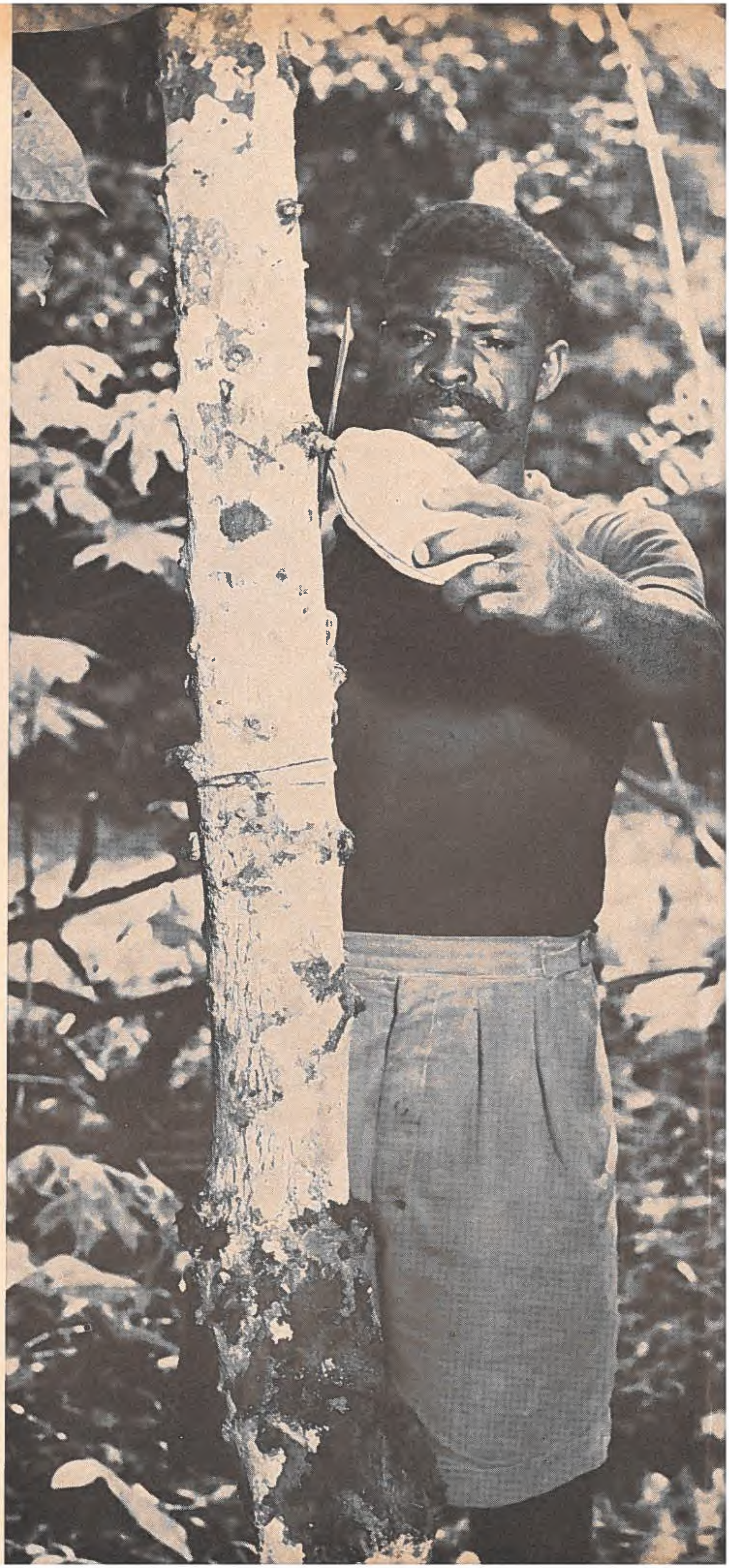
Ghana Encounters Trading Problems



A Ghanaian farmer cuts cocoa at Tafo. Ghana has widened its markets to offset declining world prices of this commodity which accounts for 60 per cent of export earnings.

Large adverse trade balance and budget deficit have forced Ghana to curtail import licences; this has affected Canadian sales. Other government controls on trade have increased and short-term prospects are not bright. Long-term development plans should bring greater opportunities for selling capital goods and raw materials.

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

GHANA ended the 1963 fiscal year with a budgetary deficit of £G49 million—the highest ever—and an adverse trade balance of £G24.6 million. Drawings on external balances to meet the budgetary gap and other fixed commitments resulted in a drop in the foreign exchange reserves to an all-time low of £G41 million. This is considered well below the required level for currency backing, the Volta project, and other foreign exchange commitments.

Foreign Trade Increasing

Imports into Ghana during 1963 totalled £G132 million, compared with £G114.2 million in 1962. Efforts to reduce the country's dependence on imported foods and to continue development programs were reflected in the statistics for the first ten months of 1963. During that period, imports of food, live animals and beverages totalled £G15.2 million compared with £G24.8 million in 1962. Imports of manufactured goods, machinery and transport equipment, on the other hand, rose to £G73.7 million from £G61.3 million in the previous year.

Following the pattern of past years, Ghana's chief trading partners during the period January-October 1963 continued to be Britain, West Germany, Italy, Japan, the Netherlands, and the United States, but the Sino-Soviet Bloc countries made significant gains (see Table I).

In December 1963, Ghana signed trade protocols with Czechoslovakia and Rumania covering the goods to be exchanged in 1964 under the trade and payments agreements with these countries. In return for timber, cocoa, diamonds, bauxite, manganese ore and palm oil, Ghana is to receive machinery, cement, textiles and other consumer goods. Early in 1964 similar protocols were signed with Poland, Bulgaria, Yugoslavia and Hungary.

The share of imports supplied by the Soviet Bloc has risen from 5.4 per cent in 1961 to 7.3 per cent in 1962 and 13 per cent in 1963. Exports to these countries have increased significantly: in 1962 Ghana had a surplus on trade with them of £G1.5 million and for the first eleven months of 1963 of approximately £G1 million. It seems reasonable to assume that this year Ghana will make specific efforts to increase its imports from these countries to make use of its credit with them and to conserve foreign exchange.

Exports Down in '63

Ghana's exports during 1963 (£G107.1 million compared with £G114.9 million in 1962), exhibited a mixed trend. Exports of cocoa, its major earner of foreign exchange, for January-October totalled 355,964 tons valued at £G59 million, compared with 374,293 tons valued at £G59.9 million for the same period of 1962. Diamond exports of 1.43 million carats valued at £G3.1 million during the first eleven months of 1963 contrasted unfavourably with 3.1 million

Cocoa Keys Ghana's Growth

GHANA'S cocoa production in 1962-63 totalled 396,000 long tons, or approximately 36 per cent of world production, down slightly from the previous two record years when the crop totalled more than 400,000 long tons. There are no final figures yet for the 1963-64 crop, but it is estimated at close to 400,000 long tons.

Ghana is the world's largest supplier of cocoa and it accounts for 60 per cent of the country's earnings. The price is therefore vital and Ghana has been one of the leaders in attempting to promote a commodity agreement for cocoa, so far with little success.

Unfortunately, the world price of cocoa has declined over the past ten years from a high of over £450 per long ton in 1953-54 to a low of less than £170 in 1961-62. The price has recently recovered and most of this year's crop was sold at approximately £190 per long ton.

Canada's imports of Ghanaian cocoa beans totalled 121,636 cwt. valued at $2.7 million in 1962 and 84,755 cwt. valued at $1.95 million in 1963. The United States is Ghana's best customer, with imports in 1962 of over 100,000 long tons worth about $50 million.

The average size of a cocoa farm is between three and five acres and the yearly crop of close to 400,000 long tons gives some idea of the number of farms involved. With so many small landowners, it is difficult to mechanize production. Another adverse factor has been the over-use of soil. In the past, the practice was to farm a piece of land until it was exhausted and then to move to a new area. Great efforts are being made to teach farmers to take maximum care of the soil through the use of fertilizers, crop rotation and summer fallow.

Pest control has also become an important factor in cocoa farming. The development of spraying machines and good insecticides has enabled farmers to increase yields by reducing pest damage. Research into plant diseases is also being carried on and the Government is using strict measures to wipe out the "swollen shoot" disease, which requires the cutting out of affected trees.

Ghana's foreign-trade position depends largely on external sales of cocoa. If depressed prices continue, wider markets and better production and marketing methods will have to be developed. The Government has already stepped up sales to Eastern Europe and Japan and is planning to provide its own processing facilities to increase employment. ●

carats valued at £G6.6 million in 1962. Shipments of manganese ore dropped from 449,000 tons in 1962 to 344,000 in the first eleven months of 1963. Shipments of gold during the same period reached 808,870 FOT valued at £G10 million and total production during 1963 was estimated at 921,255.13 FOT, an increase of 33,217.5 FOT over 1962. Timber exports also showed marked improvement last year.

Canada's trade with Ghana declined last year for a number of reasons. Exports fell to Can.$5.5 million from $8.4 million in 1962 and imports from Ghana to $6.5 million from $7.0 million in 1962. The principal commodities shipped to Ghana are given in Table II; principal imports, in order of value, were cocoa beans, cocoa butter, manganese ore, and timber.

TABLE I

GHANA'S TRADING PARTNERS

	Exports 1962	Exports 1963 (10 months)
	(£G'000)	
Britain	31,248	23,901
United States	19,534	16,236
West Germany	10,497	9,268
Netherlands	9,660	9,039
Italy	5,040	6,228
Sino/Soviet Bloc	7,397	11,633
Japan	2,107	2,996
Canada	1,677	1,029

	Imports 1962	Imports 1963 (10 months)
	(£G'000)	
Britain	32,205	35,242
United States	8,417	6,944
West Germany	5,572	10,570
Netherlands	6,936	6,670
Italy	7,009	6,806
Sino/Soviet Bloc	6,180	10,547
Japan	6,475	6,104
Canada	2,111	1,286

TABLE II

WHAT CANADA SELLS TO GHANA

	1962	1963
	(Can.$'000)	
Total exports	**8,399**	**5,451**
Wheat flour	4,572	3,451
Malt	25	27
Tallow, inedible	....	85
Metallic salts	31	34
Aircraft, complete	3,201	1,389
Aircraft parts	405	166
Card punch machines, computers and parts	14	24

Government Controls on Trade

At the end of 1963, the Ministry of Trade announced that from January 1, 1964, the government-owned Ghana National Trading Corporation would be the sole importer of certain essential commodities—initially canned fish, canned meats, sugar, salt and matches. From the same date the GNTC would also be the sole importer of goods from the Soviet Bloc countries and Communist China, and Bloc agencies in Ghana would no longer be recognized. No import licences would be issued to private firms and private importers to import foods from those countries. Because of the inability of GNTC to handle all this work, with the exception of canned fish which is now a GNTC monopoly these regulations have not been enforced.

Under the 1963/64 budget brought down last October, all importers were required to register at fees ranging from £G50 to £G200. In addition, for each import licence issued a fee would be charged, amounting to 1 per cent of the licence value. Import licence applications would also have to be accompanied by *pro forma* invoices. Early this year the Ministry also issued instructions that all goods would in future be imported on a basis of documentary credit. Importers are currently required to pay 15 per cent of the value of the credit at the time of opening it. Importers were further advised that all imports were to be purchased f.o.b., with freight and insurance paid in Ghana. However, this regulation is not being fully enforced.

Import Licensing

Because of the need for Ghana to put its financial house in order, at the end of 1963 no licences for 1964 imports had been issued. The present situation is that—apart from those for flour, sugar, milk, rice, and some materials and parts for industry—practically no import licences for 1964 requirements were issued until mid-April. Those now

Nets are mended at the fishing harbour section of Tema, Ghana's major port. It was finished in 1961, and is designed to serve the whole eastern section of the country.

being issued cover only a fraction of the requirements both for consumer goods and for industry. Already serious shortages have developed and these have resulted in a slowing down in industrial production and business activity and in increased unemployment. The full effects of the cutback in essential imports and the delay in issuing import licences have yet to be felt and they are expected to be serious.

Future Prospects

The short-term prospects for Canadian exporters shipping to Ghana do not look bright. The uncertainty over import licences makes importers reluctant to take on new agencies. There is no doubt that, in the foreseeable future and until Ghana's foreign exchange reserves are built up, imports of goods considered non-essential or in the luxury class will be cut back severely. It is reported that the hope is to reduce them from £G132 million in 1963 to about £G80 million this year. At the rate licences are currently being issued, this objective will undoubtedly be achieved.

In March of this year, Ghana's Seven Year Development Plan was published. It calls for an expenditure of £G1,016 million over the seven years for the development of industry and mining, agriculture, education, and other public works. The target for national economic growth is set at 5.5 per cent a year. The country will have to rely on foreign sources for the capital goods required for economic development, and the use of foreign exchange will constitute an important element in the financial policies for development. The allocation of foreign exchange for the import of consumer and capital goods will undoubtedly be weighted in favour of the latter.

As the Seven Year Plan progresses, the demand for machinery and raw materials for industry will increase. Licensing of imports will probably continue as a means of making sure that goods essential for the planned industrial development receive priority. ●

A shopper casts a critical eye at gaily patterned textiles in an outdoor market. These markets are a vital part of retail trade, and are run by "market mammies". A visit to Ghana will help you understand how Ghanaians do their buying.

Come to Ghana!

LAST YEAR, Ghana's imports totalled approximately $360 million and Canada's share reached only about $7 million. Here, as in other countries, nothing succeeds like a salesman with a sample case who is prepared to sit down and talk specifically about prices, delivery, quality, and other matters. Ghana is an English-speaking Commonwealth country with considerable goodwill toward Canada. You can reach it easily by air both from New York and Europe. It offers good accommodation and its proximity to Nigeria makes a combined visit to these two countries simple.

