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FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

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Upsurge in economic activity has meant larger imports; many industries increased output and building boom continued. Government and private business working to promote larger sales in foreign markets; import control to be continued this year.

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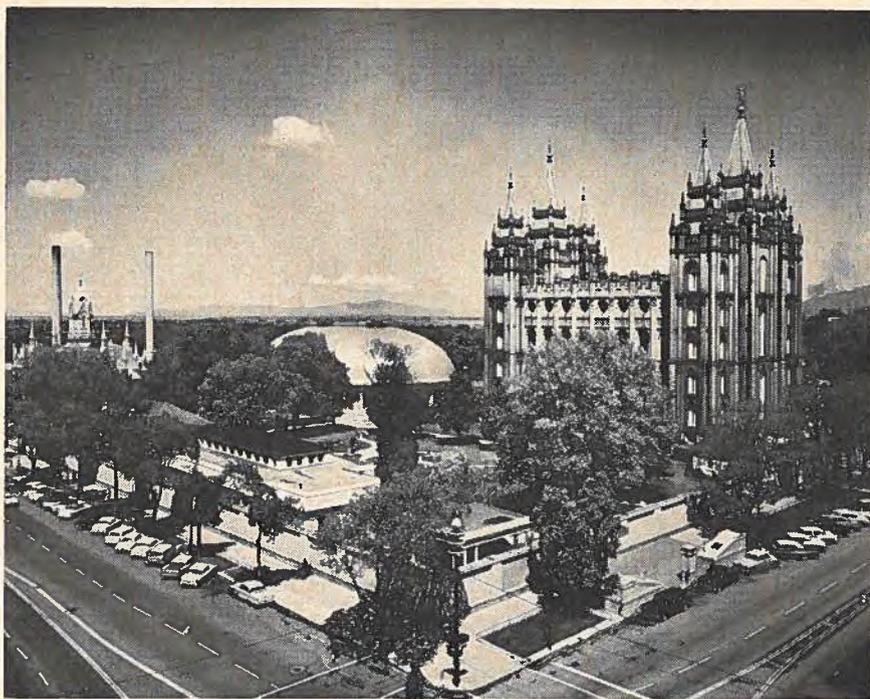
COMING—A NEW WAY TO SELL IN BRITAIN, FEBRUARY 8 ISSUE

MANUFACTURERS looking for new export markets should study growth potential first. Market areas that are expanding are much more open to new sources of supply than older, more established ones. And in fast growing markets, purchasing habits have not become rigid and companies have not committed themselves firmly to particular suppliers.

Why Not Sell to the Western States?

These eleven states have over 28 million people who spend nearly \$40 billion in retail stores every year. It's a market that is expanding by leaps and bounds, it's next door to Canada, and it welcomes new suppliers and new products. Why not investigate it for yourself?

L. J. TAYLOR, *Consul and Assistant Trade Commissioner, Los Angeles.*



One of the chief distribution centres in the Mountain States is Salt Lake City; its population increased by nearly 40 per cent between 1950 and 1960 to some 384,000. This is Temple Square, surrounded by a sandstone and adobe wall 15 feet high and three feet thick, and with the Mormon Temple rising at the right.

The eleven Western States constitute a good example. They are growing 50 per cent faster than any other area in the United States and the average household there has money to spend. And this market is on Canada's doorstep, waiting only for greater efforts by Canadian businessmen.

The American West consists of three distinct areas:

The Mountain States—Idaho, Montana, Wyoming, Nevada, Utah, Colorado, Arizona and New Mexico.

The Pacific Northwest—Washington and Oregon, but stretches into Idaho and Northern California.

The Pacific Southwest—California.

In 1962 the population of the eleven Western States increased 3.2 per cent (to over 28 million), retail sales went up 7.3 per cent, and employment 3.9 per cent. Growth like this means more opportunities for new firms and new products.

The Western Economy

The Mountain States have important mining, ranching, and forest industries, plus growing aero-space and electronics plants. Most of America's base minerals come from the West. Two-thirds of the Mountain States are too dry and/or too rugged for ranching or farming. Ninety per cent of the farmland is given over to cattle and sheep ranching and the remaining ten per cent is cultivated—and fully one half of the cultivated land is under irrigation, growing sugar beets, alfalfa, vegetables and fruits. Manufacturing plants mainly process the output of the region's mines, farms and forests. Only ten per cent of the labour force is employed in factories. Denver and Salt Lake City are the major distribution centres and the important rail, road and air links which connect the Pacific Coast and the Midwest and Eastern States pass through them.

The economy of the Pacific Northwest includes forestry, fishing and ocean-going trade, with a strong secondary industry built on cheap

electrical power. Tree fruits, vegetables, dairy products, dried peas and wheat are the chief agricultural products. Through Seattle, Portland and Spokane, distribution outlets which reach five million people, Canadian exporters have access to a lucrative and growing market.

California has a rich and balanced economy; the state was opened up by gold, grew to maturity as the most productive agricultural area in the world, and in recent decades has developed a diversified and broad base of secondary manufacturing, plus sophisticated financial and commercial institutions. California probably has greater potential for the Canadian exporter than almost any other market and we have only just begun to explore it.

When one talks of the Western market, one talks in terms of growth. Look at the facts: the most recent U.S. census ranked the in-

dividual states in terms of percentage increase in retail sales from 1954 to 1958. Seven of the first ten states were in the West. (See Table I.)

TABLE I
INCREASE IN RETAIL SALES
BY STATES

State	Rank	Retail Sales 1954-58 Percentage Increase
Arizona	2	41
New Mexico	3	33
California	4	28
Utah	5	27
Nevada	8	24
Idaho	9	22
Colorado	10	21

Let us look at this market in more detail by analyzing the main market areas and their distribution centres.

The Mountain States

Denver is the most important distribution centre in the region. As the link between Chicago and Cali-

fornia, its market area spreads north and south through the surrounding states. But Salt Lake City and Phoenix are fast becoming important rivals and valuable distribution centres in their own right. They face inwards into their own marketing areas while Denver faces outwards to Chicago, Los Angeles and San Francisco. But they are all growing. Denver now has a population of 885,129, up 51.7 per cent in the decade 1950-1960; Phoenix 663,510, up 98.2 per cent, and Salt Lake City 383,035, up 39.3 per cent. The rise in wholesale trade is shown in Table II.

These distribution centres and others less important serve the retail network shown in Table III.

The Pacific Northwest

Seattle and Portland now rank equally as distribution centres. Spokane is much smaller but growing in importance because its posi-

The Mountain States

TABLE II
WHOLESALE ESTABLISHMENTS AND SALES

	1954	1958	Increase (per cent)
Denver			
Wholesale establishments	1,613	1,891	17.2
Wholesale sales	\$1.8 billion	\$2.4 billion	37.1
Phoenix			
Wholesale establishments	721	1,028	42.6
Wholesale sales	\$557 million	\$885 million	58.9
Salt Lake City			
Wholesale establishments	707	842	19.2
Wholesale sales	\$586 million	\$887 million	58.9

TABLE III
RETAIL ESTABLISHMENTS AND SALES, 1958

	Establishments	Sales (U.S.\$'000)
Colorado	16,543	2,105,110
Arizona	11,463	1,412,375
New Mexico	8,735	972,912
Utah	7,391	929,318
Montana	8,261	862,577
Idaho	7,546	817,611
Wyoming	3,930	415,828
Nevada	3,058	408,373
Total for the Mountain States	66,927	7,900,000

The Pacific Northwest

TABLE IV
WHOLESALE ESTABLISHMENTS AND SALES

	1954	1958	Increase (per cent)
Seattle			
Wholesale establishments	2,072	2,408	16.2
Wholesale sales	\$1.9 billion	\$2.6 billion	28.3
Portland			
Wholesale establishments	1,589	1,881	18.4
Wholesale sales	\$1.8 billion	\$2.5 billion	34.2
Spokane			
Wholesale establishments	504	615	22.0
Wholesale sales	\$412 million	\$560 million	35.9

TABLE V
RETAIL ESTABLISHMENTS AND SALES, 1958

	Establishments	Sales (U.S.\$'000)
Washington	27,612	3,418,570
Oregon	18,056	2,137,084
Total for the Pacific Northwest	45,668	5,500,000

tion on the northernmost U.S. transcontinental railroad gives access to northern Idaho and Montana.

Seattle, Portland and Tacoma form a well-developed triangle of secondary industry. The processing industries—wood products, fish, agricultural products and minerals—are supplemented by aircraft and shipbuilding. Seattle and Portland are also great ocean ports and especially important as gateways to the new state of Alaska. Seattle's population went up to 935,014, or 27.6 per cent, in the decade 1950-60, Portland jumped to 821,897, or 15.4 per cent, and Spokane by 278,333, or 25.6 per cent.

These distribution centres serve the retail network as shown in Table V.

California

The most concentrated part of the Western market is the largest state, California. In Southern California, Los Angeles is at the core of the second largest retail market in the world. Here nine million people live, over a million more than in 1960, and the population rises 13 per cent each year. This growth means sales. Some 1962 statistics on Southern California give some idea of the size of this market.

Population	11,302,000
Personal income	\$31 billion
Per capita personal income	\$2,857
Employment	2,940,000
Manufacturing employment	850,000
Construction	\$4.3 billion
Housing permits issued—units	200,000

San Francisco, Oakland and the Bay area form the second largest market in the West and give entry to the rich Central Valley and its key cities—Sacramento, Stockton and Fresno. Although it is not growing as fast as Southern California, the San Francisco Bay area is experiencing much more rapid growth than most other areas of the United States. Los Angeles now has a population of 6.7 million, up 54.4 per

California

TABLE VI—WHOLESALE ESTABLISHMENTS AND SALES

	1954	1958	Increase (per cent)
Los Angeles			
Wholesale establishments	9,193	11,365	22.6
Wholesale sales	\$9.2 billion	\$13.0 billion	42.0
San Francisco			
Wholesale establishments	4,692	5,268	12.3
Wholesale sales	\$5.9 billion	\$7.4 billion	27.4

cent in the decade 1950-60, and San Francisco has 2.8 million people, up 24.2 per cent.

These centres serve a retail market worth over \$25 billion a year in California.

Tapping the Market

Through these key distribution centres of the West, Canadian exporters can tap a large and growing market. There are 28 million people in these states and nearly 80 per cent live in the growing urban centres. Manufacturing employment

is increasing rapidly, geared to the phenomenal pace of the aero-space industry, which employs three of every ten industrial employees and provided fully 60 per cent of the 650,000 new manufacturing jobs in 1962. But much of the West still looks outside its own area for manufactured products and Canada should gain a larger share of this demand. Greater promotion efforts by Canadians in the American West cannot help but be rewarded in this, the largest of all growth markets. ●

Spain's Veneer and Plywood Industry

THE Spanish veneer and plywood industry consists of about 131 plants, of which about one-third operate as veneer manufacturers. Sales of Can.\$2.2 million in 1961 covered 279.9 million square feet of veneer, 733,000 square feet of standard boards, and 279,000 square feet of other boards and doors.