When Should You Come?

You can visit Ghana at any time of the year. The climate is never too unbearable. The hottest months are normally January, February, and March and the rainy

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season normally begins about May and lasts for about three months.

How Long Should You Stay?

Ghana is a small country and its government and business is almost all centered in the capital city of Accra. There is therefore little need to travel extensively within the country. To some extent your itinerary depends on the type of product you are attempting to sell but generally speaking, a visit of four to five days is adequate. Normal office hours in Ghana are from 8 to 12 a.m. and 2 to 4 p.m.

What about Preparations?

You should first write to our office in Accra, advising us of your proposed plans so that we may give you specific advice and arrange appointments and accommodation. You must obtain an entry permit from the Office of the High Commissioner for Ghana in Ottawa; allow about four weeks for this. You must also have a valid smallpox vaccination and inoculations against yellow fever. Malaria is still prevalent in West Africa and you must begin taking malaria suppressives ten to twelve days before your arrival here. You must prepare f.o.b. and c.i.f. prices in pounds sterling and make arrangements, if possible, to bring with you either samples or at least descriptive literature covering your products. Commercial samples valued at less than £25 may be imported free of duty without an import licence.

What Can We Do?

Initially we will advise you about the opportunities for your products in Ghana so that you will have some idea of the value of a personal visit. We will provide you with information on tariffs and import restrictions on your products and arrange appointments for you with government officials, prospective agents and potential purchasers.

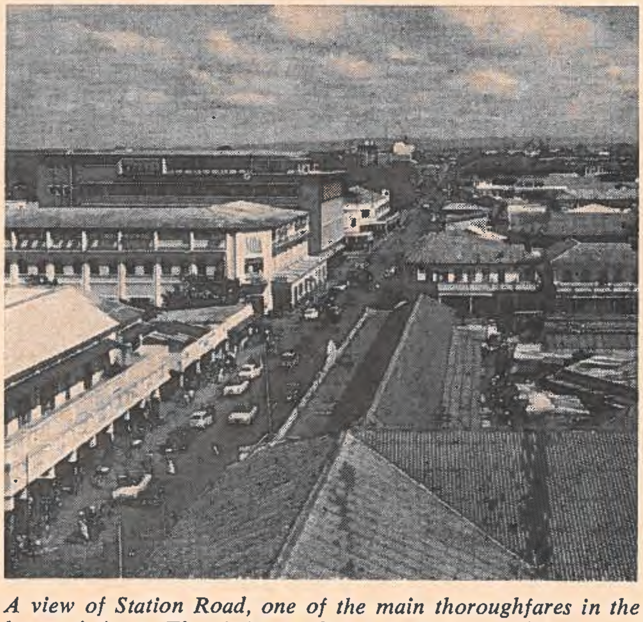
What Must You Do?

Perhaps the most important task during your visit to Ghana will be to find a suitable agent. This is an extremely difficult job in this country where there are relatively few good manufacturers' representatives and the better ones are overburdened. You must be prepared to discuss with potential agents the quality of your products, your prices, delivery times, export packing, the commission you are prepared to pay, and the possibility of providing funds for advertising. You must also give them suggestions on how to market your particular products. This is a price-conscious and conservative market and rather a difficult one to break into. On the other hand, once a product is established, it moves well with little effort on the part of local representatives. Any incentives you can offer to a representative for introducing your product into Ghana will be most helpful. You should be prepared to take a good look at the manner in which goods are marketed in this country, which is considerably different from our own system, particularly for consumer goods. Businessmen from abroad frequently pay far too little attention to the local markets but they are in fact a most important outlet for various types of consumer goods.

What about Follow-Up?

You will find that here in Ghana (and probably also in Nigeria) many of the large companies are British-owned and operated. Consequently many of the purchasing decisions are made in England. We would therefore strongly suggest that following a visit to this country you consider the possibility of stopping in Britain to follow up prospects with the head offices of British companies you have contacted here. If you have appointed an agent, you should in the initial stages keep in very close contact with him and offer him all the support necessary to introduce your products into this market. An important part of our job involves keeping you informed about the activities of your agent and the opportunities for expanding your sales. Please reciprocate by keeping us informed of your activities in our territory. •

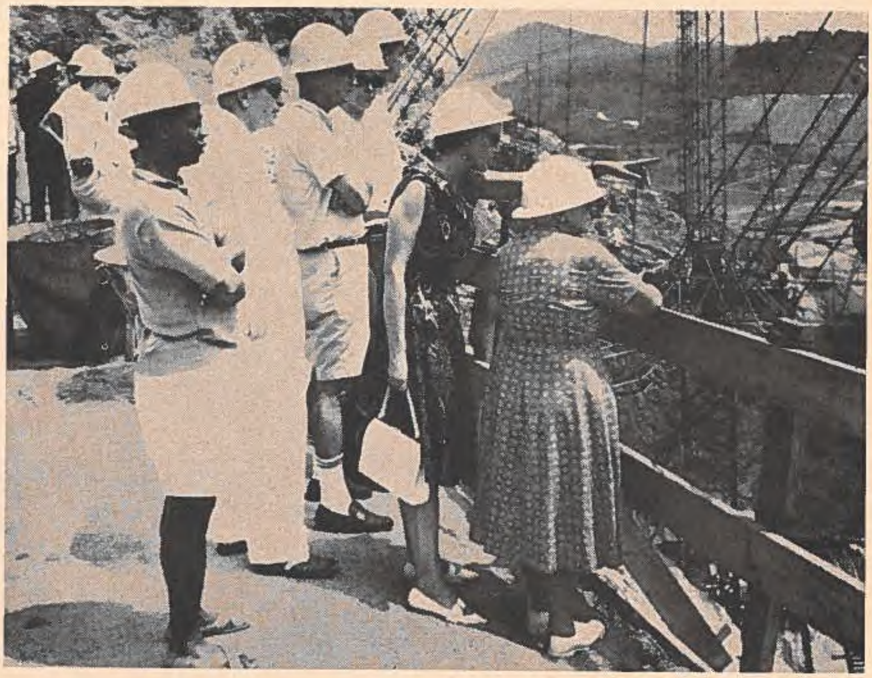
—R. A. KILPATRICK,
Assistant Commercial Secretary, Accra.



A view of Station Road, one of the main thoroughfares in the heart of Accra. The city's population in 1960 according to government figures was nearly 500,000, and is increasing steadily.

Volta Project Moves Ahead

Under the supervision of the Volta River Authority—both its chief executive and its chief engineer are Canadians—this huge £70 million development, begun in 1961, is making impressive progress. The electric power it will provide is essential for greater industrial expansion.



The Canadian High Commissioner to Ghana, D. M. Cornett, is shown with External Aid officials at the Volta River site. The dam is the biggest tourist attraction in Ghana. A Canadian company has been awarded the contract for the generators.

R. A. KILPATRICK, *Assistant Commercial Secretary, Accra.*

GHANAIANS are justifiably excited about the big Volta River dam which will help to provide the electric power it needs so badly for its development. In 1962 this country of seven million people had an annual generating capacity of only 123,351 kilowatts—enough to supply Canada's needs for only one day. Initially, the Volta project will operate four generators—each generating more electric power than Ghana's total current capacity.

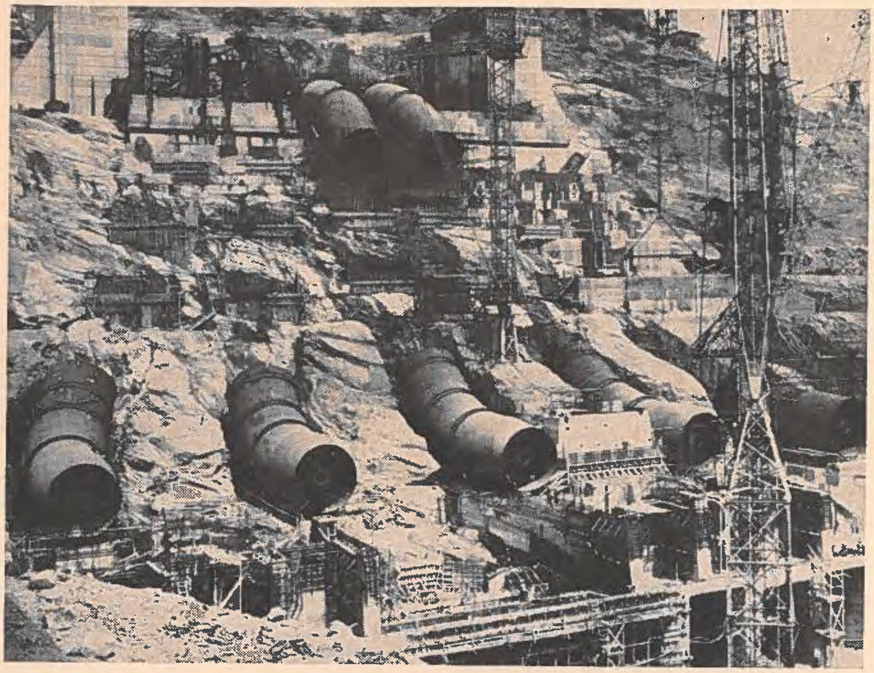
Cost and Schedule

The cost of the dam and powerhouse at Akosombo, the transmission lines to Tema and beyond, and provision for the Volta River Authority (including health measures, compensation and resettlement) was estimated at about £70 million, which includes £3½ million as working capital to tide over the first few years of operation. Following a detailed study by the World Bank, it was decided that the Ghana Government should bear half the cost of the project and the remainder should come from loans of approximately £16.8 million from the World Bank itself, £9.6 million from the United States Agency for International Development, £3.6 million from the United States Export-Import Bank, and £5 million from Britain's Export Credits Guarantee Department.

The Volta River project is being developed in four co-ordinated stages: one, provision of facilities at Akosombo and Tema port; two, construction of the dam, powerhouse and transmission lines and resettlement of displaced communities; three, the aluminum smelter at Tema, and four, possible development of additional water projects.

Dam Being Built

International tenders for the various projects were invited and the major work, a £16 million contract for the power dam, was awarded to an Italian consortium. Work was begun in September 1961 with the dredging of sand from the river-bed and the building of access roads. The contracts for the supply of electrical and mechanical equipment for the powerhouse and Tema were awarded in December 1961. A Ca-



Five of the six penstocks for the Volta dam are shown at the time of installation. The tunnels measure 24 feet in diameter and are situated above the powerhouse at the west end of the dam. Completion of the immense project is scheduled for 1971.

nadian company was successful in obtaining the contract for the supply of generators.

Since January 1962 about 3,000 workers have been working around the clock at the dam site. The dam will be of the rock-filled type and will consist of a main dam and upstream and downstream cofferdams. The main dam will be 440 feet high from the bed of the river, with 244 feet above water level. It will be 2,200 feet long at crest and more than 2,000 feet wide at the bed of the river. The saddle dam will be 120 feet high and 1,165 feet long and 10.45 million cubic yards of materials will be used in filling the main dam.

A tunnel 30 feet in diameter and 1,000 feet long, lined with reinforced concrete, has been built to carry the entire flow of the Volta (except during the flood season) in order to allow the contractors to complete the cofferdam construction in preparation for leaving the bottom of the river-bed dry for building the foundations of the main dam.

At the west end of the dam there will be a powerhouse with a total of six penstocks—only four will be used in the initial stages—each 24 feet in diameter. The powerhouse will eventually house six generators; the initial four will have a capacity of 128,000 kw. each.

One of the interesting social problems associated with the dam was the need for considerable resettlement, not unlike that required in Canada with the development of the St. Lawrence Seaway. Behind the dam a lake covering approximately 3,275 square miles will form and this will displace about 80,000 people and 600 villages.

Smelter at Tema

The main economic justification for the project is the aluminum smelter which is to be built at Tema by a consortium (VALCO) of two United States companies, Kaiser and Reynolds, operating with an initial capital of £60 million. With an ultimate consumption of approximately 300,000 kw., VALCO will be the principal user of the electricity produced at Akosombo. Initially the alumina will be imported. However, it is hoped that efforts will be made to develop Ghana's own considerable bauxite deposits. VALCO plans to produce some 80,000 long tons of aluminum ingot a year, most of which will be exported. It is estimated that 15,000 people will be employed directly at the smelter, providing a valuable additional source of jobs for those living in the growing city of Tema.

Directing the Project

In 1961 the Volta River Development Act was passed by Parliament. This established the Volta River Authority, charged with the duties of generating electricity from the waterpower of the Volta and dealing with all the development, commercial and administrative problems arising from the project, including the resettlement of people whose homes will be flooded by the lake. Canada's ties with the Volta River project became closer with the appointment of Frank Dobson as chief executive of the Volta River Authority. The chief engineer of the Volta River Authority is also a Canadian and a number of other Canadians are on the Authority's staff. Most of these people come from Ontario Hydro, which has also recently entered into an agreement to help develop the transmission of the power that the dam will generate.

In addition to being statistically impressive, the dam site is physically spectacular and is currently the most prominent tourist attraction in Ghana. A hotel has been erected at the top of one of the hills overlookinging the dam site and it offers a marvellous view of the project. The reader will gain some conception of this from the picture above and on page seven.

If all goes well, the first generator unit will begin operation on schedule in September 1965 and by June 1966 the four generating units will be at work. They will increase by 500 per cent the current electrical generating capacity of Ghana and thus stimulate the industrial development of this West African country. ●

Trading with the Ivory Coast

Some 65 per cent of imports come from France, but there could be a market for Canadian-made electrical, forestry and agricultural equipment. Use of French will enhance chances of sales success.