The first particle board plant in Spain was established in Valencia in 1954. Two additional plants began operations in 1962 in Burgos and Salas de los Infantes, and four were expected to start producing in 1963—one in Pontevedra, one in Bilbao, one in Cuenca and one in Valencia. Four more plants are expected to come into production this year.

The Spanish furniture industry is a particularly important end-user, not only because of the domestic market but also because of substantial exports. One serious problem is the excessive number of very small manufacturers. Although there are 11,245 firms, some 10,000 have five operators or less. Only four firms employ more than 250 workmen.

The furniture industry is also faced with a serious shortage of raw materials

such as timber, glue, fittings, etc. Spain does not produce enough of the right types of timber for cabinetmaking at competitive prices. As a result, she is forced to encourage imports of foreign woods in order to meet export orders for the finished products. Although she does produce enough glue, the prices are higher than for imported glues and the quality of Spanish fittings leaves much to be desired.

The current construction boom in Spain has opened up a large potential market for plywood, but unfortunately import restrictions show no sign of being relaxed in the near future. Imports are subject to a global quota of Can.\$100,000—which includes all manufactured products of wood. It can reasonably be assumed that plywood imports during 1963 reached less than one quarter of this figure.

In spite of the increased Spanish plywood production, it is not expected that it will be able to satisfy local demand in the foreseeable future.

—C. S. COLLINS,
Attaché (Commercial), Madrid.

What's current in commodities?

Building Products

Hong Kong—Continuing building boom and reliance on imports make this excellent potential market for Canadian producers of good-quality builders' hardware, mass-produced materials for office buildings and apartment projects, and air-conditioning.

MALDWYN THOMAS, *Trade Commissioner, Hong Kong.*

HONG KONG is experiencing an enormous building boom. Since the end of World War II, the tremendous influx of refugees and the concentration of commercial and industrial activity here have turned this formerly serene colonial outpost into one of the most densely built-up and fastest growing urban areas in the world. Between 1955 and 1962 the sums spent on construction each year (excluding site formation, which is an important factor in hilly Hong Kong) have increased from HK\$165.3 million to \$493.8 million. This activity provided a market for building materials, fittings and equipment worth nearly Can.\$50 million last year, much of which had to be imported. With a few exceptions, Canadian exporters have so far failed to take advantage of the excellent sales potential for their products here.

As Table I shows, the bulk of construction in Hong Kong consists of private apartments, although the number of office buildings, shops and factories put up in the last seven years has increased sharply. The large share accounted for by apartment houses is a direct result of the intense population pressure and the constant and insatiable demand for accommodation. Because of the shortage of space, practically all the new housing takes the form of skyscraper apartment blocks; individual houses are considered a poor investment. The demand for housing comes from all income groups and consequently apartment

buildings range from simple resettlement blocks with communal plumbing facilities on each floor and renting at approximately Can.\$2.70 per month for a five-person room to luxurious skyscraper apartments with all the latest conveniences that may fetch over Can.\$500.00 per month. In between these extremes,

standards of accommodation vary greatly to suit a wide range of incomes. In future, the emphasis is expected to be on middle-class apartments as this sector of the population increases.

In the last few years the two urban centres of the Colony—Victoria on Hong Kong Island and Kowloon Peninsula on the mainland—have been undergoing what amounts to complete redevelopment. The four- and five-storey colonial-style arcaded office buildings which once gave Hong Kong much of its character are rapidly being replaced by 15- to 25-storey



The booming building industry in Hong Kong saw 470 structures completed in the first five months of 1963 alone. Here Hakka women (right) toil at the site of a new apartment house; the artist's drawing above is to entice prospective tenants.

TABLE I
SPENDING ON BUILDING IN HONG KONG

	1955	1959	1962	1963
		(in H.K. dollars)		(up to Sept.)
Private buildings				
Houses and flats	86,670,000	195,266,157	209,017,200	265,494,400
Factories and godowns	10,370,000	17,244,692	52,251,600	57,198,430
Offices and shops	4,030,000	17,308,054	38,448,400	6,717,600
Others	39,220,000	12,454,905	32,007,040	55,867,600
*Government buildings (urban and suburban areas only)	25,000,000	75,317,855	162,068,495	89,024,763
Total	165,290,000	324,651,663	493,792,735	474,302,793

*Figures for these expenditures incurred in financial year—April 1 to March 31.

skyscrapers. Hotel construction has recently provided the most spectacular example of this transformation. Several large hotels have just been completed and an estimated 2,500 hotel rooms were added last year. Hotel construction now seems to be coming to an end and it is expected that in the downtown area of Hong Kong and Kowloon the emphasis will shift to office buildings. Along the waterfront on Hong Kong Island a good deal of land is being reclaimed from the sea and this new land, plus 13 acres of former Admiralty property which is being auctioned to the public, is expected to provide an entire new city centre for the Colony, more than doubling present office space. Several large skyscraper office buildings have already been planned for this area.

Since the Second World War, the population of Hong Kong has not only increased six times but this essentially commercial city has changed and has come to depend upon manufacturing for its livelihood. This has brought about large-scale building of factories. The greatest investment has been in textiles but the new plants also house a wide variety of other light industries producing furniture, footwear, toys, metalwares, cigarettes, transistor radios, and so on. Because of space problems and because of the cottage nature of the industry, many multi-storey or "flatted" factories have been built, with one or more factories or workshops housed on each floor.

The Hong Kong Government has provided funds for a steady increase in institutional buildings, such as schools, hospitals, transportation

terminuses, and government offices. Some of these buildings are large: for example, the recently completed Queen Elizabeth Hospital contains 1,340 beds and is said to be the largest in the British Commonwealth.

Most of the material and fittings used in the construction industry in Hong Kong is imported, although some products such as cement, bricks, window frames, plumbers' hardware, paints, and simple electric fittings are made in the Colony. Local production is not large or sophisticated enough to satisfy more than a part of the construction industry's needs, and consequently Hong Kong imports a good volume

TABLE II
IMPORTS INTO HONG KONG OF SELECTED BUILDING PRODUCTS

	1962	
	Quantity	Value H.K.\$
Bulk Structural Materials		
Lime	876,436 cwt.	3,981,736
Cement	11,521,896 cwt.	52,248,567
Building stone	33,266 cwt.	2,043,143
Asbestos cement building materials n.e.s.	389,837 cwt.	2,041,829
Bricks and tiles of brick earth	63,348,000	5,175,017
Wall, floor tiles, not brick earth	1,272,000,000	11,378,737
Refractory bricks and construction materials		1,017,973
Building and dimension stone not worked	8,246 cwt.	58,317
Industrial stone	5,907,994 cwt.	5,091,065
Logs of tropical wood	16,125,735 c. ft.	50,774,091
Logs of conifer wood	175,228 c. ft.	904,493
Other Basic Structural Materials		
Asbestos cement pipes	23,551 cwt.	847,059
Iron and steel tubes and pipes	223,750 cwt.	13,014,293
Porcelain and earthenware pipes	731,000 l. ft.	815,889
Iron and steel joists, girders, angles	498,224 cwt.	15,475,967
Window and door frames, steel		12,465,391
Finished structural parts, iron and steel		2,547,580
Window and door frames, not base metal		1,380,548
Finished structural parts, not iron and steel		707,718
Nails, tacks and spikes	38,611 cwt.	2,229,268
Bolts, nuts and screws	13,064 cwt.	3,706,452
Covering Materials		
Veneer sheets	630,957 sq. ft.	266,488
Plywood	25,275,118 sq. ft.	10,363,927
Hardboard, fibre	21,264,519 sq. ft.	3,150,769
Insulating board	1,824,618 sq. ft.	733,335
Reconstituted wood		1,637,029
Builders' woodwork		772,826
Cork manufactures for building or insulating		808,004
Building paperboard		5,350
Impregnated paper, excluding bituminized	46,160 cwt.	4,482,141
Bituminized paper	20,600 cwt.	1,319,285
Linoleum	5,838,692 sq. ft.	1,107,220

of practically every type of building material and fixture.

It would be impossible to discuss in detail all the needs of the building industry, but Table II, although incomplete, does indicate something of the scope and volume of these imports. It is, of course, impractical to supply from Canada certain bulk products such as cement, bricks, reinforcing steel and tile, or certain specialized products such as tropical lumber. By the same token, Canadian exporters will not be able to sell the cheaper grades of builders' hardware, which Japan currently supplies in large quantities or which Hong Kong's own workshops provide. However, there are opportuni-

ties for aggressive exporters in many fields. For example, there is a keen demand for American-style apron baths, sanitaryware, stainless steel kitchen sinks, pressed metal cabinets which can be shipped knocked down, high-quality builders' hardware, synthetic covering materials and air-conditioning equipment. But Canadian exporters wishing to sell in this market must carry out a thorough investigation to determine the demand for their products and their competitive position.

Important Sales Factors

There are, however, a number of factors affecting the building indus-

try as a whole of which all exporters should be aware.

- One, it is important to remember that Hong Kong lies within the tropics. Although the winter is very mild, the summer is long, hot and humid. The materials and fittings must be capable of withstanding this climate. There is naturally little need for central heating equipment but most new buildings are being air-conditioned.

- Two, the emphasis on skyscrapers must be kept in mind. Manufacturers who mass-produce materials for office buildings and large apartment projects in Canada should be able to apply their knowhow in Hong Kong.

- Three, the almost complete lack of local raw materials makes building contractors highly receptive to synthetic products and the Colony has become an excellent market in which to introduce new products in every quality range, from economy to luxury.

- Four, it is vital to remember that British specifications are universally used in Hong Kong.

Purchasing Procedures

Most purchases from abroad are made by large specialized import houses which may buy on their own account or work on commission. In many instances these firms provide engineering services and some of them are integrated with building contractors. When they sell to contractors, they are often called upon to provide financing. The import houses are also useful in introducing products to the Hong Kong Government, although a part of regular government purchases is made by the Government Stores Department working with the Crown Agents for Overseas Governments and Administration, Millbank, London S.W.1, England.

Canadian exporters should quote c.i.f. Hong Kong, and in dealing with reputable importers may be expected to sell on credit terms

TABLE II

IMPORTS INTO HONG KONG OF SELECTED BUILDING PRODUCTS

	1962	
	Quantity	Value H.K.\$
Asbestos cement sheets, corrugated or not	134,983 cwt.	2,770,962
Asphalt roof felt	117 cwt.	3,054,230
Sheet glass, unworked	14,471,737 sq. ft.	6,336,042
Plate glass	341,192 sq. ft.	1,469,023
Wired glass	1,767,363 sq. ft.	1,064,510
Glass, bricks, tiles	69,426,000	524,620
Prefabricated buildings, panels and parts		627,226
Plastic decorative laminates		2,421,654
Plastic flooring tiles		1,546,188
Lumber of tropical wood	1,126,809 c. ft.	4,369,735
Lumber of conifer wood	275,958 c. ft.	1,684,400
Lacquers and varnishes	486,340 lb.	2,928,580
Paints, enamels, n.e.s.	1,836,333 lb.	2,595,750
Electrical Fittings		
Filament electric bulbs		4,457,957
Non-filament electric bulbs and tubes		2,260,917
Rubber insulated cable for electricity	10,360,284 yd.	5,603,708
Cable for electricity, plastic insulated	7,457,211	4,104,987
Flexes insulated	37,647,884 yd.	3,169,503
Wire winding electric, insulated	750,681	2,513,790
Sockets, switches, etc.		2,280,427
Builders' Hardware and Other Fittings		
Sanitary and plumbing fixtures of ceramic		5,685,987
Sanitary and plumbing fixtures of metal		8,466,543
Strong-room fittings		2,220,519
Locks and keys		3,381,288
Household fittings, n.e.s.		3,525,908
Metal stoves, grates, radiators		1,953,717
Metal venetian blinds		1,110,312
Equipment		
Apparatus for central heating		186,247
Electrothermal apparatus		2,987,993
Air-conditioning, refrigeration equipment and parts		12,008,094
Lifts, escalators		5,559,780
Lifts, escalators, parts		17,496,466

extending to open account. Ample literature, technical data and, where possible, plenty of samples should be provided. Competition on the Hong Kong market is keen, particularly from Japan, Australia, Britain and Europe, and Canadian exporters must not only offer favourable prices but also promise rapid delivery—the construction pace is feverish and building contractors simply will not wait. Because of the

high storage cost, local importers prefer to receive small shipments at frequent intervals to bulk ones infrequently.

The building products market in Hong Kong is not an easy one, but it offers challenging opportunities to enterprising exporters. There is some speculation that the pace of the present boom may slacken and that the current emphasis on luxury apartment projects and hotels may

shift to another field. Nevertheless, with the continuing population expansion and intensive economic activity, the Colony will undoubtedly continue to be a worthwhile outlet for Canadian producers of building materials, fittings and equipment who are geared to export. For further information on the market potential here, write to the Senior Canadian Government Trade Commissioner, Box 126, Hong Kong. ●

Automotive Parts and Accessories

West Germany—the thriving automobile industry provides a market for imported parts and accessories, despite large domestic production. Canadians who want to get some of this business will need to do personal prospecting, spend money on sales promotion.

O. SCHROEDER, *Commercial Assistant, Bad Godesberg.*

THE Federal Republic of Germany, which now ranks second among the world's automobile manufacturers, produces nearly 50 per cent of all cars made on the European continent. Four firms alone account for 90 per cent of German production, which in 1962 reached almost 2.4 million units.

The rise in output of passenger cars and station wagons of more than 100 per cent from 1957 to 1962 is due almost equally to domestic demand and increasing exports. On July 1, 1963, 7.07 million passenger cars alone were registered in West Germany and, in spite of Germany's excellent network of superhighways, the traffic jams are as memorable as they are frustrating. In addition, there are 1.18 million motor scooters and motorcycles, 1.08 million tractors, 764,000 trucks, 66,000 special-purpose vehicles, 36,200 buses, and 1.47 million so-called "Mopeds", a sort of powered bicycle. In spite of the tremendous expansion, the automotive trade expects that the market will not reach saturation until about 15 million cars are registered.

It is interesting to note that the higher production has been concentrated in so-called medium-sized cars (up to two litres cylinder capacity). Output of bigger cars and midget cars (with less than 500 cubic centimetres cylinder capacity) has dropped sharply.

Germany's automakers have become leaders in the export market.

No less than 46.5 per cent of total production was exported in 1961 and 46.8 per cent in 1962. In the first nine months of 1963, however, exports equalled 48.6 per cent of production—that is 955,490 automobiles were sold abroad as against 792,481 in the same period of 1962.

Nearly 58 per cent of German passenger car exports went to European countries in 1962; the EEC area alone accounted for approximately 25 per cent and the United States and Canada together took 28.5 per cent.

Despite the great increase in output, German automobile makers were not always able to supply

TABLE I
WEST GERMAN AUTOMOBILE PRODUCTION

	1955	1957	1959	1961	1962	1963 (9 mos.)
Passenger cars and station wagons	762,205	1,040,188	1,503,424	1,903,975	2,109,166	1,777,310
Trucks, tractors and buses	146,358	164,100	214,912	243,850	247,446	187,811
Total	908,563	1,204,288	1,718,336	2,147,825	2,356,612	1,965,121

Source: German Automobile Mfrs. Association and Federal Office of Statistics, Wiesbaden.

TABLE II
WEST GERMAN EXPORTS OF AUTOMOBILES, 1959/62

	Passenger cars and station wagons	Change (in per cent)	Trucks, tractors and buses	Change (in per cent)	Total	Change (in per cent)
1959	757,703	+20.2	113,254	+10.1	870,957	+18.8
1960	865,341	+14.2	117,489	+3.7	982,830	+12.8
1961	885,655	+2.3	120,588	+2.6	1,006,243	+2.4
1962	986,417	+11.4	115,465	-4.2	1,101,882	+9.5

Source: German Automobile Manufacturers Association.

domestic demand and a number of foreign cars came into the German market. Since 1962, however, a number of major expansion programs have been completed and the German automobile firms have found it necessary to embark on extensive advertising campaigns. They spent U.S.\$11.5 million on advertising in 1962, and U.S.\$12.3 million in the first six months of 1963 alone. Even the Volkswagen, which never had any sales problems except long deliveries, is now the object of a tremendous advertising campaign in German news media. Nevertheless, there are still long delivery periods for some German car models.

The leading German car manufacturer is, of course, the Volkswagen-Werk, which produced in 1962 no less than 1,112,424 automobiles. Second place is held by the Adam Opel A.G., owned by General Motors. This firm turned out 379,311 automobiles and the German Ford Werke in Cologne 303,699. Daimler-Benz A.G., makers of the well-known Mercedes-Benz line, manufactured 197,204 motor vehicles in their South German plants; it still has delivery periods of up to 22 months for some of its models.

Obtaining Parts and Accessories

That the tremendous upswing in the German automobile industry left its mark on a number of subsidiary industries is obvious; the production value of automobile parts and accessories rose from nearly U.S.\$1.42 billion in 1960 to U.S.\$1.54 billion in 1961 and to U.S.\$1.63 billion in 1962.

German automobile manufacturers still rely heavily on domestic suppliers and only the large metalworkers' strike last fall, the first since the war, led them to consider the possibility of buying some of their requirements abroad. Although they are negligible compared with domestic production, their purchases in foreign markets are still sizable. Imports of automobile parts and accessories totalled roughly

U.S.\$41 million in 1961 and rose to approximately U.S.\$46 million in 1962. Continental suppliers accounted for the greater part, but U.S. firms (U.S.\$5.9 million) and British firms (U.S.\$3.25 million) did substantial business in 1962.

Selling Automotive Parts

Experience has shown that by far the best approach for foreign manufacturers who want to get a fair share of the market for automotive parts is to visit the leading German car manufacturers personally. Although the market is extremely competitive, it is expanding and diversified and the right product will always have a fair chance, provided it can compete in price and quality. In many instances, the Canadian salesman may find that his products have to be modified to meet the demand—for example, all dimensions here are metric.

Automotive parts and accessories manufacturers, however, could also try another line of approach by contacting the German Automotive Parts Wholesalers Association to find importers who will stock their merchandise. This association, which had a membership of 198

firms in 1962, reported that turnover of their members totalled at least U.S.\$155 million that year. These firms have excellent contacts with car repair shops and retailers, but they insist that their lines should not be sold at the same time to German mail-order houses, which also handle a considerable volume of automotive parts—for instance, U.S.\$250,000 worth of tire chains last winter. To guarantee quick deliveries, it may be necessary to consider setting up a German warehouse, if the market prospects warrant.

Firms approaching West German wholesalers have to overcome strong sales resistance, primarily because more and more products appear on the market and German wholesalers sometimes are overwhelmed by the multitude of new articles offered to them. In order to convince the German wholesaler of the quality and saleability of their products, newcomers to the market may have to invest a good deal of money and energy in sales promotion activities, including a generous distribution of samples and an extensive advertising campaign. Suitable media include the



This shot shows the steering wheel and dashboard of the latest Mercedes-Benz model 600, turned out by Daimler-Benz in South Germany. On some of its models, delivery periods stretch to 22 months—one indication of the insatiable demand.

many motor magazines catering to the general public or to the automotive trade. The quarterly bulletin of the German Automotive Parts Wholesalers Association also publishes trade inquiries from foreign firms which wish to probe the West German market.

Participation in the biennial International Automobile Exhibition in Frankfurt is another way of entering the German market. Last year's exhibition held in September proved a tremendous success. No

less than 846 firms from 13 countries exhibited their products and attracted nearly 800,000 visitors, who scrutinized the products closely—including not only automobiles of every kind but also a number of novelties in the parts and accessories field. Any Canadian firm wishing to gain the widest publicity for a new product here could not do better than to exhibit at this event. Nearly all German papers carried detailed descriptions of all novel products and many

interested parties contacted the exhibitors in Frankfurt—who were naturally highly pleased with this publicity for which they did not pay a penny.

The German market for automotive parts and accessories is an extremely competitive one and displays considerable sales resistance to new products. It is nevertheless so large and profitable for the right product using the right approach that it is certainly worth investigation. ●

Markets in Brief: COMMUNIST CHINA

Area: 3,768,736 square miles.

Population: 650 million (estimated).

Climate: dominated by winter and summer monsoons; summer tends to be dry, winter wet, but annual and seasonal temperatures vary widely from the sub-tropical south to the northern continental regions of Inner Mongolia and Sinkiang.

Language: Chinese, Peking dialect. Foreign firms may correspond in English.

Currency: Jen-Min-Piao (JMP); official rate 1 JMP=HK\$2.342 =Can.\$0.443.

Weights and measures: metric system.

Electric supply: 50 cycles; single phase 220 volts, three phase 380 volts.

Chief ports: Shanghai, Tientsin and Swatow are main reception ports for cargo from Western countries.

Marketing centres: Peking, Shanghai, Canton and Tientsin.

Economy: based on agriculture; considerable industrialization in recent years, with greatest investment in light industry, chemicals and other branches of industry that have an agricultural application. Practically all means of industrial production and trade are owned by the State.

Total Chinese imports: 1961—U.S.\$1,135,000,000 (estimated).

Chief imports: grain, petroleum products, machinery, complete plants, sugar.

Chief suppliers: (millions of U.S.\$) 1961—U.S.S.R. 367.4, Australia 161.5, Canada 120.9, Cuba 95.6, Britain 36.5, Indonesia 36.4, West Germany 36.4.

Value of imports from Canada: (Can.\$) 1963 (nine months)—84,331,182; 1962—147,430,240; 1961—125,448,081.

Chief imports from Canada: (Can.\$'000) 1962—wheat 134,254, barley 12,903, engines and parts 95, X-ray and related equipment 92; 1961—wheat 94,412, barley 28,399, forest products 1,616, steel sheet, etc., 716.

Total Chinese exports: 1961—U.S.\$1,212,600,000 (estimated).

Chief exports: food; metal ores and concentrates; clothing and made-up textiles; cotton, woollen and other piecegoods; light industrial products,

Chief markets: (millions of U.S.\$) 1961—U.S.S.R. 551.6, Hong Kong 180, Britain 86.4, Malaya and Singapore 56.3, France 39.7, Indonesia 35.1.