R. A. KILPATRICK, *Assistant Commercial Secretary, Accra.*

ABIDJAN is the capital of the Ivory Coast—one of the most prosperous and dynamic of the new countries in West Africa. Anyone familiar with the former British colonies of West Africa would be unwise to apply the standards of these to the former French colonies. The differences are many and varied. Perhaps the most noticeable is the presence of a large number of Frenchmen who still dominate the business community. A person used to conditions in Ghana finds it surprising that in Abidjan his hair is cut by a Frenchman, his drink is mixed by a French bartender, and his meal is served by a Frenchman.

Trade Ties

Apart from their general interest, these observations have significant implications for the possibility of selling Canadian goods in the Ivory Coast. As one might expect, its trade is strongly tied to France. In fact, 65 per cent of all imports in 1963 came from France and 82 per cent from the Common Market and its associated states. To a certain extent this is the result of traditional ties with French companies and the dominance of Frenchmen in the commercial sector of the Ivory Coast's economy. However, more than this ties trade closely to France. Under its trading arrangements with France, the Ivory Coast is committed to buy at least $90 million of French merchandise each year out of total imports of $130 million. (Cereals are included.) In addition, goods coming from the Common Market countries enjoy tariff preferences and those coming from France do not require import licences. These two factors naturally favour trading with France and the Common Market countries.

Economic Conditions

The buoyant condition of the economy indicates that there are distinct possibilities for selling Canadian products in this country. Last year, exports were up 18 per cent and the country had a favourable commercial balance of approximately $60 million. There are no balance-of-payments problems and the stable government is well disposed toward the fair treatment and encouragement of foreign investment.

The economy of the Ivory Coast is basically agricultural and export earnings come from four major items: coffee, cocoa, tropical woods and bananas. Europeans dominate the industrial and commercial sectors and the Ivorians effectively control the agricultural sector. Those engaged in farming receive a guaranteed minimum price for their crops, and the fact that over one million people work on the land makes agriculture an important factor in the economy.

Industrial development continued to progress rapidly in 1963, with business volume estimated at $80 million compared with $70 million in 1962, $60 million in 1961, and $45 million in 1960. During 1964 there should be even greater industrial growth because many new projects will begin operating this year. During the latter part of 1963 construction was started, or contracts let, on an oil refinery with an annual production of 700,000 tons, an addition to the thermo-generating plant, a cocoa-processing plant, a textile-printing plant, several sawmills, a shoe factory, and a freezer-storage plant for the fishing industry.

Public works and other projects increased considerably during the latter half of 1963 and will continue this year. The University of Abidjan and several other schools are now being built, as are a large government office building, a dozen private office buildings (including a $1.5 million office, hotel, and shopping-centre complex being built by the Aga Khan), a hydroelectric dam, a fishing port, two berths in the regular port, and paving along many of the main highways. Scheduled for 1964 are a bridge in Abidjan, a large public-housing program, rural development projects, and further paving.

Outlook for Canadians

In view of the trading arrangements with France and the dominance of French companies, it will not be easy for Canadian companies to break into this market. However, it is by no means impossible, and in view of the growth potential of the economy, it seems worth the effort. There is a commercial market for various types of electrical and refrigeration equipment, agricultural machinery, and especially forestry equipment.

Virtually everyone in the country speaks French and any Canadian companies corresponding with firms in the Ivory Coast should use this language. This applies also to visits by Canadian businessmen: these will be much more effective if they can speak and conduct their business in French.

The First Step

Anyone interested in exporting to the Ivory Coast should get in touch with the Commercial Counsellor in

Accra, Ghana. Because the Ivory Coast is included in his territory, he may be able to suggest companies to whom it would be useful to write. Officers of the Chamber of Commerce in Abidjan are very capable and will help to provide information on business practices there.

Businessmen planning a visit to West Africa should consider—particularly if they speak French—a visit to the Ivory Coast. Apart from the country's commercial possibilities, its capital is rightly called the "Paris of West Africa." ●

How's Business in Liberia?

Foreign investment poured into development of rubber plantations and iron ore mining has speeded up development, but some slowdown evident last year. Market is an open one; opportunities good for selling building materials, foodstuffs, textiles, household appliances, other consumer goods in small volume.

M. S. STRONG,
Commercial Counsellor, Accra.

THE economy of Liberia, Africa's oldest republic, has expanded rapidly in recent years; it is estimated that real national income doubled in the decade 1950-60. Exports increased from $28 million in 1950 to $67 million in 1962 and government revenues from $3.8 million in 1950 to nearly ten times that amount in 1962 ($35.6 million.) A large part of this growth resulted from heavy investment by private foreign companies. Liberia's "open door" policy has brought in over $400 million of foreign investment in current projects for development of its resources and has contributed to improvement of its revenues, living standards, and business possibilities in a variety of fields.

Much of this investment has gone into the development of iron ore mining facilities. Since 1951, when the first shipments of iron ore were made, Liberia's almost complete dependence upon natural rubber has gradually changed and since 1961 iron ore exports have exceeded those of rubber in value. However, the economy still relies heavily upon these two commodities which together made up 86 per cent of exports in 1962. Apart from rubber and iron ore, production for export is confined to small-scale diamond digging and some minor agricultural crops. Production for the domestic market consists mainly of food crops and a few processed or manufactured goods turned out by small industry.

Slowdown in '63

Towards the second half of 1963, economic activity in Liberia slackened off noticeably. Several factors contributed to this slowdown. The major ones were:

- A tapering-off of investment activity in the private sector after completion of construction by two of the new large mining companies.
- The Government's decision to give up reliance on short and medium credits provided by contractors and suppliers.
- A decline in international rubber prices and a pronounced weakness in the iron ore market.

During the year the Government launched a comprehensive program designed to strengthen finances which had become burdened by a large accumulation of public indebtedness maturing within the next few years. These measures included debt rearrangements, plus steps to raise additional revenues, to reduce government expenditure, and to limit reliance on short- and medium-term borrowing in the future. These measures were implemented with determination and have already met with success.

New Projects

Economic pressures continued in the early months of 1964 but the situation is expected to improve later in the year, when work will begin on the Mount Coffee hydroelectric project and other projects financed by U.S. aid. Work will also be started on some of the road-building projects financed by a $12.5 million West German credit and a World Bank loan of $3.5 million. In the next few years, the economy will be boosted by an estimated increase of 20 per cent in rubber production by 1968, thanks to the coming into production of five new plantations held by foreign companies under concession agreements with the Government. Iron ore production, 7.8 million long tons in 1963, is expected to rise to 20.5 million tons in 1966 and to 23 million by 1968. Because much of Liberia's iron ore is sold under long-term contracts or to users who participate financially in the mining

The largest and richest iron-ore reserve mountain in the world is found at Nimba, Liberia. The ore has a 60-70 per cent iron content. Canada has an interest in the $200 million consortium, LAMCO, which is developing this mining property.

operation, some measure of protection against world market fluctuations is provided.

In 1963 the Liberian Government announced a program called *Operation Production* which has received intensive domestic publicity. A National Policy Commission headed by the President was established, plus a technical commission and supporting subcommissions at the county, territorial, provincial and district levels. The objective of this organization is to mobilize Liberian resources for a concentrated effort to increase agricultural production as well as manufacturing output.

To attract new industry, the Liberian Government offers concessions to foreign firms in mining, agriculture, forestry and other major industrial fields. These include tax holidays and exclusive rights for specified periods.

Foreign Trade

There is little manufacturing in Liberia and only a few commodities —such as rubber, piassava fibre, palm oil and kernels, cocoa, and coffee—are produced in the country. All the other requirements for its one million people must be imported. Import controls are minimal.

TABLE I

WHAT LIBERIA BUYS

	1959	1960	1961	1962
	(millions of U.S. dollars)			
Food, beverages and tobacco	7.8	11.0	14.1	17.0
Machinery and vehicles	10.4	23.3	35.0	53.7
Manufactured goods	18.7	26.2	31.5	47.1
Chemicals	2.7	4.7	4.3	5.8
Fuels and lubricants	2.8	2.9	3.4	4.3
Other	0.5	1.1	2.4	3.7
Total imports	**42.9**	**69.2**	**90.7**	**131.6**

Latest figures available. Excludes imports for re-export.

TABLE II

CANADIAN TRADE WITH LIBERIA

	Exports	Imports
	(Canadian dollars)	
1961	500,975	143,857
1962	815,805	40,341
1963	1,099,643	105,955

Permits are required only for imports of firearms and ammunition, explosives, used clothing and pharmaceuticals.

Liberia's tariff gives no preferences to particular countries. In 1962 about 40 per cent of total imports came from the United States and about 35 per cent from Western Europe and Britain. In the same year Canada supplied about 0.5 per cent.

The main Canadian exports to Liberia have in the past been canned salmon and sardines, wheat flour, and tires. Canada imports from Liberia principally crude rubber.

Methods of Trading

A large number of Liberian importers are both wholesalers and retailers. Because of the limited market, they prefer to place small orders frequently rather than order large quantities at one time. This is particularly true of foodstuffs: the quality deteriorates quickly if they are stored for long periods in the tropical climate.

Terms of payment preferred are sight draft to be paid upon arrival of the goods at Monrovia and draft acceptance basis with payment to be made in 30 to 90 days. Because the United States dollar is the legal currency, prices should be quoted in it.

Liberia is a small but rapidly growing market which Canadian exporters should not overlook. Businessmen visiting West Africa should take the few extra days necessary to visit Monrovia. Foodstuffs, textiles, hardware, household appliances and utensils, furniture and building materials will continue to be imported in increasing quantities as the economy of the country expands. Present steps to increase industrialization will also result in the opening up of a market for industrial machinery and raw materials.

Canadian exporters who are competitive and who can offer convenient terms of payment and quick delivery will find business awaiting them in Liberia. ●

90192—3

Nigeria Makes Steady Progress

Like many African nations, Nigeria is blending traditional patterns with modern knowhow to create a more prosperous life for its people.

Oil production is rising, new industrial plants are appearing, aided by increased import duties on products now made in the country. Six Year Development Plan stresses hydro power, irrigation, better transportation. Canadian exports last year cut sharply by rise in tariffs, but they now cover a broader range of products.

G. F. MINTENKO, *Commercial Secretary, Lagos.*

THE tempo of business in Nigeria was clearly more brisk in 1963, although no comprehensive data on the performance of the economy last year are available yet. One indication of growth was an increase of 7 per cent in gasoline consumption over the year. It is unlikely, however, that the near-boom levels of activity enjoyed in 1961 were regained.

The vitally important agricultural sector (75 per cent of the Nigerian labour force is engaged in agriculture and 85 per cent of exports are derived from it) probably produced at about the same rate as in 1962, with a smaller output of cocoa offset by larger crops of peanuts, palm products, and cotton. The peanut crop, in fact, reached a record 871,500 tons, a figure which from present indications is unlikely to be reached in 1964. Production of palm products, at 418,000 tons of kernels and 152,000 tons of oil, though larger than in 1962, was still well below the long-term average. The 1963 cocoa crop of 175,000 tons should be better this year.

Industrial Growth Encouraged

Although industrial activity still makes a relatively small contribution to the Nigerian economy, 1963 did see the addition of a number of manufacturing plants. Among those that either came into production or were under construction during the year were an aluminum rolling mill (Alcan), and factories producing cotton textiles, shoes, cement, livestock feeds, glass containers, plastic articles, matches, beer, and asbestos cement. Many of these industries benefit from incentive programs operated by the Nigerian Government. For example, companies in industries which the Nigerian Government regards as of special benefit to the economy can qualify for tax holidays of up to five years. These companies may also apply for relief from import duty on materials or parts they require from abroad. All companies operating in Nigeria are eligible to write down capital assets against earnings at an accelerated rate. Making use of an initial deduction of 40 per cent, a firm may write off up to 50 per cent of the cost of machinery in the first year.

In addition, Nigeria follows a flexible tariff policy that takes into account industrial developments. Early in March of this year, the Minister of Finance increased import duties on 13 categories of goods made in Nigeria. To protect his revenue, which is highly dependent on import duties, the Minister simultaneously announced the imposition of excise duties on several of these 13 categories. The excise duties applicable to goods manufactured in Nigeria are less than the amounts by which the import duties on the same items were increased.

Oil Production Rising

Nigeria has seen considerable oil exploration in recent years and this has resulted in the discovery of a number of productive wells. Output during 1963 reached 3.7 million tons (approximately 75,000 barrels a day) and is expected to reach five million tons in 1964 and 10.5 million in 1967. An oil refinery is being built at Port Harcourt in the Eastern Region and is scheduled to go on stream in 1965.

Data for other minerals are only available for the first six months of 1963. During that period, output of tin ore totalled 5,652 tons, up from 5,135 during the same period in

Nigerian workers are shown lifting and packing ("beating up") a railway track near Gomlee. There are 2,006 miles of track in the system. A major development project is dieselization, and a Canadian firm has submitted a tender for the locomotives.

1962, or approximately 10 per cent. Nigeria's increasing production of cement has stimulated output of limestone which, during the first six months of 1963, totalled 390,821 tons as against 350,508 tons during the first half of 1962.

Balance of Payments

The Finance Minister's Budget Speech of March 18, 1964, revealed that the external assets continue to be drawn down to finance imports. Although Nigeria's exports, at £181 million, were up and its adverse balance in merchandise trade, at £26 million, was down, there was a marked decrease in the flow of capital from abroad. As a result, Nigeria's external assets fell by £30 million over the year and at the end of December 1963 stood at £94 million. The Minister stated that he was disturbed by the rate of decline in the reserves but pointed out that, at £94 million, they represented the value of some 5½ months' imports. He has consistently maintained that reserves equivalent to the import bill for four months are adequate to meet Nigeria's needs. The increases in import duties that the Minister announced a few days earlier should lead to some import substitution and thus affect the rate at which the reserves are drawn down.