Value of Canadian purchases: (Can.\$) 1963 (six months)—3,214,523; 1962—4,521,079; 1961—3,232,588.

Chief Canadian purchases: (Can.\$'000) 1962—walnuts 1,563, clothing and textiles 870, fur skins 798, peanuts 287, antimony 135.

Foreign exchange: exchange control is an integral part of Communist China's system of economic planning. Foreign trade with Western countries is carried on only in internationally accepted currencies, most frequently pounds sterling.

Price quotations: preferably in pounds sterling, c.i.f. Shanghai. However, because the Chinese authorities often arrange their own shipping and insurance, quotations should also be given f.o.b. Canadian port.

Samples: samples may be sent to Communist China, but firms planning to ship any substantial quantity should contact the relevant state trading corporation in advance. There is no parcel post service between Canada and Communist China and exporters should arrange to send samples via the state trading corporations' principal Hong Kong agent: China Resources Company, Bank of China Building, 2a Des Voeux Road, Central, Hong Kong.

Commercial inquiries: may be made through the China Resources Company.

Correspondence: airmail letters 25 cents per half ounce; aerogrammes 10 cents each.

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, Asia and Middle East Division,
Office of Trade Relations and Trade Policy
Department of Trade and Commerce
Ottawa

or

Senior Canadian Government Trade Commissioner
P.O. Box 126
Hong Kong

PERU — Progress and Problems

Ample exchange reserves, a trade surplus, an increase in the GNP, large foreign investments witness to Peruvian progress. Current government policy may affect future investment from overseas and problems of unemployment, low per capita income, and increased government spending persist.

D. J. McEACHRAN, *Assistant Commercial Secretary, Lima.*

THE election of the Belaunde Government last July was achieved with little disruption of business activity or economic progress. Chief factors in this progress are the rise in exports—particularly of fish meal—and greater investment. Capital goods make up nearly two-thirds of Peruvian imports, which increased by 15 per cent in 1962 compared with an export increase of 9 per cent.

Peru finished the year 1962 with a trade surplus of U.S.\$2.5 million and a balance-of-payment surplus of U.S.\$6 million. The foreign exchange reserves of the Central Bank stood at U.S.\$100 million, the highest on record. National income was up 6 per cent, and so was industrial production. A stable exchange rate was maintained.

Gross National Product

Despite annual variations, Peru's gross national product has shown an average rate of growth of 4 per cent a year (in constant prices) over the ten years ended in 1960. Provisional figures for 1962 show a GNP of Soles 60.3 billion at current prices, or about U.S.\$2.3 billion. Agriculture and fisheries contributed Soles 13.2 billion, commerce 9.8 billion, industry 9.5 billion, and mining 8.6 billion. The most notable increase in 1962 was in agriculture and fisheries; contribution of this sector to the GNP increased by U.S.\$50 million, as a direct result of continued expansion in the fish meal industry.

Despite the rapid increase in industrial development, agriculture and fisheries continue to be the leading contributors to national production, income and employment; together these basic activities provided jobs for half the economically active population. Total agricultural production has remained

relatively constant, although the position of individual products has changed considerably. This year's cotton output is expected to equal the record reached in 1962 but the rice crop will be considerably smaller. Sugar and cotton are the only agricultural crops that enter export markets in any volume. Table I summarizes production in the leading agricultural sectors.

Activity in the fisheries increased dramatically in 1962 when exports of fish meal doubled to nearly U.S.\$100 million to become the leading single source of foreign exchange. Overseas sales have risen steadily, as shown in Table II. Last year fish meal exports, it is estimated, rose only slightly because problems in the industry stemming from both lack of capital and lack of fish held production and expansion.

TABLE I
AGRICULTURAL PRODUCTION

	1962	1963*
	(thousands of metric tons)	
Potatoes	1,254	1,223
Sugar	795	765
Rice	343	207
Corn	339	353
Cotton	316	310
Wheat	152	146

Source: Ministerio de Agricultura.

*Estimated.

TABLE II
EXPORTS OF FISHERIES PRODUCTS

	Fish Meal		Edible Products		Fish Oil	
	Volume (⁰⁰⁰ M.T.)	Value (U.S.\$ million)	Value (U.S.\$ million)	Volume (⁰⁰⁰ M.T.)	Value (U.S.\$ million)	
1952	0.9	0.8	7	0.036	0.006	
1961	708	50	10	102	11	
1962	1,056	100	10	128	12	

Source: Estadística del Comercio Exterior.

TABLE III
MINERAL PRODUCTION

	Copper	Lead	Zinc	Silver	Iron Ore	Oil
	(thousands of metric tons)					(million barrels)
1952	31	96	128	0.57	0	16.4
1961	198	136	124	1.06	3,396	19.4
1962	166	125	161	1.12	3,339	21.1

Source: Anuario de la Industria Minera en el Peru y Estadística Petrolera del Peru.

sion down. Production of other fisheries products is remaining relatively constant. Exports of edible products totalled U.S.\$10 million and sales of oil, at U.S.\$12 million, have not maintained the rapid growth of 1959 and 1960.

Mineral Exports Rise

The year 1963 promised to be a better one than 1962 for mining because disruptions caused by labour disputes were not as marked. Increased sales for the first half of '63 were in contrast to the smaller exports of nearly all minerals in the previous year. Higher sales are forecast for 1964. The industry continues to be based almost exclusively on export markets and although international price trends are of the utmost importance, the diversity of mineral resources promises reliable returns.

Oil output continues to expand but greater domestic consumption reduces exports. In 1962, production reached 21 million barrels and exports were valued at U.S.\$13 million. The Government's actions in 1963 involving foreign investment in oil may have repercussions on future development.

Industrial Production

Peru's industries are still concentrated in the consumer field, but diversification continues and production and employment are rising. Foodstuffs (Peruvian statistics include fish meal in this category) and textiles are still the most important in value of production but the chemical (including pharmaceuticals), paper, mineral (metallic and non-metallic) and manufacturing sectors are growing more rapidly.

Despite the expansion of the Peruvian economy, only one-third of the population is economically active. The fact that this ratio has not changed in the past twenty years underlines employment as one of the primary problems. The national income per capita of the active population has remained low, increasing only from U.S.\$269 in 1950 to U.S.\$371 in 1960. In spite

of the Government's attempts to stimulate the decentralization of industry to raise the income of the rural population, the Lima area still accounts for the majority of employment and personal income.

Foreign Investment Large

Foreign investment, in contributing to all phases of development in Peru, is mainly responsible for the larger purchases from abroad. Since 1950, the development of the economy has been accompanied by an intake of foreign capital considered among the highest in South America. By 1960, invested foreign capital had reached U.S.\$960 million and represented one-sixth of all capital investment. The estimated figure at the end of 1962 was U.S.\$1,287 million, of which U.S.\$910 million was from the United States. The American Investment Guarantee program has, of course, been a contributing factor.

IMF figures show that during the decade 1950-60, the net inflow of public and private investment from abroad, including funds from the international financial agencies, exceeded U.S.\$500 million—or one quarter of the investment made during this period. Of this amount 65 per cent was direct investment and 35 per cent loans. In view of the difficulty of defining 'foreign' versus 'domestic' investment, these figures may not reflect the full amount of foreign capital in Peru. Foreign investment in the private sector has been heaviest in mining (43 per cent of the total), oil (13 per cent) and industry (10 per cent). The public sector, with 21 per cent of the total, has not been neglected. Primary source of loans during the period was the Export-Import Bank with one-half of the total, followed by the World Bank with one-eighth. In addition to money from the United States, substantial loan funds came from Germany, France, Britain and Japan.

Peru offers a healthy investment climate, with no exchange control regulations, good foreign exchange reserves, and liberal mining and

petroleum codes. There are also other stimulants to investment, including tax legislation that permits certain undertakings to return 8.5 per cent on capital plus an additional 'commercial profit' of 3 per cent, and the inducements of the Industrial Promotion Law—such as duty-free import of machinery and raw materials, income tax freedom for five to ten years, and reinvestment of up to 60 per cent of gross profits before taxation. There are, however, several deterrents such as new tax increases, the growing burden of high-cost social benefits, and recent laws requiring that, with few exceptions, 80 per cent of jobs and of payrolls must go to Peruvians. In addition, the emerging nationalistic attitude towards foreign investment in oil cannot be overlooked.

Foreign Aid

Foreign aid received by Peru continues to reach substantial proportions; it has made possible a variety of projects and developments, some of which would otherwise have been delayed or not undertaken at all. The United States is the prime source of aid, although international organizations such as the various agencies of the UN, the World Bank, and the IADB play an important rôle. Aid to Peru has included:

From the United States	U.S.\$ million
Technical assistance 1960-1962	15
PL 480 loans, gifts, and appropriations	57
Agency for International Development	38
Social Progress Trust Fund	26
Export-Import Bank loans and credits (mentioned though not strictly 'aid' funds)	212
From Other Sources	U.S.\$ million
International Bank for Reconstruction and Development (1952-1963)	102
International Finance Corporation credits	7
Inter-American Development Bank	8
Credits for projects undertaken jointly by UN agencies and the Peruvian Government (UN Special Fund, FAO, WHO, and ILO)	6.7

Looking to the future, the Economic and Social Development Plan presented to the Organization of American States in October 1962 calls for the investment of nearly U.S.\$6,890 million in the next eight years. Of this sum, one and a half billion dollars will have to come from foreign sources. A planning commission formed by the Economic Commission for Latin America, the Organization of American States, and the Inter-American De-

velopment Bank is working with Peru's National Planning Institute and further details of the development plan are expected to be ready in 1964.

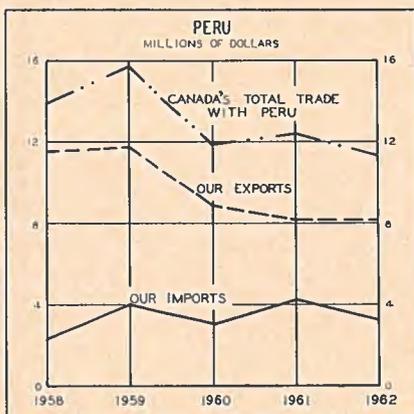
Prospects are that 1964 will be another year of progress for Peru, despite uncertainties about the effect of the present government's economic and financial policies on certain sectors of the economy. Increased government expenditures and the resulting higher taxation, the agrar-

ian reform program, the handling of labour disputes, and the treatment of foreign investment will all have important consequences. Business conditions are expected to continue to be brisk, however, with greater private and public spending, larger imports and exports, increased investment both domestic and foreign, a steady exchange rate, and a continued rate of economic growth of some 5 per cent on the average. ●

Competing in the Peruvian Market

Imports into Peru are increasing but Canada's share of this larger market is declining. This analysis reveals why—and suggests what exporters might do to reverse this trend.

D. J. McEACHRAN, *Assistant Commercial Secretary, Lima.*



THE Peruvian economy continues to expand at an impressive rate. The market is not restricted by import licensing or exchange controls and importers are free to buy whatever they need—limited only by the high tariffs. Foreign trade is increasing and the trade surpluses that began four years ago have continued, though they are smaller. Gold and

foreign exchange reserves have reached record figures and thus the Peruvian market is expected to remain relatively open. Despite some political uncertainties, the underlying strength of this diversified and expanding economy will provide business and trade opportunities for those prepared to pursue them.

Exports Still Rising

In 1962, Peru had a favourable balance of trade of U.S.\$2 million* despite rapidly increasing imports. Exports totalled \$540 million, some 10 per cent above the previous year, but in the first half of 1963 they were smaller than in the same period of 1962. Temporary factors are believed responsible and earnings for the full year are expected to equal or exceed those of 1962. In any event, they will suffice to pay for the year's imports. Because Peru's

foreign exchange earnings do not stem from a single commodity, the market here is less susceptible to changes in international commodity demand or prices. Peru's diversified trade is in contrast to that of some other South American nations; as Table I shows, its main exports in-

TABLE I
PERU'S PRINCIPAL EXPORTS

	(U.S.\$ million)		
	1960	1961	1962
Fish products (primarily fish meal)	52	71	122
Cotton	73	80	97
Copper	95	105	92
Sugar	48	64	54
Iron ore	33	37	33
Silver	24	28	33
Coffee	19	23	24
Lead	22	22	17
Zinc	17	19	16
Petroleum	18	14	13
Others	32	33	39
Total, all exports	433	496	540

*All figures in U.S. dollars, unless otherwise noted.

Source: Banco Central de Reserva del Peru.

clude eleven products in three major fields—mining, agriculture and fisheries.

Imports Reach Record

Peruvian imports in 1962 totalled U.S.\$538 million; they have risen more rapidly than exports, with increased emphasis on capital goods, equipment and machinery, and raw materials. During the first half of 1963, imports reached a record and slightly exceeded exports. Although the annual rate of increase in imports has dropped over the last three years, it is still a healthy 15 per cent. This growth is expected to be maintained as government expenditures increase, foreign-financed development projects get under way, and local manufacturing expands. The United States dominates the import market and although its share is decreasing, it is not expected to lose this leadership. In 1962 it supplied 40 per cent of total imports, followed by Germany with 12 per cent, and Britain, Argentina and Japan with 6 per cent each.

Canadian Share Declining

Canada's share of this growing market has been dropping steadily; in 1952 we supplied 7 per cent of imports and were Peru's third most important supplier. Today we sup-

ply a bare 2 per cent and rank eleventh—even though Peruvian imports have nearly doubled in the ten years and the demand for imported goods is still rising rapidly. In fact, over the past decade Canada is the only major supplier that has not increased its sales either in percentage or in terms of value.

One reason for our disappointing performance in this market in 1962 was the absence of our traditional sales of wheat. Despite Peruvian wheat imports that year of over 400,000 tons valued at U.S.\$31 million, none of it came from Canada. This was attributed to larger purchases from Argentina, probably as a result of higher Canadian prices, and to continued heavy imports of PL 480 wheat from the United States. (During the first nine months of 1963, however, we exported \$1.7 million worth of wheat to Peru.)

Or look at the machinery and equipment field, where imports are going up quickly—from some U.S. \$50 million in 1952 to over U.S. \$200 million in 1962. Compare these figures with imports of these products from Canada for the same years: U.S.\$2 million in 1952 and barely \$1 million in 1962.

Our exports of textile materials, copper pipe and tubing, mining ma-

chinery, autos and parts have dropped sharply; those of malt, synthetic fibres, paper other than newsprint, cordage steels, wire and cable, spark plugs, sound recording equipment, measuring instruments, card punch machines, computers and fishnets have gone up, and this kept our 1962 sales close to those of 1961. It is worth noting that we have increased our sales of a broader range of products than those on which we have lost ground, if we count also new items introduced. Our exports during the first nine months of 1963 show both greater diversity and a slight rise in value to Can.\$7.8 million compared with Can.\$6.2 million for the same period of 1962. The future can thus be viewed with guarded optimism. Selling to Peru will, however, become increasingly difficult and we shall have to pay more attention to equalling and improving upon the sales promotion techniques of our competitors.

Credit Terms Important

The primary consideration is naturally one of price. The high cost

TABLE II
PERU'S PRINCIPAL IMPORTS
(U.S.\$ million)

	1960	1961	1962	Increase 1960-62 (per cent)
Machinery, apparatus	94	124	160	70
Food, beverages and tobacco	53	63	72	36
Vehicles and equipment	49	68	70	43
Metals and manufactures	42	51	57	36
Chemicals and pharmaceuticals	44	50	53	20
Textiles and clothing	23	27	33	44
Fuels and lubricants	19	18	18	.....
Paper and manufactures	10	13	13	33
Animal and vegetable oils and fats	8	12	13	63
Non-metallic minerals and manufactures	5	7	8	60
Lumber and manufactures	5	5	6	20
Rubber and manufactures	6	6	6	.....
Others	17	24	29	.....
Total	375	468	538	.....

Source: Estadística del Comercio Exterior.

TABLE III
PRINCIPAL CANADIAN SALES
TO PERU
(Can.\$'000)

	1962	1963 nine mos.
Wheat	Nil	1,723
Wood pulp	901	1,009
Newsprint and other papers	794	411
Mining machinery and parts	709	263
Fishnets	624	273
Card punching machines, computers and parts	562	503
Basic steel products	540	424
Aluminum and materials	339	237
Asbestos fibres	256	154
Synthetic rubber and plastics	219	220
Insulated wire and cable	210	63
Malt	226	388
Sound recording equipment and parts	203	196
Barley	174	Nil
Chemicals	172	314
Cordage	150	39
Aircraft engines and parts	148	1
Milk powder	177	86
Total, all exports	8,140	7,847

Source: DBS.

of working capital in Peru, however, is forcing ever-increasing attention upon credit terms. (Peru's commercial banks have been urged to curtail their practice of guaranteeing importers' obligations and the Government is less willing to underwrite the extension of medium and long-term facilities to public or private organizations. At the same time, protested bills and bad debts are rising.) Importers are demanding and receiving assistance in the form of longer terms from their suppliers, with the result that considerably less than one tenth of imports are handled under letters of credit. Quality is often said to be of secondary importance in this market, but this comment does not apply particularly to our exports to this country. Our sales consist largely of raw or semi-processed materials and machinery and equipment—fields where attempts to reduce quality to lower the price are either not possible or are inadvisable.

The fact that Peru is one of the few South American countries without exchange control or import licensing does not mean that it is an open market. The practice of increasing tariffs on domestically produced goods to the point where competition from imports is excluded will probably continue.* A new schedule of luxury taxes has been proposed which, if approved, will bear more heavily on imports than on domestic products. On the other hand, heavy import surcharges have been removed from the GATT list (applicable to Canada) and competition from LAFTA member countries is not expected to displace our sales to any extent in 1964.

Local Industries Growing

Peruvian industry, while still concentrated in the consumer products field, continues to diversify; products and supplies in the industrial field are beginning to emerge. The 1963 list of new products includes

*As of November 27, 1963, all imports into Peru (from all countries) are subject to an additional ten per cent ad valorem tax.

electrical machinery and apparatus, fishnets, industrial gases, certain chemicals (in particular calcium carbide and sodium salts), automobiles, refrigerators, building hardware and steel castings (including grinding balls and liners). An increasing number of these products are being made by Peruvian subsidiaries of foreign companies or by local companies operating under licence or royalty arrangement. Some Canadian firms may wish to consider entering the market in these ways. Under the terms of the Industrial Promotion Law passed in 1960, local industry can, in addition to enjoying "adequate tariff protection", obtain import duty concessions on new machinery,

equipment and raw materials, plus attractive tax advantages. The inducements offered to companies which still regard Peru solely as an export market are worth exploring because they create an exceptionally favourable climate for the local manufacture of a wide range of products now imported.

The Outlook

The opportunities for increasing trade with Peru are good. However, the coming year is not expected to show any great change in our sales to this market. Whether this forecast will prove wrong depends more on the attitude and the efforts of Canadian exporters than it does on conditions within Peru. ●

Swedish Firm Wins Hong Kong Contract

THE HONG KONG GOVERNMENT announced on December 5, 1963, that a Swedish firm of contractors, Svenska Entreprenad Aktiefbolaget, SENTAB, had been awarded a contract worth about HK\$96.5 million to build tunnels and intakes between Plover Cove and Tai Po Tau, as part of a new waterworks project. The contractors intend to enter into a partnership with Messrs. Gammon (Hong Kong) Limited and to carry out the work as a joint venture. Construction will start as soon as possible and will take four years to complete.

The project is designed to help meet Hong Kong's drastic water shortage. The Government has decided to convert Plover Cove, a 2,750-acre inlet in Tolo Harbour, into a major freshwater lake by building a dam across the inlet to form a lake from which the sea water will be pumped out and replaced by fresh water. The lake will have a storage capacity of approximately 30,000 million gallons, three times the present capacity of Hong Kong's reservoirs.

Together with the main Plover Cove dam and ancillary structures—a separate contract for which international tenders were called on July 19, 1963—the tunnels and intakes constitute the main works involved in the second stage of the HK\$560 million scheme.

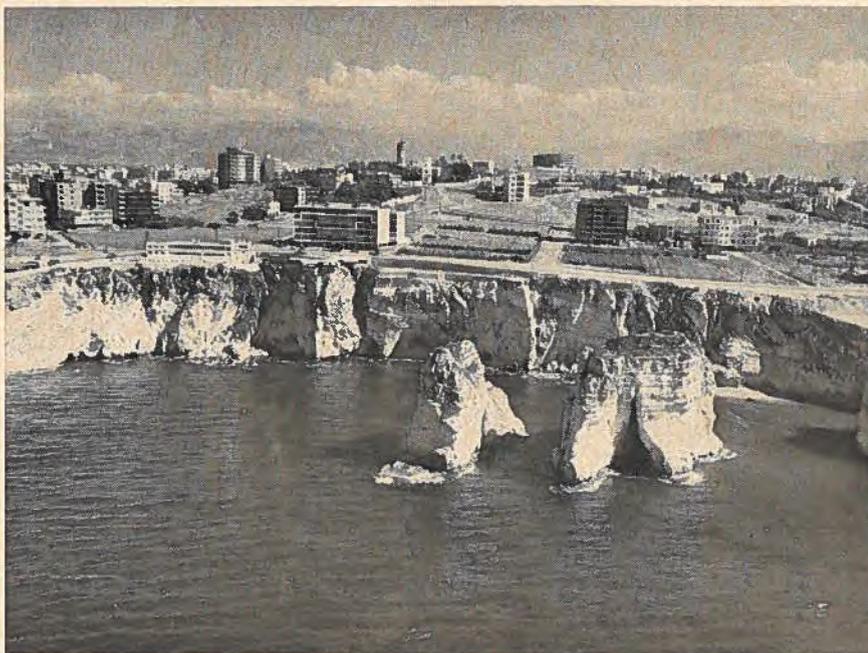
The main tunnel between Plover Cove and Tai Po Tau will vary in diameter from 26 to 30 feet. At Tai Po Tau, the

tunnel will join with other tunnels to complete the main conduit system between Plover Cove and the urban areas.