Relations with Third Countries

The Nigerian authorities are apprehensive about the immediate and long-term effect on their foreign exchange earnings of the preferential position enjoyed in the important EEC market by the African countries associated with the Six. Accordingly, the Nigerians entered into discussions with the Six during 1963 in the hope of assuring reasonable access to the Community's market for cocoa beans, palm oil, peanut oil, and timber and plywood. These discussions are still in progress but the Nigerian authorities hope that they will be concluded successfully by the end of 1964.

Like many other developing countries, Nigeria is conscious of the gap between the rate at which the country earns foreign exchange and the rate at which it requires exchange to carry out its development program and improve living standards. For this reason, it is taking an active part in the United Nations Conference on Trade and Development under way in Geneva.

Six Year Development Plan

In 1962 Nigeria formulated and published a detailed Six Year Development Plan. Its basic objective is not only to accelerate the rate of growth and advance living standards but, in the words of the Plan document, "to give Nigeria an increasing measure of control over her own destiny". The Plan called for public capital expenditures of £675 million over the six years and placed special emphasis on economic infrastructure, especially electricity, transport and communications.

A review of the Plan's operations during its first year reveals that the hoped-for emphasis on development expenditures was not achieved. These expenditures accounted for only 58 per cent of public capital outlays compared with the 72 per cent called for in the Plan. This result should not, however, be viewed with too much alarm. Inevitably such major projects as a hydroelectric dam and telecommunications expansion have to be studied and prepared carefully before making any substantial outlays. Moreover, the spill-over of social overhead and administration undertakings (such as a Supreme Court building), begun before the Plan period, has biased expenditures during the year in favour of these sectors. As the Plan progresses, there will be a natural tendency for the distortion in expenditure to be corrected and this will be reinforced by watchfulness on the part of the Nigerian authorities.

Kainji Dams Project

The largest single project under the Plan and an undertaking often described as its keystone is the first phase of the multi-purpose Kainji Dams Project. This first phase will provide benefits in terms of navigation, flood control and fisheries and will see the installation of 320 mw. of generating capacity at Kainji on the Niger River. This power will be fed into a national grid which will take form over the coming years and is expected to satisfy the expansion in Nigeria's electricity requirements until 1980. The Niger Dams Authority, which is charged with the responsibility of constructing and operating the Kainji development, came into existence in 1963 and early in 1964, following an international call for tenders, it awarded the contract for the main civil works at Kainji to an Italian consortium. During 1963 the Authority invited international tenders for various types of electrical and mechanical equipment required for the development. Although the contract awards have not yet been announced, it seems unlikely that any of this business will be going to Canada because only two Canadian bids were received and neither was the lowest in its category.

Other Projects

Two other projects to be carried out in the public sector under the Plan should be mentioned because they could well involve Canadian suppliers. The first of these is the dieselization program of the Nigerian Railways Corporation. The Corporation received tenders for 29 diesel locomotives in 1963 and delivery, which could well involve the one Canadian firm which tendered, will be in 1964. The Canadian locomotive manufacturer's tender was supported by an offer of long-term financing from Ottawa's Export Credits Insurance Corporation.

The second project is a large-scale modernization and expansion of Nigeria's telecommunications network. Following the submission of a feasibility study by a U.S. firm working under contract with AID, Nigeria's Ministry of Communications will be calling for international tenders in the course of the year. The total value of the several phases of this project is approximately Can. $57 million.

Nigeria's exports during 1963 reached a record £181 million, an increase of £12 million over 1962. Imports, at £206 million, were up £3 million. Nigeria's exports consist largely of cocoa beans, palm kernels, palm oil, peanuts, and natural rubber. Crude oil is becoming an increasingly important export. Nigeria's principal customers during the first nine months of 1963 were Britain (40.7 per cent), the Netherlands (12.7), United States (10.3), West Germany (8.0) and France (6.8).

Britain is still Nigeria's most important supplier but its share of the market is declining under pressure of competition from other countries. Nigeria's main suppliers during the first nine months of 1963 were Britain (35.7 per cent), Japan (12.2), United States (8.1), West Germany (7.3), Netherlands (5.2).

Canada's exports to Nigeria in 1963 totalled $3.2 million, down from $7 million in 1962. The reason for this sudden and dramatic decrease is as follows. Up to and including 1961 our exports consisted almost entirely of two items—flour and, less important, automobiles and parts. In the spring of 1962 the revenue tariff on automobiles was revised, with the rate increasing progressively with engine capacity. The type of vehicle which had been coming from Canada to Nigeria is subject to the highest rate—75 per cent—and automobiles accordingly have all but disappeared from the list of Canadian exports to Nigeria. In September 1962 the tariff on flour was raised for protective reasons from 15 to 50 per cent. This has cut our flour exports to a trickle.

There is, however, some comfort in the 1963 figures. Our exports are now highly diversified and thus less vulnerable to sudden changes in the marketing situation, such as tariff revisions. A great number of the products now moving from Canada to Nigeria have only recently been introduced into this market, and as they become better known and as demand grows, they could provide the basis for a considerable expansion in our sales. Moreover, 1964 will see a stepping-up of the tempo of development activity under the Plan and an increase in Nigeria's requirements of industrial equipment and materials. As Canadian suppliers become increasingly conscious of the value of establishing a position in this rapidly growing country of 55 million people, they should become more important as a source of Nigeria's import needs. ●

What's Current in Commodities in Nigeria

Food Products—Salt and processed milk lead all food imports, but Canadians might concentrate on supplying smaller, more sophisticated market with dairy products, fresh and canned fruits and vegetables, and fresh and processed meats.

ROBERT A. FOOD, *Assistant Commercial Secretary, Lagos.*

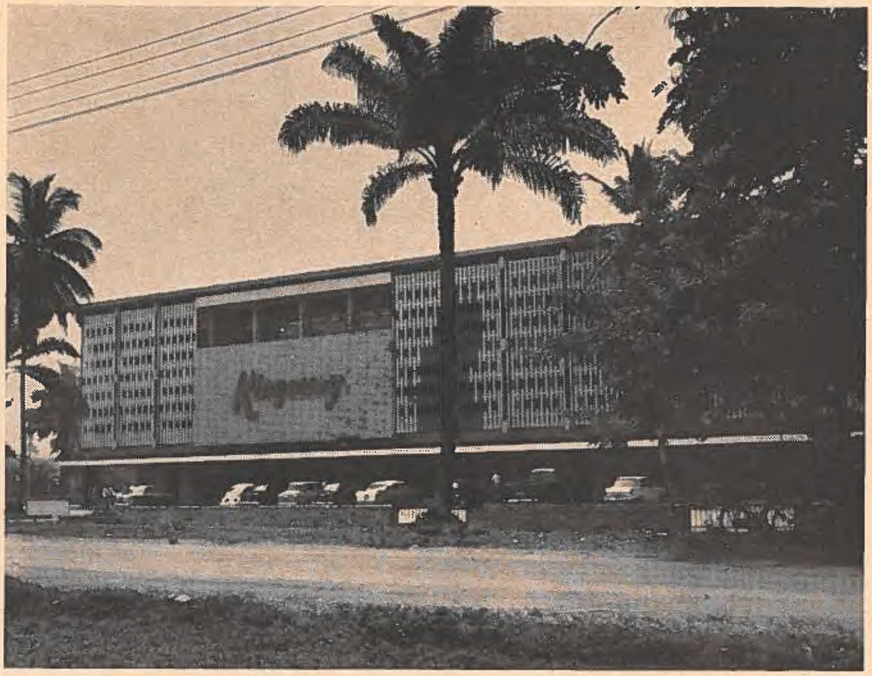
THE long-term potential of the Nigerian market for selected food products bears close watching by export-conscious Canadian firms. With one out of every four Africans living within its boundaries and political stability provided by a Government dedicated to raising living standards through a National Development Plan, Nigeria should, with patient cultivation, provide an interesting and continuing volume of business.

Nigeria's economy traditionally has been based upon agriculture, both cash crops (cocoa, peanuts, palm oil and kernels) for export and produce (guinea corn and millet, yams, maize and rice) for local consumption. The good supply of these relatively inexpensive staple foods basic to the Nigerian diet and the low per capita annual income of approximately $75 have encouraged the development of agriculture to the point of virtual self-sufficiency in bulk carbohydrate foodstuffs. Consequently a few basic foods not produced in Nigeria, such as dried fish (stockfish), sugar, wheat flour (until a year ago), salt, and condensed and powdered milk have traditionally been the only food products imported into Nigeria in substantial volume.

These products, brought in directly by wholesaler-distributors, reach the ultimate consumer here through the market mammies, price-conscious and aggressive businesswomen who operate behind the counters of market stalls. The sales turnover of each of these mammies is limited but as a group they account for the major retail sales of these basic foods in Nigeria. However, today even this pattern is being altered, with the beginning of operations by a flour mill recently completed in Lagos and the development of a sugar growing and refining complex in the interior. As a result, imports of flour have all but disappeared and over the long run, imports of refined sugar are expected to dwindle also.

Nigerian statistics indicate that imports of all forms of food products totalled about Can.$75 million a year in 1960, 1961, 1962, and were at that rate for the first half of 1963. This represents about 10 per cent of the total value of all imports. Eliminating stockfish (an acceptable alternative has not been forthcoming from Canada), sugar, and flour (1963 exports of wheat from Canada to supply this mill were worth $700,000), the value of foodstuffs imported annually, including salt and milk, averaged about Can.$35 million. Table I provides details on the composition of these imports.

Britain, the Netherlands, Denmark, France, Italy and the United States are participating in this trade, and are actively seeking ways to increase their exports of food products to Nigeria.



A modern department store in Port Harcourt, Nigeria's second largest port. Kingsway Stores of Nigeria Ltd., one of the country's two major retail organizations, is a possible outlet for apples, cheese, fancy hams, pickles, relishes, salt and spices.

Two Leading Imports

The most important manufactured food products still imported for the mass market are salt for human consumption and the various forms of processed milk. With imports of $6 million a year, Nigeria provides a large, price-conscious market for bulk salt packed in cotton bags. Shipments from suppliers in Britain and West Germany dominate this trade. However, the wholesaler-distributors are quite willing to consider new sources of supply if delivery is reliable and the price competitive.

Investigations into the whole and skim powdered milk market conducted by the Office of the Commercial Secretary reveal that although Canadian prices are competitive and the quality comparable, the usual Canadian packaging (cardboard container, polyethylene liner) is not acceptable because consumers prefer the humidity-resisting tins which, in addition, subsequently provide containers for storage. Canadian prices of condensed sweetened and unsweetened milk are apparently not competitive with

TABLE I

NIGERIA—IMPORTS OF SELECTED FOOD PRODUCTS

	1960	1961	1962	1963 (Six months ended June 30)
		(Nigerian pounds)*		
Fresh, chilled or frozen meat	367,164	330,208	242,975	104,784
Corned meat in tins	115,141	90,754	87,748	6,324
Other meat and meat preparations in tins	118,577	104,335	88,156	62,335
Milk and cream, evaporated, sweetened	206,368	103,492	116,461	47,070
Milk and cream, evaporated, unsweetened	1,192,990	1,326,586	1,582,667	872,520
Milk and cream, powdered	487,684	427,307	565,018	219,196
Butter	139,483	119,896	152,245	103,809
Cheese and curd	96,946	86,997	95,690	68,269
Malted milk compounds	460,100	554,966	538,920	261,896
Fish, fish products, canned	647,984	691,484	610,840	230,284
Malt	214,650	245,861	234,392	225,593
Biscuits, confections	858,987	718,868	478,961	131,119
Preserved fruits	101,209	92,287	98,684	48,991
Jams, marmalades, jellies (including puree)	565,010	539,477	636,082	288,806
Vegetables, preserved	299,352	262,061	292,695	112,985
Sugar confectionery	476,347	407,172	373,561	140,609
Tea, coffee, mate	387,623	497,807	215,956	129,723
Spices	37,235	60,197	54,572	33,557
Salt	1,864,803	2,102,295	2,012,317	1,066,829
Other items	2,263,461	2,265,953	3,613,055	2,326,503
Total imports of manufactured food products	**10,901,114**	**11,028,003**	**12,090,995**	**6,481,202**

*One Nigerian pound=Can.$3.02.

TABLE II

CANADIAN EXPORTS OF SELECTED FOOD PRODUCTS TO NIGERIA*

	1960	1961	1962	1963
	(Canadian dollars)			
Baby chicks	....	1,328	1,529	143
Canned salmon	4,261	502	2,828	2,413
Cheese	....	....	1,778	12,765
Milk powder	402	....	....	2,423
Wheat flour	1,165,096	2,144,420	3,818,397	180,131
Macaroni, spaghetti	....	243	2,624	2,620
Fruit and fruit products, canned	202	181	....	878
Tomato juice	....	104	951	6,004
Pickles and relishes	....	125	10,264	9,412
Spices	....	....	....	2,916

*Canadian figures.

the established brands imported from the Netherlands.

More Sophisticated Market

The remainder of the food imports into Nigeria, about $23 million per year, represent purchases by the extremely small segment of the population which can afford imported foods. This is made up of the members of the expatriate community (which at latest estimate totals 36,000) and a relatively small but increasing Nigerian professional and managerial class—in short, a market of probably about 100,000 people.

Is this small market worth developing? Yes—for a number of reasons.

- Nigeria has a large population with an increasing interest in and awareness of the world. It is expected that the progress of the National Development Plan will result in higher per capita incomes and increased effective demand.
- It is probable that Nigeria, because of its geography and climate, will always be a natural market for many types of imported foodstuffs, such as dairy products, fresh and canned temperate fruits and vegetables, fresh and processed meats.
- The Nigerian consumer, conservative by nature, displays considerable brand loyalty. Once a line has been introduced successfully, it should have a continuing appeal.