Two subsidiary tunnels will be built under the present contract—one 2½ miles long between Nam Chung in the Sha Tau Kok area, and Plover Cove, and a shorter one through the peninsula forming the southwestern boundary of Plover Cove. The shorter tunnel will be used to carry away the salt water which is to be pumped out from the completed Plover Cove reservoir. In addition, some 3½ miles of branch tunnels will be built. All of them will eventually load the main tunnel between Plover Cove and Tai Po Tau.

The intakes and weirs which are to be built under the present contract will serve a dual purpose. They will divert stream flows in excess of irrigation requirements into the tunnel system and then convey the water to the Plover Cove reservoir for storage or, alternatively, to the distribution system by way of the treatment works now being built at Sha Tin.

The contractors propose to introduce a new method of supporting bad rock inside the tunnel by robot spraying of concrete. Adoption of this method instead of the conventional one of using steel rib strengthening, the contractors state, should result in a considerable saving of time and money because excavation can be done much more quickly. ●



Pigeon Rock at Beirut, Lebanon, is one of the curious formations that attracts visitors to this beautiful Middle Eastern city. Many apartment houses and private homes have been built in this area facing the Mediterranean in recent years.

Lebanon Likes the Personal Touch

Good businessmen and shrewd traders, the Lebanese have much to teach exporters about Middle Eastern markets. They live in a fascinating country, they have money to spend on imported goods, and they welcome visitors from the West with true Arab courtesies.

V. G. LOTTO, *Assistant Commercial Secretary, Beirut.*

A CANADIAN businessman once remarked that a call on his Beirut agent was better than taking an advanced course in business administration. After acting as merchants and traders for centuries, the Lebanese have developed a high degree of business acumen. A trip

to Lebanon will help you acquire this—plus good customers.

Lebanon has a land area less than twice that of Prince Edward Island, a population of 1.6 million, and a gross national product of \$600 million. Its natural resources consist of a good climate, a Mediter-

anean coastline, and excellent fruits and vegetables. Each year it imports about \$500 million worth of goods—but it exports only about a third as much. Despite this large adverse trade balance, the country enjoys a prosperity greater than its earlier inhabitants, the Phoenicians, ever imagined. The trade deficit is more than compensated by earnings from invisibles—the tourist trade, remittances from emigrants, oil pipeline royalties, transit trade, and banking activities. (There are 43 local banks operating in the country, 12 banks with mixed capital, and 17 foreign banks.) In 1962, Canada sold the Lebanese \$2.3 million worth of goods and to the neighbouring countries about \$10 million.

Begin in Beirut

Beirut has always been the shop window for the countries that border on it because of its geographical position and the dexterity of the Lebanese merchant. For this reason, a personal visit to Lebanon is essential to any exporter who hopes to do business in the Middle East. It is also a must for the exporter who wants to increase his share of this market, because lack of regular personal contact with agents in the area is sometimes interpreted as lack of interest. In all aspects of Arab commercial life the personal touch is vital. The success of a Lebanese merchant depends not only on his product, its price and sales appeal, but also his status in the business community. Regular visits from principals enhance his reputation and encourage a greater sales effort. There is no insuperable language barrier in Lebanon: Arabic is the national language but nearly all businessmen speak fluent French and English too.

Beirut is the best jumping-off place for nearly all the countries in the Middle East. If a product sells competitively here, chances are that it will have the same success with Lebanon's neighbours. Middle Easterners prefer North American products but price comes before quality.

Middle East markets cannot be treated in the same way as other export outlets. In fact, a different approach is sometimes necessary for each Arab country: Syria, Iraq, Saudi Arabia and Kuwait, for example, insist that only nationals may act as agents for foreign firms. In some instances Lebanese firms maintain branches in these countries which are able to fulfill these conditions and provide adequate coverage throughout the whole Arab world.

City Blends Cultures

Beirut, the most modern city of the Middle East, blends Arabic, French and English cultures. High-rise apartment and office buildings line narrow streets jammed with late-model automobiles. The energy of the city, however, has not drastically affected the traditional way of doing business. *Haste comes from the devil* is an Arab proverb that still prevails. A business interview is usually accompanied by several cups of Arabic coffee and a long exchange of pleasantries before negotiations begin.

Lebanon is a country of tourists; summer resorts and winter skiing areas bring people from all over the world. "Where else," boast the Lebanese, "can you have a morning ski in the mountains under sunny February skies and then take an afternoon swim in the Mediterranean?" Beirut's gay night life has brought the city the title "the Paris of the Middle East". The country's historic sites—such as Baalbeck, Byblos, Sidon and Tyre—and great numbers of churches, mosques and citadels instruct the visitor in the wonders of the various stages of man's cultural development. All these places are within a few hours' drive from Beirut.

Climate and Customs

The best time to visit is between mid-October and mid-May. The sticky heat in the summer months drives most businessmen to their cool mountain residences. They commute to town only for morning

office hours (about 8 a.m. to 1 p.m.). If you plan a visit in the summer, wear your lightest clothes and specify air-conditioned accommodation. Winter-weight clothing can be worn for the rest of the year. Winter office hours are a little longer than those observed in Canada but lunch usually takes from 1 to 3 p.m.

The followers of the Moslem religion, who comprise about 50 per cent of the population, celebrate the Feast of Ramadan, a Moslem religious period lasting about a month. Because of fasting and other religious observances, Ramadan is characterized by a general slowdown in government and private business. Moslem holidays are determined by the Moslem calendar (the Hejira) in which the months are lunar; corresponding dates in the solar Gregorian calendar occur some 11 days earlier each year. If you entertain Moslem businessmen, remember that their religion forbids the use of alcohol and pork products. A slight understanding of the Moslem faith and Arab customs will make your visit more rewarding in terms of friendship, enjoyment and commercial success. The Arab host is so gracious and hospitable that a visitor should use caution in expressing admiration for any of his possessions; the guest may be embarrassed by having the object offered to him as a present.

Beirut is well served by sea and air. Flying time from London is six hours, from Paris five hours, and from Rome three hours. A multi-entry visa is necessary, plus an international smallpox vaccination certificate. No special health precautions are necessary but a typhoid inoculation is recommended. To avoid intestinal upsets, it is best not to eat unpeeled fruit and fresh vegetables.

If your business trip will take you to other Arab countries, consult this office well in advance for information on religious and national holidays. We shall be glad to assist in the preparation of an itinerary, and to provide introductions to ap-

propriate government departments and commercial houses.

Samples and Prices

Bring along samples or send them on ahead. In Lebanon, trade samples are free from customs duty provided they are so labelled and have no sales value. A deposit equivalent to the customs duty is levied on samples of commercial value, but this deposit is refunded when the samples are declared on leaving Lebanon. Machinery or equipment for demonstration purposes may be imported temporarily, subject to customs sanction obtainable through a local clearing agent in advance. A good supply of illustrated literature and c.i.f. Beirut prices should be part of your equipment.

Lebanon has no currency controls and almost no import controls; only 60 odd articles require prior import licences and only a few are prohibited import. Customs duties are high on some foods and are usually imposed on an ad valorem basis. They are levied at the rate of exchange L £2.19=\$1.00 (U.S. or Canadian). Imports are paid for in foreign exchange bought at the free market rate. (Present rate L £3.10=U.S.\$1.00.)

Schedule Should Be Flexible

You like to do business with people you know—and so do the Lebanese! A personal visit will pay dividends out of all proportion to the time and money spent. Be prepared to make decisions on the spot and to stay in Lebanon long enough to complete the job. A flexible schedule is a necessity—a tight one may mean that you have travelled a long way for a meagre return. Your competitors are arriving at Beirut airport every day.

The next time you take that business trip to Europe, why not extend it with a few weeks in Lebanon? Lebanon has much to offer: sunny days, mile-long beaches, historic ruins, a world-famous casino—and last but certainly not least, good trading opportunities. ●

Gore Lamps Looks

When Harry Gore went into the National Canadian Samples Show last spring, he was a novice at the exporting game. Nine months later, he has found customers in the West Indies, Lebanon and Belgium, and has excellent prospects in the United States.

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

"I'll buy them," said the visitor.

"Which ones and how many?"

"All of them," came the answer.

"Your range of lamps is beautiful. It's just what I've been looking for."

And sold they were—250 of them—to a customer from Wilmington, Delaware, with plans to open a lamp

store in a shopping centre in Lancaster, Pennsylvania.

This rapid transaction took place about two months ago on the opening day of the Canadian Trade Fair in the Sheraton Hotel in Philadelphia. It signalled the start of six busy days for Harry Gore, of Gore Lamp and Shade Company of Montreal, a firm that he founded nearly six years ago and whose

products he both manufactures and designs.

Harry Gore is no old hand at the exporting game. In fact, he took the first tentative steps towards finding foreign customers only seven months before the Philadelphia show. Impressed by efforts to encourage more firms to get into export and at the urging of the Department of Trade and Commerce, he decided to take space in the National Canadian Samples Show held in Toronto last April. Chief feature of this show was that the Canadian Government flew in buyers from many parts of the world so that they could see for themselves what Canada had to offer.

Success at Samples Show

On the morning that the Samples Show opened, Gore and his son worked until 2.30 a.m. arranging attractively in a booth only 10 by 12 feet 250 lamps, 80 of which he had designed and made up expressly for the show. Fortunately many of his lamps are the boudoir and pin-up types, and this made the display problem a bit simpler. By ten o'clock (the doors opened at nine) buyers were lined up waiting to talk to him. He returned home with sample orders from the West Indies, Belgium and Lebanon and with interesting inquiries from the United States—and today he has a bulging file of correspondence carried on since the show ended.

With a thoroughly down-to-earth attitude to selling, Gore went to the Samples Show to sound out export markets, expecting few immediate results and some unfamiliar problems. He chose when he began production to concentrate on small lamps, especially boudoir, desk and pin-up types, and to offer his line particularly to the chain and department stores. (It was an order from Stedman's for 2,000 lamps that got him well launched in Can-



At the Canadian Trade Fair in Philadelphia last November, Gore displayed a wide range of models. In the foreground is one of his specialties—boudoir lamps with decorated ceramic tile bases and a choice of walnut, maple, or coloured stems.

or Markets Abroad

ada.) He felt that the designs for small lamps could be more original and interesting and that although the profit on them was smaller, the volume of business would compensate. These decisions have proved to be sound in the Canadian market and experience at the Samples Show and in Philadelphia has confirmed that they are equally sound in the export market.

The buyer from Lebanon brought him face to face with the transportation problem. He liked the lamps and wanted a sample order shipped. How much would this cost? The shipping rate quoted was high and boosted the price of the lamps landed in Beirut considerably. But Gore is not easily discouraged: when he returned to Montreal, he did a bit more investigating. He discovered that certain Canadian firms importing from the Mediterranean got a considerably lower shipping rate and, armed with this information, he was able to obtain the same rate for his lamps outward bound. The sample order, plus catalogues, was duly shipped to the Lebanese customer. More orders are expected.