Canadian sales of processed foods are summarized in Table II, and offer proof that Canadian companies can enjoy this market on a permanent basis. So far, Canadian exporters of fresh apples, cheese, fancy hams, pickles and relishes, salt and spices have achieved the greatest success.

The Office of the Commercial Secretary for Canada will be pleased to investigate on behalf of Canadian food exporters sales possibilities for their products in Nigeria. Those interested should provide this office with descriptive sales literature, c.i.f. Lagos prices expressed in pounds sterling, and a few samples. Or the Canadian manufacturer may wish to make direct contact with the British or U.S. buying offices of the two major retail organizations in Nigeria, sending them the information detailed above.

Provisions Department
Kingsway Stores of Nigeria Ltd.

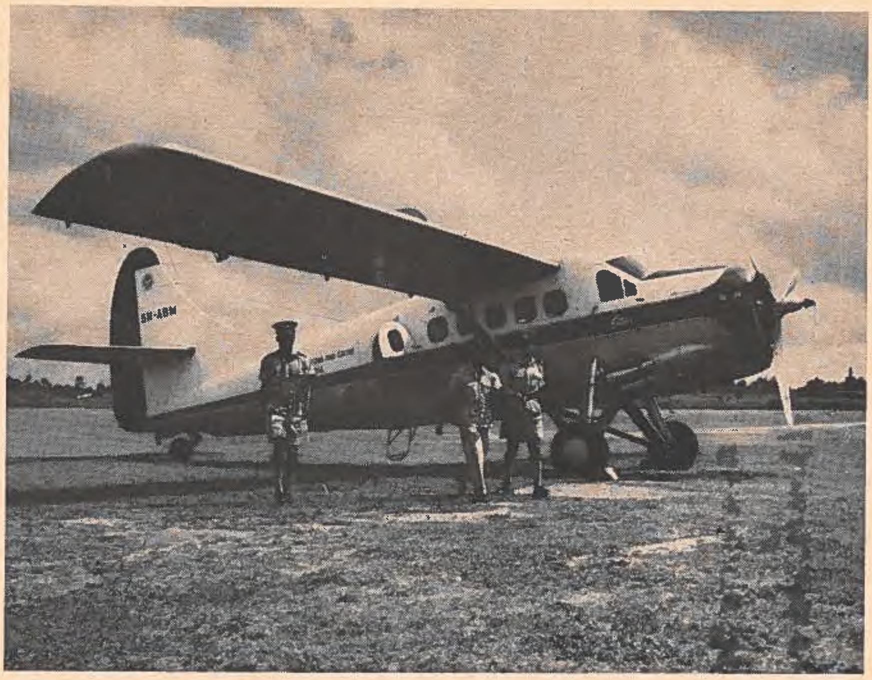
United Africa Co. Ltd.
United Africa House
Blackfriars Road
LONDON, S.E.1, Britain

Balfour Williamson & Co. Inc.
84 William Street
NEW YORK, N.Y., United States

Provisions Department
A. G. Leventis & Co. (Nigeria) Ltd.

West Africa House
Hanger Lane, Ealing
LONDON, W.5, Britain

J. F. Trinkaus & Co.
39 Cortlandt St.
NEW YORK 7, N.Y., United States



Nigerian Customs officials with their Canadian-designed and built Otter aircraft. Three of these sturdy airplanes are currently in use with the anti-smuggling service of the Board of Customs and Excise which has been operating since 1959.

Visit the New Nigeria

An aerial view of downtown Lagos, the capital of Nigeria. Part of the harbour—the country's largest—can be seen in the upper left. An extensive program of replanning and rebuilding parts of the city (population 450,000) is already under way.

Discover what the potential for your product is in the most heavily populated country in Africa by touring Nigeria yourself. You'll find first class hotels, good domestic air services, agencies anxious to represent you, and a friendly people with whom to do business.

ROBERT A. FOOD, *Assistant Commercial Secretary, Lagos.*

MORE and more, those of us stationed in Lagos meet Canadian visitors to Nigeria—a reflection of the interest of our businessmen in participating in the development of the Nigerian economy. Up to five years ago, it was rare for a Canadian exporter to make a trip to the west coast of Africa. Today almost any gathering of export-conscious businessmen in Canada includes somebody who has been to this part of the world.

The Federal Republic of Nigeria, with the largest population (55 million) of any country in Africa, covers an area approximately equal to that of the Province of British Columbia. It is a federation of four Regions, whose extensive responsibilities and rights are defined constitutionally. The commercial and political centre is Lagos, situated in the Federal Territory, a 27-square-mile area carved out of the Western Region.

Nigeria is divided geographically into four main areas. Along the coast there are dense swamp and mangrove forests, varying from 10 to 60 miles in width. These give way to a fairly sharply defined belt of tropical rain forest and oil-palm bush from 50 to 100 miles wide. Farther north is a 300-mile-wide belt of grass savannah and open woodland, known as the "middle belt" of Nigeria. Finally, there is an expansive plateau with rolling dry hills which merges into the southern edge of the Sahara Desert.

Climate and Clothing

The Nigerian climate is tropical and is therefore not considered healthy for Europeans and North Americans. Although this climate can be uncomfortable, it will not be harmful provided the visitor takes reasonable precautions. The wet and dry seasons are appropriately named and the differences well defined. Although the period may vary from region to region, an acceptable guide is that the wet season extends from April to October. During this season, it is sometimes difficult to travel by road about the country. The annual precipitation in the south, ranging from 70 inches in Lagos to 150 inches in the southeast coastal region, is far greater than in the semi-arid north, where it may be as low as 20 inches. In the south, relative humidity (90 per cent plus) and temperatures (80 to 90 degrees F.) vary little throughout the year. However, the temperature variation in the north is pronounced, ranging from 45 degrees F. during evenings when the Harmattan (a dry, dust-carrying wind off the desert) is blowing to a high of 120 degrees F. at midday.

Lightweight suits are necessary, but jackets are worn only on formal occasions; consequently it is a good idea to bring suits with two pairs of trousers. Short-sleeved cotton shirts provide more comfort, obviously, than do long-sleeved shirts or those made from synthetic fibres such as nylon. Dry cleaning is available in Lagos but in other cities neither its existence nor its reliability should be assumed. The visitor will not need to bring with him a supply of things like toiletries. Excellent stores, comparable to the major department stores in most Canadian cities, sell everything that a traveller will need although prices are slightly higher. Because government offices in Lagos close at 2 p.m., a visitor here on government business would be wise to bring some sports and beach wear, for an afternoon at the seaside with its refreshing breezes is a pleasant break from the humid heat of the city. Commercial establishments are usually open from 8 a.m. to 12.30 p.m. and from 2 p.m. to 4.30 p.m. Monday through Friday, and 8 a.m. to 12.30 p.m. on Saturday.

Health Precautions

The traveller must carry an international certificate of vaccination against smallpox and yellow fever and this must be presented if requested. In addition, inoculation for cholera and a T.A.B.T. shot are both recommended. Anti-malarial prophylaxis should be begun about two weeks before entering a malarial zone such as West Africa and must be continued for a similar period after leaving. During a visit, anti-malarial tablets should be taken regularly, either weekly or daily depending on the individual preference. English is the official and commercial language and it is not necessary for the businessman to have a knowledge of the local languages. The currency is the Nigerian pound, at par with the pound sterling. The visitor must have a valid passport and all visas necessary for travel through non-Commonwealth foreign territories.

Nearly Half Muslim

It is estimated that about 45 per cent of the population is Muslim; this faith was introduced by the nomadic races from the Sudan who visited and eventually settled in the Northern Region of Nigeria. The visitor would be wise to acquaint himself with the customs and traditions of the followers of the Muslim religion. For example, their religion prohibits Muslim businessmen from consuming alcohol and pork products, and this should be remembered in planning any business entertainment. Muslim festivals and feasts are observed as public holidays throughout Nigeria. Because the dates are determined by the Muslim calendar, which is lunar, they occur approximately 11 days earlier each year. In 1964 Id-el-Fitre and Id-el-Kabir occurred on the 14th, 15th and 16th of February and on April 22nd, 23rd and 24th respectively, and Id-el-Maulud is scheduled for July 21st. Christianity was introduced in the 19th century into the Eastern Region by missionaries and today about 25 per cent of the population is Christian. As in Canada, Good Friday, Easter Monday, Christmas, Boxing Day and New Year's Day are public holidays. The remaining third of the population practises traditional religions.

Business Is International

Although Nigeria has been completely independent for nearly four years, the importance of British investment in and trade with Nigeria should not be under-estimated. Britain is still Nigeria's most important trading partner and in 1962 supplied 36 per cent of its imports. However, Britain's share of the trade is tending to decline slightly as other countries strive to take advantage of Nigeria's single-column tariff schedule, under which imports from all countries pay identical rates of duty. This means that Canadian exports enter Nigeria without the benefit of a Commonwealth preferential rate.

The Government of Nigeria is encouraging foreign investment in order that the private sector may contribute significantly to the achievement of the objectives set forth in the Six Year National Development Plan. The visitor to Nigeria will be impressed with the number of countries from which this capital has come. Trading (importing and distribution) companies with British, Dutch, French, Indian, Greek and Swiss management and/or ownership are well established. Manufacturing industry is now being developed with capital and personnel from a number of countries in Western Europe, as well as the U.S. and Canada (Aluminium Ltd.). The international flavour of the business community is inescapable.

Historically, Nigeria's importing and distribution functions have been chiefly in the hands of about a dozen British and European trading companies, and important purchasing decisions are often made by their head offices abroad and occasionally by their buying agencies in the United States. Today, however, a number of independent importing and agency firms with Nigerian participation are increasingly active. It is obviously impossible to generalize about the relative effectiveness of the representation that these firms provide. Rather, the choice of agent will depend entirely upon the product and the market situation.

Getting to Lagos

Any business visit to Nigeria should begin in Lagos which, with a population approaching 700,000, is far larger than most statistical data available in Canada indicate. In fact, the first-time visitor will probably be greatly surprised by the presence of such familiar phenomena as traffic jams, overpasses and one-way streets. Lagos is not the sleepy tropical city of bygone days. Before departure from Canada it is advisable to book hotel accommodation for the duration of one's stay in Lagos. There are a number of first class hotels, with rates varying from \$8 to \$18 per night for a single air-conditioned room, breakfast included.

Lagos is well served by a large number (about 15) of international air carriers, but the Canadian visitor will usually find that connections via London are the most convenient. Once the business day is over, a visitor in Lagos may wish to relax over dinner and he may choose from about a dozen restaurants, some of which may be described as night clubs. In addition to the indigenous (Nigerian) and English menus available in most establishments, there are other spots offering French and Chinese cuisine.

Taxis are available in Lagos and most other cities and a Canadian visitor will find the rates reasonable. Where there is no meter in the taxi, it is strongly recommended that the traveller negotiate a firm price before setting out upon the journey.

Regional Capitals

Should a visitor travel to the regional capitals, he will find hotel accommodation comparable to the best in Canada. New air-conditioned hotels, complete with Olympic-size swimming pools, cabana-style changing rooms, and relaxing dining-rooms and night clubs have recently been opened both in Enugu (Eastern Nigeria) and in Kaduna (Northern Nigeria). The rates for a single room are from $12 to $15 per night and advance reservations are once again recommended. Internal air services between the major cities of Nigeria are operated by Nigeria Airways. Reservations for these domestic flights are sometimes difficult to obtain and if possible should be made well in advance. This is the only recommended transportation. The highways, which are not always passable during the wet season, are not comparable to ours and to drive a given distance requires about twice as long as it would in Canada. The railway provides an interesting although somewhat time-consuming opportunity to see Nigeria, but I am assuming that the visitor's time is limited.

The exporter who is planning a business trip to Nigeria would be well advised to tell the office of the Commercial Secretary for Canada, P.O. Box 851, Lagos, so that appointments and reservations can be made. The office will be pleased to help prepare an itinerary and to provide introductions to appropriate officials of Government Ministries and business organizations. ●

Sierra Leone: a One-Product Market

Flour accounts for 95 per cent of Canada's trade with this country. Growing interest in domestic milling may cut our sales, but wheat may take the place of flour among our exports to this market.

G. F. MINTENKO,
Commercial Secretary, Lagos.

SIERRA LEONE is one of the poorer countries on the west coast of Africa; estimates put annual per capita income at less than Can. $60.00. It is a country of 28,000 square miles and 2.2 million people, and in April 1961 it became independent, opting to remain in the Commonwealth.

About 90 per cent of the population make their living from the land. However, most holdings are very small and yield little more than food for those who work them. The principal crop (and the staple food of most of the population) is rice, but production does not meet demand and there are substantial imports from the Far East. The only crop making a substantial contribution to foreign exchange earnings is palm kernels. Smaller contributions come from exports of cocoa and coffee.

Mineral production, though it employs only a small part of Sierra Leone's working population, is extremely important and provides some two thirds of the export income. Diamonds are mined both on a large scale and by individual operators, and the value of production in 1962 reached $35 million. Iron ore is the second-rank mineral mined in Sierra Leone, both in terms of value of production and value of exports. The deposits now being worked were discovered in 1926 and have been intensively exploited in the last decade. The British-based iron mining company operates both its own port at Pepel and its own railway between Pepel and the mining area.

Industrial activity plays a minor rôle in the economy. In the area of Freetown, the capital, there is a brewery, a distillery, a paint factory and a cigarette factory. The Sierra Leone Government is negotiating with Israeli interests for the establishment of a cement plant based on imported clinker. More significantly from a Canadian point of view, the authorities and an Italian firm are discussing a new flour mill for the country.