One of the early inquirers at his Samples Show booth was a Mr. Chan from Trinidad. He too liked the lamps but worried about the customs duty. When he and Gore discovered after checking with tariff experts on duty at the show that the British preferential rate was only 15 per cent, he ordered an assortment and has since sent in five repeat orders. Convinced that the West Indies market was a good one for his products, Gore went looking for other customers there. He obtained names of possible outlets from the Trade Commissioners and also from a Canadian shipping line serving the Caribbean area, sent out catalogues and price lists, and in return secured orders. Currently he is selling to British Guiana, British Honduras, Barbados, the Ba-

hamas, and Dominica, as well as Trinidad.

U.S. Tariffs a Problem

At the Samples Show, some of the buyers from the large U.S. chain stores liked his line and talked of placing sample orders. They wanted delivered U.S. prices and until the customs duty on the various models was established, Gore could not quote them. He attacked this problem at once. Because lamps are classified in the tariff according to the component material in chief value, this meant preparing a cost breakdown for each of his models showing the value of the main components in it. He took up the tariff problem first with a representative of the U.S. Customs on duty at the show and later a Customs man came to see him in Montreal. In July, though he had not yet obtained a binding ruling from the U.S. Customs that would apply throughout the country, he went to see one chain store buyer in New York and quoted prices for certain samples that he took with him.

Down to Philadelphia

For the Philadelphia Trade Fair he again created new models, and he was particularly proud of his boudoir and matching pin-up lamps with decorated ceramic tile bases and walnut, maple or coloured stems. But despite the heady start when a buyer purchased the entire stock for after-the-show delivery, his display did not attract a flood of orders. He took this philosophically; November, he believes, is not the best month for a man in his line to do business; retailers have already placed their orders and are too busy with Christmas selling to go shopping around. On the Saturday morning, therefore, he left his booth in other hands and went calling on buyers for the large department stores and on the district

managers of the chain stores. But the Trade Fair did produce some worthwhile inquiries, including one from a man in Trenton, New Jersey, who wanted to put one of the nursery lamps in layettes that he makes up, and one from a marine company interested in the nautical lamps. When the show was over, the lamps were packed up, the duty on them paid, and the customer from Wilmington collected them.

How to Quote Prices

Usually Gore quotes prices for his lamps f.o.b. Montreal, for two reasons. One is that to quote c.i.f., he must have a firm quantity on which to base the price. The other is that it leaves a customer free to choose how the lamps shall be shipped because he will be paying the freight. United States customers, however, want c.i.f. prices and once Gore has a binding Customs ruling this is not difficult, because chain stores and department stores usually order in large and specific quantities. They also want the f.o.b. plant price because it may be used to determine the duty. He does not give any store exclusive rights to any of his models. One of his strong selling points, however, is that he will make up special assortments of his various lamps for individual buyers. His customers appreciate this personal service.

Based on Experience

Harry Gore's success in the Canadian market since 1958 is based solidly on well-rounded experience in the lamp business. Between the time he completed his war service in 1946 and the launching of his own firm twelve years later, he set himself to learn all he could about how to design, manufacture and merchandise lamps. He served for some years as production manager of a U.S. subsidiary, worked with the fixture division of Canadian Westinghouse to round out his knowledge of incandescent lighting and fixtures, and did free-lance designing. Finally he was ready to gamble on the future. He set up

shop in the basement of his home, enlisted his family's help, designed about 80 models in two weeks—and was in business. Within two months he had secured sizable orders from chain stores like Stedman's and Kresge's, and Eaton's, Beamish Stores, Zeller's and Metropolitan Stores were soon added to his list of customers. At this point he moved into his present quarters, which are today becoming uncomfortably crowded. He plans shortly to triple his present space.

In the same thorough-going way he has planned his foray into the export market. He takes full advantage of the counselling and other government services open to him: when he goes into a trade fair, for example, he consults the Canadian Government Exhibition Commission about the design of his exhibit. He briefs himself on tariffs, ship-

ping rates, transportation services and other matters about which his customers may consult him. He has studied the best methods of packing his lamps, especially for export markets, and encloses them when necessary in a moistureproof absorption bag to preserve them from heat and humidity—important in shipping to places like Trinidad. When there are obstacles in his way, he tries to get around them. The Canadian agents for a Sydney, Australia, firm, for example, have been looking at his line but wiring is different down in Australia and so is the type of socket used. Gore has now shipped samples to a firm there without the wiring so that he can get the potential customer's reaction. If the latter likes the lamps, Gore may arrange to ship them without sockets and have the wiring done "down under". He has also had inquiries from Lan-

cashire, England, where a buyer has asked for c.i.f. prices. Gore is merely waiting until he specifies a quantity on which to base the price.

One visitor to Gore's stand at the Philadelphia Trade Fair was so fascinated by one of the boudoir lamps that she kept saying, "I won't leave till I have that lamp!" His tactful explanation that he could not book individual orders failed to satisfy this determined shopper. Finally Gore gave her his card and told her to ask for the lamp at a retail store. She may not be able to get it right away, but chances are that it won't be long before his lamps are going to many Philadelphia customers. And if he makes the same progress in his second year of exporting as in his first, they will be selling in other U.S. cities too, and in a growing number of overseas markets. ●

Developments in Iron and Steel

Argentina

STEELWORKS PLANNED—A group of steelwork engineers representing Italian interests, together with Techint Argentina S.A. experts, visited the city of La Plata in the province of Buenos Aires to inspect the proposed site for a large steelworks.

The proposed investment will total approximately \$200 million. The Koppers Company of the United States, it is reported, will be associated with the Italian consortium and production will be co-ordinated with that of the Somisa plant at San Nicolás to satisfy local demand for steel products—Buenos Aires.

Australia

WIDE-PLATE MILL OPENED—A £12.5 million wide-plate mill with an annual capacity of 400,000 tons was recently commissioned by the Port Kembla steelworks. The mill is the first stage of an £18 million project which will ultimately increase Australia's plate-steel production to 750,000 tons a year. Future additions can be made as needed. Until now, wide plate has come from Newcastle, New South Wales, and from abroad.

The mill has a rolling strip 140 inches wide. This wide steel plate is particularly valuable for shipbuild-

ing, bridge-building and construction of oil pipelines and storage tanks—Sydney.

IRON FOUNDRY PLANNED—The managing director of General Motors-Holden Pty. Limited has announced the acquisition of 15½ acres adjoining the present plant at Fisherman's Bend for the erection of an iron foundry. Estimated cost is approximately £3½ million. The foundry is part of G.M.H.'s £33½ million expansion program which will be completed within three years. The new facilities will bring production up to 175,000 vehicles per year, or 730 per working day—Melbourne.

European Coal and Steel Community

IRON AND STEEL PRODUCTION—Orders booked by the steel mills of the ECSC last October, 4.8 million tons, showed an increase of 16.5 per cent over the preceding month and of 12 per cent over October 1962. However, the increase in orders received during the first ten months of the year was only 1 per cent (44.2 million tons) over the corresponding period of 1962.

Orders from internal national markets fell by 3 per cent during this period, those from other ECSC countries rose by 8.5 per cent, and orders from third countries increased by 9.9 per cent.

Crude steel production in the Community, at 6.63 million metric tons, was greater last October than last September (6.1 million), and also greater than in October 1962 (6.15 million). Production for the first ten months of the year totalled 60.9 million tons, against 61.2 million cast during the corresponding period of 1962—0.4 per cent less.

This fall in production, which continues to diminish from month to month, results from smaller output in West Germany (a decrease of 4.7 per cent). All the other members of the Community increased their output—the Netherlands by 10.7 per cent, Italy 5.4 per cent, France and Belgium 1.9 per cent each, and Luxemburg 0.3 per cent.

Some 11.9 million tons of pig iron were cast during the first ten months of 1963, against 11.6 million tons in 1962, an increase of 2.5 per cent. Crude steel output totalled 14.6 million tons compared with 14.3 million, an increase of 1.9 per cent. This corresponds to an annual figure of 17.5 million tons of crude steel.

Output of rolled products remained virtually unchanged in the first nine months of 1963, at 9.7 million tons—Paris.

New Zealand

STEEL INDUSTRY—A contract was signed on November 8 for phase one of a \$42 million iron and steel project. Two British firms, McLellan & Partners and W. S. Aitkins & Partners, were chosen to act as consultants and will combine for this undertaking.

The provisional board and the New Zealand Government are retaining the Battelle Memorial Institute of the United States, which acted as the initial investigating consultants, as advisers—Wellington.

South Africa

STEEL EXPANSION—The Iron & Steel Corporation of South Africa (ISCOR) plans to more than double the production of the Vanderbijlpark works and provide for a small increase in production in the main steel mill in Pretoria. The \$800 million expansion project is expected to raise annual steel ingot production from the present 2.3 million tons to some 4.5 million by 1973. The project may also include the erection of a third plant.

The African Metals Corporation Limited (AMCOR), which is closely associated with ISCOR, has a \$35 million expansion project under way. This includes the erection of a fourth blast furnace and the addition of new coke ovens to enable the firm to meet its commitments to supply five million long tons of pig iron to Japan, to be delivered in ten annual instalments commencing in mid-1964—Johannesburg.

Sweden

HOT-ROLLING MILL FOR STRIP STEEL—The world's largest hot-rolling mill of the Sendzimir type for strip steel has gone into operation at Norrbottens Järnverk (NJA), the state-owned steelworks at Luleå in northern Sweden. NJA has an annual capacity of about 500,000 tons of crude steel and gets its entire iron ore supplies from the nearby LKAB mines in Arctic Sweden.

The equipment includes a blast furnace for 100 tons of pig iron, three electric furnaces with a capacity of 100 tons of pig iron each per day, three Thomas converters with a capacity of 25 tons per charge, four arc furnaces of 30 tons each, and another furnace with a capacity of 80 tons. Next year, an oxygen-process furnace of the Swedish Kaldo type is to go into operation and a new laboratory is to be completed.

The mill includes a cold-rolling mill where the strips are reduced from a maximum thickness of 5 to 1.2-0.7 millimetres. It is provided with automatic thickness control and designed for all-automatic rolling—Stockholm.

STEEL OUTPUT UP—Deliveries of commercial steel to the Swedish market were expected to amount to 2.85 million tons in 1963 (i.e., domestic production 2.7 million tons, plus imports of 930,000 tons and less exports of 780,000 tons). This forecast exceeds by 64,000 tons the 1962 figure of 2.8 million tons, of which domestic production accounted for 2.5 million and imports for 952,000. Exports in 1962 totalled 678,000 tons.

In 1962 consumption exceeded supply by 42,000 tons which were drawn from stocks. The 1963 consumption was expected to exceed supply by about the same amount, leading to a fall in stocks of some 42,000 tons.

October production of ingot steel reached 330,000 tons and this suggests that Sweden's steelmaking industry is operating at over 90 per cent of capacity. Exports are also up and the general picture is one of over-all increased activity, though it is felt that Swedish producers may be hard pressed to match the delivery times of Continental producers. Exports of stainless steel pipe are down but other quality steels, especially stainless steel sheet, are selling well abroad—Stockholm.