Development Program

In 1962 the Government launched a 10-year program of economic and social development. A number of basic studies have been undertaken and some of the recommended projects are now under way. Contracts have been awarded for a 13,200-kw. diesel-fueled electric generating station in the Freetown area. In addition, a British firm is building a reservoir and dam, also near Freetown, which will assure an adequate year-round supply of water to the capital. Under U.S. AID, a comprehensive survey of Sierra Leone's transportation requirements was carried out and already some of the initial contracts for road construction have been awarded. A detailed pre-investment study of an extension to Freetown's quay will probably be made this year. Finally, a Dutch firm has been awarded a contract for the improvement of the telecommunications system.

Foreign Trade

Certain goods produced in Commonwealth countries enjoy preferential rates of duty in Sierra Leone. As a fiscal measure, the margin of preference was cut by one half in the spring of 1964. The measure had little direct impact on Canada, because our exports to Sierra Leone are almost entirely of flour which enters duty-free from all sources.

Sierra Leone's total imports for 1962 came to $90 million. The principal categories were machinery and transportation equipment, foodstuffs, and a variety of manufactured consumer goods. Britain continues to be the principal supplier, but its 39 per cent share of the market was down considerably from the 60 per cent it enjoyed in 1955. Japan, the Netherlands and the United States have increased their participation.

In 1961, Sierra Leone's exports had a value of $80 million. (Data for 1962 and the first nine months of 1963 are available, but are misleading because the Sierra Leone Selection Trust exported no diamonds in 1962; most of 1962's production was exported in early 1963.) The leading exports in 1961 were diamonds $48 million, iron ore $14 million, and palm kernels $7.2 million. Re-exports of bunker fuel oil amounted to $11.4 million. Freetown was "discovered" as a bunkering port at the time of the Suez crisis, and with its quick turnround time, it has held its popularity with many ships' captains.

Canada's exports to Sierra Leone had an f.o.b. value in 1963 of $1.3 million, and about 95 per cent consisted of wheat flour. As mentioned, negotiations over establishing a flour mill in Sierra Leone are taking place. Our flour exports could be seriously affected if this plan materializes, but wheat shipments to the mill could offset part of the loss. Canada's imports from Sierra Leone consist of small quantities of ginger.

Although Sierra Leone is small and the living standards of its population low, the country provides an interesting market for one Canadian industry, flour milling. Other Canadian firms interested in checking out the Sierra Leone market are invited to write to the Commercial Secretary for Canada, P.O. Box 851, Lagos, Nigeria. ●

Mexico Institutes Compulsory Profit Sharing

A COMPULSORY profit-sharing program became law in Mexico on December 12, 1963, but it is considered to have been in effect for all employers to whom it applies for the whole of their fiscal year in which it was passed. About 80 per cent of Mexico's business, industry and financial institutions are subject to the new law and about four million employees should benefit from it. Exempted are the following:

Companies with annual incomes of less than 125,000 pesos.

Professionals with incomes of less than 100,000 pesos.

New companies during the first two years of their existence.

Companies producing new products in Mexico during their first four years of operation.

Public institutions in the fields of cultural, social and health activities.

Non-profit private institutions, such as hospitals.

All workers in companies subject to the law are entitled to share in profits. The only persons specifically excluded at present are the directors of a corporation and the administrator or general manager. The law states that the profits must be distributed among the workers within 60 days after the payment of federal corporate land income taxes. (Firms which closed their accounts at the end of December 1963 made their first distribution of profits this April.) Ten days after the return is filed the company must advise the employees of its contents. A majority of the workers have the right to object to the tax return if they see fit. The individual shares of profits are to be determined by a committee made up of management and workers in equal numbers and any grievances will be settled by this committee, or if necessary by a government official. It should be pointed out that although workers may share company profits, they are not allowed any say in administration.

A maximum of 20 per cent of total profits is to be distributed.

The actual amount is arrived at by taking the following steps:

(1) compute net income after taxes

(2) deduct 30 per cent tax-free for reinvestment

(3) compute net worth (sum of capital invested, legal reserve, reinvestment reserve, and prior surplus)

(4) compute total payroll

(5) divide (3) by (4)

(6) apply the ratio obtained to a table to obtain a further deduction. This gives the investor a protection in terms of his investment as compared with the value of his work force

(7) take 20 per cent of this figure and the final result is the portion of profits to be shared.

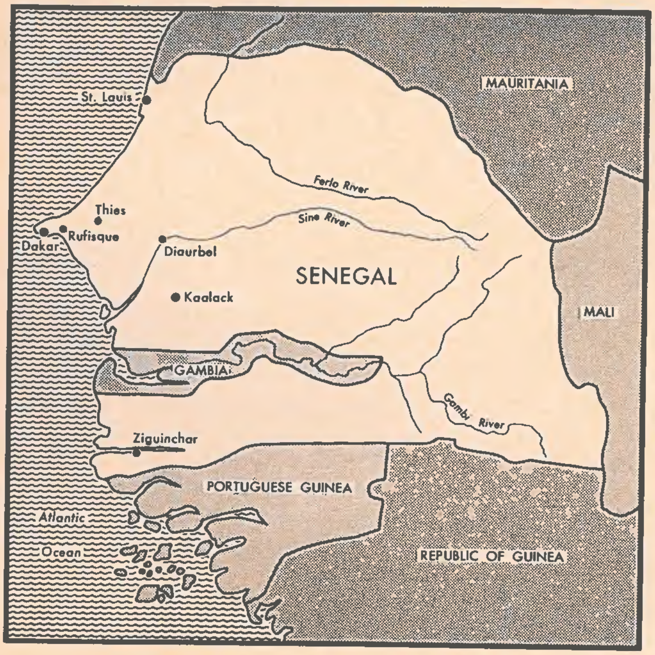
To calculate the amount each employee will receive, the profits to be distributed are divided in half. One half is divided by the total number of days the employees worked, then multiplied by the number of days each individual worked to arrive at his share. The other half is divided on the basis of comparative salaries. Worker A, who earns twice as much as B, will receive double the amount.

The new law creates a number of problems for management. Will the almost universal practice of paying Christmas bonuses (about equal to one or two months' salary) be discontinued? The majority opinion seems to be that if bonuses have been paid regularly in the past, in the future they will be considered part of the salary to be given before calculating profit shares. Last Christmas a few companies paid bonuses labelled "Advance Payment towards Profit Sharing". The employees of one company have laid a complaint and the Government's decision is awaited with interest. Temporary workers or those who have been on the payroll for only 60 days (the minimum period to qualify for profit shares) also pose a problem.

It was feared that the law would reduce investments but the exemption terms seem reassuring and adequate provision for protecting investors has been made.

Generally speaking, the law has been well received. The actual amount of profits to be shared is smaller than expected—but it will be some time before the full effects are felt. The current mild price inflation could be a result of the law, but it could equally well be the result of the minimum wage laws put into force this January. Now it is up to management to make the profit-sharing law pay off for itself, for investors and for its employees.

—J. E. G. GIBSON,
Assistant Commercial Secretary,
Mexico City.



SENEGAL

Markets in Brief

Area: 77,452 square miles. In the south, the coastal areas are frequently marshy, but the country as a whole is flat, with sandy soil. The Desert du Ferlo is the major feature of the central interior.

Population: (1962 census) 3,115,000.

Climate: hot (95 degrees F) and humid from July to October; cooler (80 degrees F) and breezy from November to June.

Languages: French, Wolof, and Poular; the main commercial language is French, but much trade is conducted in Wolof.

Administration: the country is divided into seven regions with a local governor in charge; the regions are subdivided into 27 departments, which are again subdivided into 85 districts.

Currency: CFA franc of 100 centimes; CFA franc 1=French franc .02 or Can.$0.0044.

Electric power: Dakar station generates 61,000 kw.; St. Louis and Kaolack have units putting out 1,200 kw. each. All generators are of the oil-fired steam type.

Capital: Dakar.

Marketing centres: Dakar (population) 375,000, St. Louis 49,000, Thies 70,000, Rufisque 50,000, Kaolack 70,000, Ziguinchor 35,000.

Chief ports: Dakar, Kaolack, Ziguinchor.

Transportation: railway is government-owned and uses diesel engines. Of the 17 airports, the Yoff International Airport near Dakar is the largest, and is equipped to handle inter-continental jets.

Economy: primarily agricultural (peanuts and their derivatives), with some mining (aluminum phosphate, titanium) and secondary industry (cement). Crops include rice, manioc, potatoes and sweet potatoes, corn, fruit and vegetables, and millet. Tuna is the principal fish export.

Total Senegalese imports: 1962—Can.$170 million.

Chief imports: (per cent) 1962—textiles 20, rice 7, sugar 6, petroleum products 5, machinery 5, metal products 4, clothing 3.

Chief suppliers: (per cent) 1962—France 65, EEC (except France) 10, other franc area 6, dollar area 7, sterling area 6.

Value of imports from Canada: 1961—negligible.

Chief import from Canada: synthetic rubber.

Total Senegalese exports: 1961—Can.$135,504,000.

Chief exports: (per cent) 1961—peanuts and nut products 74, tobacco and beverages 12, calcium phosphate 3.

Chief markets: (per cent) 1962—France 92.

Value of Canadian purchases: negligible.

Foreign exchange: automatically available with import licence which must be deposited with a recognized bank and requires the visa of the Exchange Office.

Visas: all nationals other than French require passports with visas and certificates of smallpox vaccination (not less than eight days or more than three years old) and yellow fever inoculation (ten days or three years).

Samples: catalogues and manufactured articles without immediate commercial value enter duty-free. If samples can be consumed—that is, used in the way intended by commercial shipments in quantity—duties must be paid.

Prices: **c.i.f.** Dakar, preferably in CFA or French francs.

Terms of payment: irrevocable letter of credit or cash against documents.

Trade agreements: Franco-Canadian Trade Agreement of 1933; GATT; Associated Overseas Country of the EEC; member of the Union Douaniere.

Banks: Banque de l'Afrique Occidentale (B.A.O.), Dakar; Banque Nationale du Commerce et de l'Industrie (B.N.C.I.), Dakar.

Correspondence: airmail essential; letters 25 cents per half ounce.

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

For detailed information on this market write to:

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

or

Commercial Secretary
Office of the High Commissioner for Canada
P.O. Box 851
Lagos, Nigeria

Beirut Talks Trade

L. A. Campeau, Commercial Counsellor in Lebanon, will in fact be talking trade between Canada and the Middle East countries he covers as he journeys across Canada this month. Here he introduces the subject clearly and concisely for prospective exporters.

TREMENDOUS changes in the market, expanding economies, and a rising standard of living are common to the countries covered by the Beirut office*. This means interesting sales opportunities for Canadian firms. With a population of about 25 million, these countries import over $2,000 million worth of goods of all kinds each year. This is not surprising when one realizes that oil revenues now exceed $1,500 million a year and that production is still rising. These factors, combined with the general desire of Middle East Governments to develop their economies and raise standards of living, seem to promise that the opportunities already offered to Canadian exporters will continue to increase. Canadian exports to these countries reached only $13.5 million in 1963. On the other hand, Canadian imports from the same area during the same period totalled $65.8 million; the main import is crude oil from Saudi Arabia, Kuwait and Qatar.

Competition Is Increasing

The principal suppliers to these countries are the United States, Britain, France, West Germany, Italy, Switzerland, Sweden, Belgium, the Netherlands and Japan, which together hold about 65 per cent of the market. With few import restrictions, particularly on goods not produced locally, and with little industry to speak of, competition is world-wide—and fierce. Japan is now moving in strongly; so are the Soviet Bloc countries. Europeans are putting on aggressive sales campaigns and are consolidating their position.

Price Comes First

The problems facing Canadians selling in the Arab countries are many. One reason why Canadian goods have failed to obtain a greater share of the market has been lack of persistent and well-planned promotion. In addition, the Arab merchants do not realize the diversity of Canadian production, and because of the long haul from Canadian ports to the Middle East, are often under the impression that Canadian prices will not be competitive. These countries also tend to buy from the United States or Britain. A long association with Europe has made them familiar with certain European specifications, on which they often insist. They have also become extremely brand-conscious, especially in consumer products, and most internationally known brands have been successfully established in the Arab markets, making it more difficult for relatively unknown Canadian products to gain a foothold. There is a growing preference for North American consumer products but in capital goods European products have the edge.

To succeed in the markets of the Middle East, a product must be launched with a publicity campaign designed to give it prestige. Because of the strong competition, exporters must quote rock-bottom prices; sales in many instances hinge upon price rather than quality. Although quality is of greater consequence in capital goods, even here price is frequently the deciding factor. As in all markets, style and presentation, particularly in consumer goods, are important. Because quality and durability have a relatively lower priority, manufacturers should consider cutting costs but without lowering standards to an unacceptable minimum. Credit facilities play an important part and in some instances higher prices have been paid simply because the terms of payment were considered more favourably. Flexible credit terms also have some influence because practically all agents, distributors and dealers have to extend credit and they expect their principal to give them maximum help. Delivery must be quick and predictable.

First Find an Agent

For a Canadian firm interested in establishing itself in the Middle East, the first step is to appoint an agent; a good agent can be one of the most important factors in developing a market. To find one may take both care and effort. Before an agent is appointed, the principal should insist upon obtaining satisfactory references and the Commercial Counsellor's office in Lebanon can report on the suitability of local firms as representatives for Canadian companies. It is also important for Canadian firms to pay regular visits to the area, assist their agents with advertising, and be quick in answering correspondence. In most

*Lebanon, Syria, Jordan, Iraq, Saudi Arabia, Persian Gulf countries.

Arab countries all commercial representation must be in the hands of nationals. In many instances, therefore, agents must be appointed for each country and one agent should not be expected to cover several. Prices, where possible, should be quoted c.i.f. or c. & f. Irrevocable credit terms are normal and cash against documents terms are frequently adequate. Credit terms are permissible where satisfactory trading relations have been developed over a period.

Beirut the Key

In considering sales possibilities in the Middle East, the Canadian exporter should keep in mind one of the special characteristics of the Lebanese market—the position of Beirut as the entrepôt and shop window for this area. Lebanon has long been a major trading link between Western and Eastern countries and Beirut is an important port of transit to other Arab countries. As a foreign trade official here stated recently, "Beirut is the key to the Arab markets. Sell Beirut and you have Lebanon. Sell Lebanon and you are on your way to profitable business in the Middle East." ●

Tehuantepec: Alternative to Panama?

Mexico's 150-mile wide Isthmus of Tehuantepec could become important to Canadian shippers, contractors and suppliers of capital equipment, especially if a new canal is built across the Isthmus in the future, or the present railway completely modernized.

H. S. HAY, *Assistant Commercial Secretary, Mexico City.*

MEXICO'S rugged mountain spine, the Sierra Madres, presents a formidable barrier to lateral communications for almost the entire length of the country. But at the Isthmus of Tehuantepec, where the Gulf of Mexico and the Pacific Ocean are only 150 miles apart, the 7,000-foot altiplano drops away on both sides to a north-south land bridge only a few hundred feet above sea level. Attempts have been made over the past four centuries to span the Isthmus by canal, road, and rail. Now the area is once again in the limelight and developments could be of international interest.

The Isthmus is a region with a future. Already the lush tropical Gulf Coast produces bananas, pineapples, sugar and cocoa for export. Flanking it are two major river-basin development projects which in time will step up tremendously the size of these crops. Almost at tidewater is one of the world's largest natural sulphur deposits. Paralleling the coast are petroleum fields that support one of the biggest developing petrochemical complexes in Latin America.

The Pacific coast, tropical but dry, should some day bloom as the result of water conservation and irrigation works now under way. On both sides, the coastal shelves are rich in shrimp and other products of the sea.

The Free Ports

At both ends of the Isthmus there are first class harbours. Both are free ports in the internationally defined sense, though neither is being used extensively as such. International traders may be overlooking opportunities here, for not only are the ports well situated vis-à-vis Mexican, Central American and Caribbean markets, but their importance will grow should the Isthmus route become a major alternative to the Panama Canal.

Coatzacoalcos, on the Gulf, is a river port that in 1962 handled 350 oceangoing vessels and 1½ million tons of freight valued at $67 million. Port facilities were originally built by British interests for the trans-Isthmian trade before the opening of the Panama Canal. They are extensive and include several sets of bulk-loading facilities. Ninety per cent of the tonnage currently moves out—principally sulphur, fertilizers, and tropical produce. Phosphate rock and machinery and equipment for the nearby petrochemical plants are imported. The free-port area contains the docks, the termini of the trans-Isthmian highway and railway, and a handful of plants, mainly fish processing and chemicals.

Salina Cruz, on the Pacific, is a newer and smaller manmade harbour. Although it can handle several oceangoing vessels simultaneously, only $10 million worth of goods passed through it in 1962—mainly shrimp and tropical produce shipped overseas from the surrounding area. The free-port area is served by rail and road and is the home of a large deep-sea fishing fleet. Its only industries so far are freezing and packing plants, a bulk oil terminal, and the largest government drydock on the west coast.

The Canal

There has been periodic interest in an Isthmian Canal ever since Cortez conquered Mexico. Investigations by local and foreign engineers have led to a variety of proposals for sea-level or lock-type passages, ship tunnels, and even a multi-track railway to transport fully laden ships across in water-filled cradles. Recent events in Panama have again focused attention on a Tehuantepec canal.

It is argued that it would be complementary to Panama and give shippers a choice of crossings. Though actual transit time might be slightly longer, up to four days' sailing time could be saved on certain international routes. This could benefit the large volume of Canadian trade now going through the Panama Canal—close to $400 million to and from British Columbia ports alone in 1962.

A new canal might also be able to handle modern very large vessels that cannot now get through Panama. From Mexico's own standpoint, large quantities of domestic goods could be moved from coast to coast by water.

Cost of the canal would be tremendous—even with the use of nuclear explosives. Jurisdiction and sovereignty would almost certainly be all-Mexican and the vulnerability of such an internationally important and strategic waterway would have to be weighed against its benefits. Nevertheless, foreign financing would undoubtedly be needed and could present opportunities for participating in the construction and equipping of a canal.

The Railway and the Highway

Before the Panama Canal opened, twenty trains or more a day crossed the Isthmus. Now the 190-mile standard-gauge line carries scarely one or two and is badly in need of renovation.

This is a project favored by the Mexican National Railways and one in which Canadian equipment suppliers could play a part. It is estimated authoritatively that for $115 million, or perhaps one-twentieth of cost of a canal, the Isthmian railway could be completely modernized. It could then substitute in great part for a canal, and even if the latter were built eventually, would complement it.

Likely to be needed are heavy-duty rail and impregnated ties, an electronic signalling and control system, new terminal buildings and facilities, new rolling stock and locomotives, and also foreign credits. The goal would be a daily traffic of 30,000 tons and an estimated unloading, transit and reloading time of no more than thirty hours.

The "asphalt canal" (as it is known in the region) is a recently constructed paved, two-lane, high-speed artery connecting the two ports. Driving time for a modern diesel rig is perhaps four hours.

The use of containers in international trade is perhaps the key to the future of both the trans-Isthmian railway and highway. As yet there are no "in bond" facilities across the Isthmus, but containerization will probably alter this.

The Possibilities

There may be several potential long-term opportunities open to Canadian traders, contractors and suppliers in Tehuantepec.

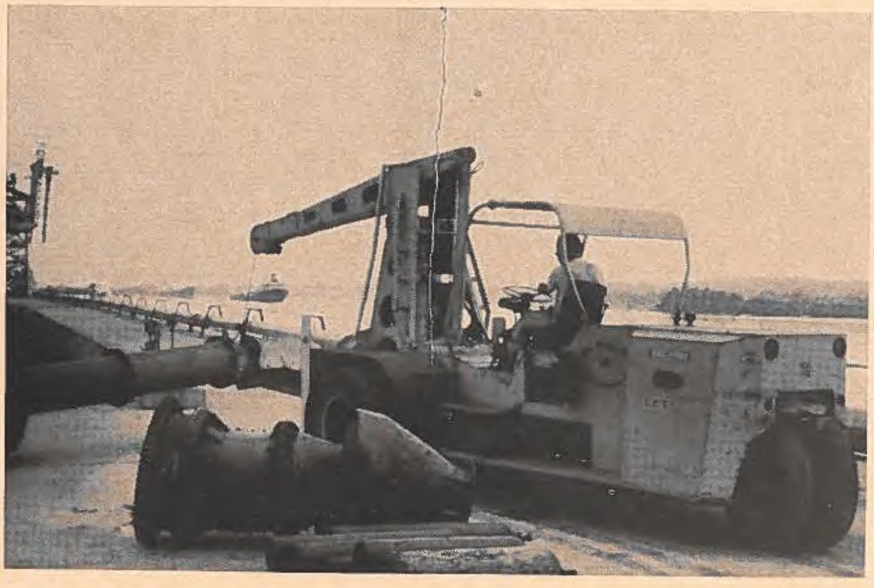
1. The region itself offers tropical products to Canada and will require capital equipment and perhaps raw materials for its developing chemical and agricultural industries.

2. The free ports warrant greater use, both as manufacturing and transhipment sites.

3. A canal, if it is ever built, would be a tremendous civil construction job, probably open to foreign participation and undoubtedly requiring financing and equipment.

4. Rehabilitation of the railway, a more certain possibility, could call for various types of equipment produced in Canada.

5. As containerization becomes more widely used, rail and road facilities across the Isthmus of Tehuantepec should present an economic alternative to the Panama Canal. ●



A piece of Canadian equipment in operation on the docks of the free port of Coatzacoalcos. The port in 1962 handled 350 vessels and 1.5 million tons of freight worth $67 million. The harbour could become important if a trans-Isthmian canal is dug.

FOREIGN TARIFFS AND TRADE REGULATIONS

Burma

IMPORT AND EXCHANGE CONTROLS—The Burmese authorities have announced that certain state trading agencies are now in operation and these are responsible for all imports into the Union of Burma. These agencies were established in keeping with the policy which was implemented last year and which is designed to maintain complete state control over the economy. All imports under Open General Licence have been suspended.

In keeping with the new policy, the foreign exchange budget of Burma does not provide exchange for private imports. For the twelve-month period ending September 30, 1964, imports by state trading agencies have been set in the foreign exchange budget at 1.5 million Kyats, an increase over imports for the previous fiscal year which amounted to approximately 1.3 million Kyats.

Exporters wishing to do business with Burma should first seek the advice and assistance of the office of the Canadian Government Trade Commissioner in Singapore or the Asia and Middle East Division of the Office of Trade Relations and Trade Policy, Department of Trade and Commerce, Ottawa.

Jamaica

ADDITIONAL DUTIES—The Jamaican Government has announced that, effective April 22, 1964, an additional duty amounting to 20 per cent of the existing duty is payable on the goods specified in the First Schedule below.

An additional duty of 10 per cent of the existing duty is payable on all other goods, with the *exception* of those listed in the Second Schedule below.

FIRST SCHEDULE

Item No.	Description of Goods
053–01	Preserved fruits: whole or in pieces, with or without added sugar, whether in air-tight containers or not (including fruit frozen or in temporary preservative, e.g. brine).
053–02	Fruit, fruit peel, parts of plants, drained, glaced or crystallized, flavoured or not.
053–03.1	Jams, marmalades, fruit jellies, fruit pulp and pastes (excluding fruit pulp and pastes included in Item 053–03.9), whether in air-tight containers or not.
053-04	Fruit juices, unfermented, whether frozen or not (including fruit syrups and natural fruit flavours).
055-01	Vegetables dehydrated.
055–02	Vegetables preserved or prepared (except dehydrated), in air-tight containers (including soups and vegetable juices).
055–03	Vegetables preserved or prepared (except frozen, dehydrated or in brine), not in air-tight containers.
055–04	Flour and flakes of potatoes, fruits and vegetables (including sago, tapioca, prepared arrowroot and other starches prepared for use as food).
	Synthetic perfume and flavour materials and concentrates, and enfleurage greases and mixtures of alcohol and essential oils:
551–02.9	Other.
552–01.1	Bay rum.
552–01.2	Other perfumed spirits, n.e.s. (including eau-de-cologne, lavender water and florida water).
552–01.3	Other perfumes, n.e.s.
552–01.4	Shampoos and shaving creams.
552–01.5	Cosmetics: toilet preparations, n.e.s. (including rouge, powder, lipstick, hair dyes, bath salts and deodorants).
552–01.6	Dentifrices (including denture powder and dental soaps).
552–02.1	Soft soap and resin soap.
552–02.2	Hard soap, in blocks, slabs or bars, whether or not scented or transparent.
552–02.3	Soap in powders, flakes, granules and the like; liquid soap, whether scented or not.
552–02.4	Other soap, including toilet, solid shaving soap, medicinal and similar soaps (but excluding dental soaps, shaving and shampoos. Items 552–01.4, 552–01.6).
552–02.5	Washing preparations, whether or not containing soap.
552–03	Waxes, polishes, pastes, powder and similar preparations for polishing and preserving leather, wood, metal, glass or other materials (including saddle soap and dubbin).
591–01.2	Hunting and sporting ammunition.
591–03	Pyrotechnical articles.
653–01	Silk fabrics.
657–01	Carpets, carpeting, floor rugs, mats, matting and tapestries of wool and fine hair.
657–02	Carpets, carpeting, floor rugs, mats, matting and tapestry of textile fibres other than wool and fine hair.
657–03	Carpets, carpeting, floor rugs, mats and matting of vegetable plaiting materials (including coconut matting), n.e.s.
672–01	Precious and semi-precious stones (including synthetic), uncut.
672–02	Precious and semi-precious stones (including synthetic), cut but not set.
672–03	Natural and cultured pearls, unworked.
672–04	Natural and cultured pearls, worked but not set.
673–01	Jewellery of gold, silver and the platinum group of metals, and goldsmiths' and silversmiths' wares, (except watch cases) including set gems.

SECOND SCHEDULE

Codfish (Item 031–02.1)

Mackerel, salted (Ex item 031–02.9)

Canned sardines (Ex item 032-01)

Canned herrings (Ex item 032–01)

Rice not in the husk, including polished and broken rice (Item 042–02)

Meal and flour of wheat and spelt (including meslin) (Item 046–01)

Meal and flour of maize (corn) Item 047–02)

Potatoes, including seed potatoes but not including sweet potatoes (Item 054–01)

Yeast (Item 099–09.1)

Fabrics of standard type (piecegoods), but excluding fents, of a value not exceeding 1/6d. per lineal yard (Ex items 652–01 to 653–09 inclusive).

Nigeria

IMPORT CONTROLS EXPECTED—In his recent opening speech to Parliament (equivalent to the Speech from the Throne) the President of Nigeria stated that Nigeria will introduce import controls. It appears that these controls will not be general, and that goods under way at the time of the imposition of controls will be accommodated. This announcement should therefore not inhibit Canadian firms from shipping against orders received from reputable Nigerian firms.

Sierra Leone

TARIFF CHANGES—Effective March 25, 1964, the preferential tariff of Sierra Leone on most items was raised by one-half the differential between the preferential and general rates. In addition, the tariff on unmanufactured tobacco has been reduced and the margin between the preferential and general rates eliminated.

Wheat flour, which enters free of duty from all countries, is not affected by this increase.

Details on the changes affecting individual commodities may be obtained from the Commonwealth Division, Office of Trade Relations and Trade Policy, Department of Trade and Commerce, Ottawa.

TRADE COMMISSIONERS ON TOUR

In Canada

The following officers are undertaking tours of business centres throughout Canada as detailed below. Businessmen who wish to see them should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions: Toronto, Canadian Manufacturers Association; Windsor (Ontario), Greater Windsor Industrial Commission; St. John's, Halifax, Ottawa, Winnipeg and Vancouver, Department of Trade and Commerce; Fredericton, Department of Industry.

Britain—B. C. Butler, Minister (Commercial) in London.

Kitchener, New Hamburg—June 16
Stratford—June 17
Windsor—June 18
London—June 19
Montreal—June 22-26
Quebec City—June 29
Fredericton—June 30
Saint John—July 2-3
Charlottetown—July 4-6
Halifax, Kentville, Berwick—July 7-12
St. John's, Grand Falls—July 13-15
Ottawa—July 15

E. J. Ward, Commercial Secretary (Timber) in London.

Montreal—June 11-18
Quebec City—June 19-22
Fredericton—June 23
Saint John—June 24
Chatham, South Nelson, Newcastle—June 25
Halifax—June 26
Truro—June 29

Lebanon—L. A. Campeau, Commercial Counsellor in Beirut.

Toronto—June 15-19
Niagara Falls—June 22
St. Catharines—June 23
Brantford—June 24
Windsor—June 25
London—June 26
Hamilton—June 27-30
Winnipeg—July 2
Vancouver—July 3-9

Pakistan—J. A. Elliott, Assistant Commercial Secretary in Karachi.

Toronto—June 15-19

Temporary Duty in Ottawa

R. W. Blake, Commercial Counsellor in Kingston, Jamaica, June 11-24. Contact Commonwealth Division, phone: 99-22421.

Tours of Territory

Barbados—C. J. St. Pierre, Acting Commercial Secretary in Port-of-Spain, Trinidad, will visit Barbados June 29-July 14.

Iraq—V. G. Lotto, Assistant Commercial Secretary in Beirut, Lebanon, will visit Baghdad and Basra June 19-29.

Leeward and Windward Islands—J. A. Ahow, Commercial Officer, Port-of-Spain, Trinidad, will visit the Islands July 13-25.

Mozambique—C. R. Gallow, Trade Commissioner in Johannesburg, South Africa, will visit Lourenco Marques October 5-9.

Pakistan—R. D. Sirrs, Commercial Secretary in Karachi, Pakistan, will visit Lahore and Sukkur, West Pakistan, during the week of June 22.

Panama—P. D. Donohue, Assistant Commercial Secretary in Guatemala City, will visit Panama City and the Canal Zone June 13-17.

Poland—K. O. Hillyer, Acting Commercial Secretary in Copenhagen, Denmark, will visit Warsaw June 4-17.

South Africa—C. R. Gallow, Trade Commissioner in Johannesburg, will visit Durban August 17-28.

R. G. Godson, Assistant Trade Commissioner in Cape Town, will visit East London, Port Elizabeth, Grahamstown, the Knysna/George area, and Cathcart June 8-19.

Saudi Arabia—C. E. Rufelds, Assistant Commercial Secretary in Beirut, Lebanon, will visit Jeddah and Riyadh June 6-17.

Businessmen who would like these officers to undertake assignments for them should write to them at their posts as soon as possible.

Syria Works Out Import Procedures

Syrian businessmen have found new ways to ease import difficulties and the procedure is outlined here. European suppliers have discovered how to compensate for delayed exchange transfers.

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

SYRIAN importers and bankers have succeeded in working out entirely new business procedures designed to meet existing economic difficulties and government import regulations. The adept Syrian merchant has come up with a system that not only overcomes many of the restrictions limiting his business but also helps to alleviate the anxiety of his principals about delays in the transfer of foreign exchange.

It is not a question of an exporter having a choice: if he wants to do business in Syria today, he needs to do it on Syrian terms. Here is how the procedure works:

1. The agent, armed with pro forma invoices, requests an import licence, and if not rejected out of hand, is allocated a "number" for his request.

2. He next tries to persuade his bankers to open a letter of credit eventually should he be successful in obtaining an import licence. If the bank agrees, he deposits 15 per cent of the value of the order with them; this is later transferred to the Central Bank.

3. When he has obtained a receipt for the down payment, he again tackles the Import Licensing Bureau. This is the critical stage and takes time because the request has to be processed by several control offices.

4. Assuming the agent is granted an import licence, he presents it to his bank. The bank in turn must seek approval from the Exchange Office to transfer foreign currency before it can complete the letter of credit.

5. Following permission to transfer foreign currency, it only remains for the agent to pay an additional deposit to his bank, usually 30/40 per cent of the letter of credit.

The foregoing procedure is rather complicated but the exporter should remember that it is the Syrian importer who is taking the time and trouble.

Letter of Credit

The opening of a letter of credit in Syria is subject to a decision by the directors of Syrian banks. As a result, importers can confirm an order only after the opening of the letter of credit. Because the formalities take time, it is essential that Canadian suppliers make offers valid for 45 days from the date of the pro forma invoice. There should be five copies of this invoice and the validity of the offer and the mode of payment should be indicated.

Letters of credit opened on foreign banks are not permitted. The only method of payment is an irrevocable letter of credit placed in Syria and approved by a Syrian bank. All these banks are nationalized and the State guarantees their engagements. However, the country is faced with a serious lack of foreign exchange and delays of six to eight months in the transfer of foreign exchange are not uncommon. The situation is easing, but it may be some months until conditions correct themselves fully.

In the meantime, European suppliers have evolved a method of overcoming this difficulty—one which Canadian exporters themselves may wish to use. The suppliers require the Syrian bank to give within the letter of credit itself a guarantee in the form of 6 per cent interest to cover any delay in transferring foreign exchange. This "delay tax" applies from the date of sending the documents to the foreign bank until the moment the foreign currency is transferred to the Syrian bank. For example, here are the exact words used in a recent Syrian letter of credit:

"On receiving the documents in accordance with these terms of credit, we shall freeze on your behalf the equivalent value in local currency pending authorization from our Exchange Office to transfer and allot the exchange required to cover same. Furthermore, we are willing to pay the back interest at the rate of 6 per cent from the date of shipment up to the date of transfer."

Doing business in Syria today is not the relatively simple process it was even a few months ago. However, a number of aggressive Canadian companies have decided that it is to their advantage to do business under these conditions. Immediate sales prospects for semi-finished goods such as artificial fibres, iron and steel products, lumber and chemicals are excellent and as the foreign exchange situation eases, many consumer goods probably will be in the same category. Syria is going through a difficult period, but those exporters who do business now will be in a favourable position when the economy improves. ●

Department of Trade and Commerce

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To telephone: in Ottawa—dial 99 and the government local: out-of-town—call government switchboard 232-8211 and ask for the local, or dial direct Ottawa area code 613, then 99 and the local.

**Unless otherwise noted, all offices of the Department are in this building.*

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

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

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

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

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

For conversion to United States dollar equivalent multiply by .925390.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent June 1	Units per Canadian dollar	Notes (see below)
Algeria	Dinar		.2205	4.54	
Argentina	Peso	Free	.007917	126.31	
Australia	Pound		2.4186	.4135	
Austria	Schilling		.04186	23.89	
Bahamas	Pound		3.0232	.3308	
Belgium and Luxemburg	Franc		.02170	46.08	
Bermuda	Pound		3.0232	.3308	
Bolivia	Peso	Free	.09189	10.88	
Brazil	Cruzeiro	Official Free	.0009158	1,091.94	
Britain	Pound		3.0232	.3308	
British Guiana	Dollar		.6298	1.59	
British Honduras	Dollar		.7558	1.32	
Burma	Kyat		.2269	4.41	
Ceylon	Rupee		.2267	4.41	
Chile	Escudo	Bank rate	.4596	2.18	
		Free	.3351	2.98	
Colombia	Peso	Free	.1082	9.24	
		Certificate	.1201	8.33	
Congo, Republic of	Franc		.007204	138.81	(4)
Costa Rica	Colon		.1631	6.13	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1501	6.66	
Denmark	Krone		.1565	6.39	
Dominican Republic	Peso		1.08063	.925390	
Ecuador	Sucre	Official	.06003	16.66	
		Free	.05727	17.46	
El Salvador	Colon		.4323	2.31	
Fiji	Pound		2.7236	.3672	
Finland	Markka		.3377	2.96	
France, Monaco, etc.	Franc		.2205	4.54	(1)
Franco-African Republics, etc.	Franc		.004410	226.76	(2)
French Pacific	Franc		.01213	82.44	(3)
Germany	D Mark		.2720	3.68	
Ghana	Pound		3.0232	.3308	
Greece	Drachma		.03602	27.76	
Guatemala	Quetzal		1.08063	.925390	
Haiti	Gourde		.2161	4.63	
Honduras	Lempira		.5403	1.85	
Hong Kong	Dollar	Free	.1886	5.30	*May 15
		Official	.1890	5.29	

‡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 June 1	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02513	39.79	(4)
India	Rupee		.2267	4.41	
Indonesia	Rupiah		.004322	231.35	(4)
Iran	Rial		.01427	70.10	
Iraq	Dinar		3.0258	.3305	
Ireland	Pound		3.0232	.3308	
Israel	Pound		.3602	2.78	
Italy	Lira		.001729	578.37	
Japan	Yen		.003002	333.11	
Lebanon	Pound	Free	.3501	2.86	
Malaysia	Straits dollar		.3530	2.83	
Mexico	Peso		.08645	11.57	
Morocco	Dirham		.2161	4.63	
Netherlands	Florin		.2989	3.35	
Netherlands Antilles	Florin		.5730	1.75	
New Zealand	Pound		3.0026	.3330	
Nicaragua	Cordoba		.1544	6.48	
Nigeria	Pound		3.0232	.3308	
Norway	Krone		.1512	6.61	
Pakistan	Rupee		.2267	4.41	
Panama	Balboa		1.08063	.925390	
Paraguay	Guarani	Free	.008576	116.60	
Peru	Sol	Free	.04028	24.83	
Philippines	Peso	Free	.2772	3.61	
Portugal & Colonies	Escudo		.03759	26.60	(5)
South Africa	Rand		1.5116	.6616	
Spain and Dependencies	Peseta		.01801	55.52	
Sweden	Krona		.2103	4.76	
Switzerland	Franc		.2504	3.99	
Syria	Pound	Free	.2833	3.53	
Thailand	Baht	Free	.05126	19.51	(4)
Tunisia	Dinar		2.6151	.3824	
Turkey	Lira		.1201	8.33	(4)
United Arab Republic	Pound	Official	2.4854	.4023	
United States	Dollar		1.080625	.925390	
Uruguay	Peso	Free	.05628	17.77	
Venezuela	Bolivar	Official Free	.2405	4.16	
West Indies	Dollar		.6298	1.59	(6)
	Pound		3.0232	.3308	(7)
Yugoslavia	Dinar	Official	.001441	693.96	

Notes

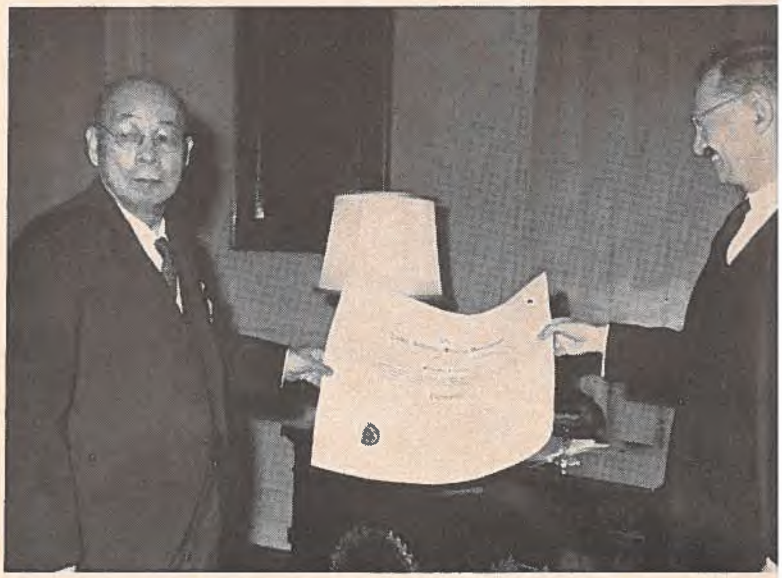
1. Franc is also used in French Guiana, Guadeloupe and Martinique.
2. Chad, Central African Republic, Congo, Dahomey, Gabon, Ivory Coast, Mali, Islamic Republic of Mauritania, Niger, Senegal, Upper Volta, Cameroons, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Pierre and Miquelon.
3. New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

Trade and Commerce at Work

What are the duties of officers of the Department of Trade and Commerce? How do they assist Canadian businessmen? From time to time we plan to show these officials carrying out varied assignments.

Above—*J. E. P. Lancaster, Commercial Secretary, and M. R. Bell, Assistant Commercial Secretary, in Oslo were invited by the Norwegian Grain Monopoly to make a tour of central Norway where 160 tons of Canadian wheat flour are stored in 72 locations. The photograph, taken at one of the locations, shows from the left, an officer of the State Grain Monopoly, Mr. Lancaster, and the farmer on whose land the grain is stored.*

I. V. Macdonald (right), Consul and Trade Commissioner in Detroit, arranged this meeting between a buyer for a United States company (centre) and the representative of a Canadian manufacturer of women's rainwear. The model wears a Canadian coat made from python skins.



Right—*R. G. C. Smith, Minister (Commercial) in Tokyo, Japan, presents a certificate of merit to Kanesaku Inayoshi, President of the Nippon Asbestos Co. Ltd. and chairman of the Japan Asbestos Association. The award was made to Mr. Inayoshi by the Canadian asbestos industry in recognition of his continued efforts in promoting mutually fruitful and harmonious relations between the Japanese and Canadian asbestos industries.*

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