West Germany

NEW STEELWORKS IN RUHR—Europe's newest steelworks is currently being built near Duisburg in the Ruhr Valley, by August Thyssen-Huette at a cost of \$175 million. The new plant is an addition to present facilities and will produce 1.2 million tons of oxygen-blown steel per year. This will raise the total Thyssen plant capacity to more than 4.2 million tons a year.

Included in the new undertaking are two of the largest converters in Europe, each with a capacity of

175 tons. An 88-inch wide-strip hot-rolling mill and an 80-inch cold-rolling mill are also being built, and a new slabbing mill capable of handling 30-ton slabs went into operation last September.

To service the new steel mill and rolling plants, Thyssen is replacing some of the existing blast furnaces with the largest furnace in Germany, capable of producing from 2,000 to 3,000 tons of pig iron per day—Duesseldorf.

IRON ORE IMPORTS—Increasing imports of lower-cost foreign iron ores with a higher iron content is resulting in the closing of many German iron ore mines. The Federal Economics Ministry forecast a reduction

in 1963 in domestic iron ore output of almost one third from the 1962 figure because of low grade of the ore being mined, the lack of mechanization in the mines (and the resulting high wage costs), and the fact that domestic ores are mined underground.

Ores imported into Germany come chiefly from Brazil, Liberia, Gabon, and more recently Mauritania, where open-pit operations permit a high degree of mechanization. In addition, the imported ores average about 60 per cent ferrous content, more than double that of domestic supplies. Germany consumed 20 million tons of imported iron ore in 1962, of which Canada accounted for just over 600,000 tons, including concentrates—Duesseldorf.

FOREIGN TARIFFS

AND TRADE REGULATIONS

Denmark

TAX ON IMPORTED PAPER AND PAPERBOARD—The Danish Ministry of Finance issued on December 11, 1963, a notification whereby sensitized paper and paperboard are subject to a tax of 0.20 D.Kr. per kilo for paper, and 0.02 D.Kr. per kilo for paperboard.

Aluminum foil backed with paper is subject to a tax of 0.20 D.Kr. per kilo as well as to an equalization supplement of 10 per cent thereof. The tax due is calculated on the weight of the paper, provided that a statement is submitted at the time of customs clearance from the manufacturer indicating the paper-weight content of the article. If no statement is attached, the tax is calculated on the net weight of the article. The importer has to indicate that the product is backed with paper. (One D.Kr.=Can.\$0.15; 6.39 Danish D.Kr.=Can.\$1.00.)

NEW LIBERALIZATION LIST—The Danish Ministry of Commerce issued a new list of articles which are liberalized for import from December 31, 1963. It includes the following:

Dried, dehydrated or evaporated vegetables, whole, cut, sliced, broken or in powder form, but not further prepared: potatoes, cauliflower, asparagus, cucumber, pickled cucumber, tomatoes and onions (except garlic).

Crushed or broken stone, macadam and tarred macadam, pebbles and gravel of a kind commonly used for road paving, for railway or other ballast, or for concrete aggregates, as well as chippings of stones pertaining to positions no's. 25.15 or 25.16.

Ammonium explosives in powder form.

Articles of natural cork.

Agglomerated cork with or without binding substance, and products thereof.

Building board of wood pulp, of wood fibre, or of other vegetable fibres of at least 6 millimetre thickness and of a maximum weight of 300 grams per square metre for each millimetre thickness.

Textile hose-piping and similar tubing, with or without lining, armour or accessories of other materials.

Worked slate and articles of slate, including articles of agglomerated slate.

Casks, drums, cans, boxes and similar containers of sheet or plate iron or steel of a thickness of 0.5 millimetre or more, of a description commonly used for the conveyance or packing of goods.

Lamps and lighting fittings of base metals and parts thereof of base metals (excluding switches, electric lamp holders, electric lamps for vehicles, electric battery or magneto lamps, and other articles pertaining to Chapter 85, except position No. 85.22).

Bakery ovens and their parts (non-electric).

Bakery ovens and their parts (electric).

Further details may be obtained from the Office of Trade Relations and Trade Policy, Department of Trade and Commerce.

West Germany

RESEARCH MATERIAL ENTERS FREE—A new West German regulation allows material used exclusively for research to enter the country free. Included in the regulation are all teaching and educational instruments, and their parts and accessories, intended for use by public groups for education purposes, when such goods are not already available in Germany—Bad Godesberg.

South Africa's Expanding Economy

Production rose, imports reached a record, balance of payments achieved a surplus in 1962-63. Import control, emphasis upon "import replacement" expected to continue, as encouragement to industrial build-up. Shortage of skilled labour becoming a problem.

R. G. GODSON, *Assistant Trade Commissioner, Cape Town, and*

S. B. McDOWALL, *Assistant Trade Commissioner, Johannesburg.*

THE past year witnessed a marked acceleration in economic expansion in South Africa. Optimism is general throughout the business community, although there are still several basic problems, plus some temporary ones. The general upswing has produced an estimated 7½ per cent increase in the gross national product as of June 1963, compared with a 5 per cent increase for the 1961-1962 period. The balance of payments shows a substantial surplus and the economy as a whole continues to be in an exceptionally liquid position.

Imports Reach Record

Imports for 1963 are expected to reach an all-time high of \$1,900 million. Import control continues for 1964, apparently on the same basis as in 1963, with emphasis still on using locally produced goods whenever possible.

Exports decreased from June 1962 to June 1963, although government and business organizations are making a definite sales effort by establishing new trade offices abroad and by encouraging the efforts of private organizations—such as the Credit Guarantee Insurance Corporation and the South

African Foreign Trade Organization which was officially formed last June.

Tables I, II and III* show the direction, commodity pattern and volume of South Africa's trade in 1962, as well as changes during the past year. Table I reveals that in 1962 our exports to South Africa decreased but during the same period we bought more from the Republic than in 1961. Britain, Japan and the United States increased their purchases from South Africa and so did Japan, mainly because it bought mealies. Table II shows a fairly steady pattern of commodity imports for South Africa following 1961, with a slight rise in textiles and machinery.

The Government's policy in general is to broaden the industrial base so that within the next decade products of local industry will reduce imports and provide some of the exports and income that gold now provides. However, the scale on which development can take place appears to depend ultimately on exports and the extent of investment in South Africa.

Payments Balance Shows Surplus

For the year ended June 1963 there was a surplus of \$262 million on current account and a net capital

outflow of \$120 million, leaving a net surplus of \$142 million in the over-all balance of payments. This surplus was achieved despite an increase of over \$300 million in imports over the previous year, mainly the result of a marked upsurge in economic activity. A further annual increase of \$81 million in the net gold output to a total of \$990 million from June 1962 to June 1963 was again the main pillar of strength in the balance of payments.

It must be remembered that even though there was new direct investment from abroad, an appreciable net outflow of capital has continued since the restrictions on capital transfers by residents and non-residents were imposed in mid-1961.

The Reserve Bank's holdings of gold and foreign exchange increased by \$119 million over the year ended June 1963 to \$730 million and have subsequently risen to approximately \$780 million. This high level of gold and foreign exchange reserves has tended to aggravate the problem of excessive liquidity. However, this problem may be eased because much of the surplus manufacturing capacity has already been taken up and further expansion will require more investment in capital assets.

Gold Output Rises

Two-thirds of the world's gold comes from South Africa, and it is by far its most important product, both in value of sales and because the gold mining industry obtains 90 per cent of its industrial requirements locally. The efficiency of the gold mines continues to increase and despite a reduction in manpower of 5,500 non-Europeans in 1962, output went up by 2.5 million ounces. Table IV shows the value of mineral output for 1961/1962; gold, iron and coal had the greatest increases.

Industrial Production Increases

The forecast for 1964 sees large gains in the heavy machinery and automobile industries. Motor car sales are 35 per cent ahead of 1962

Note: All figures in this report are converted at one Rand=Can.\$1.50.

*See page 24.

TABLE I
DIRECTION OF SOUTH AFRICA'S FOREIGN TRADE, 1962

IMPORTS INTO SOUTH AFRICA				EXPORTS FROM SOUTH AFRICA			
From	Percentage of 1962 Total			To	Percentage of 1962 Total		
	1962	1961	(Can.\$ million)		1962	1961	(Can.\$ million)
Canada	2.5	38.4	40.2	Canada	1.1	15.0	12.0
Britain	30.3	465.5	437.7	Britain	30.6	435.6	174.9
United States	16.5	253.5	265.0	Rhodesia and Nyasaland	10.2	144.9	146.0
Japan	4.1	62.2	53.7	United States	9.3	130.2	102.6
Iran	3.6	55.4	49.2	Japan	7.5	106.5	76.8
Italy	2.8	43.3	41.4	Italy	4.7	66.5	53.3
Rhodesia and Nyasaland	2.8	43.1	38.7	Belgium	2.7	39.2	48.8
Netherlands	2.4	37.5	36.7	France	3.2	47.2	47.4
Congo-Leopoldville	2.2	33.9	36.7	Netherlands	2.7	39.1	42.3
France	2.7	41.7	33.5	West Germany	4.2	64.0	56.7
Belgium	1.4	21.6	30.3	Others	23.8	339.6	497.4
West Germany	10.0	153.9	163.8				
Others	18.7	288.8	280.7				
Total	100	1,538.7	1,507.6	Total	100	1,427.8	1,428.2

TABLE II
PRINCIPAL COMMODITIES IN SOUTH AFRICA'S FOREIGN TRADE

	IMPORTS		EXPORTS	
	1962	1961	1962	1961
	(Can.\$ million)			
Animal, agricultural and pastoral products	16.1	14.5	259.8	254.7
Foodstuffs	59.7	62.0	365.3	298.2
Alcs, spirits, wines and beverages	5.2	5.2	11.1	11.5
Tobacco in all forms	5.9	5.4	4.8	3.9
Fibres, yarns, textiles and apparel	259.5	243.5	15.7	16.8
Metals, metal manufactures, machinery and vehicles	691.6	679.7	353.3	379.7
Minerals, earthenware and glassware	58.0	58.6	145.4	152.4
Oils, waxes, resins, paints and varnishes	140.7	139.2	27.3	30.7
Drugs, chemicals and fertilizers	82.2	78.1	17.8	20.1
Leather, rubber and manufactures thereof	37.5	37.2	10.5	12.8
Wood, cane, wicker and manufactures thereof	26.3	30.9	20.4	20.1
Books, paper and stationery	62.8	63.9	8.2	8.5
Jewellery, timepieces and musical instruments	21.0	21.5	35.1	38.2
General	72.0	61.0	21.3	20.3
Total	1,538.5	1,500.7	1,296.0	1,268.0

and are expected to exceed 100,000 units for 1963. Consumer durables should also increase considerably because of the building boom which, in turn, is linked with large immigration into South Africa.

The over-all manufacturing level for 1963 is 14 per cent above 1962 with only a 7.2 per cent increase in the work force and an 11.5 per cent increase in total wages paid; this indicates improved productivity and an anti-inflationary trend.

Building and hardware have had their best year since 1959. In the

first half of 1963, the demand for steel was 24 per cent above the same period for 1962 and foundries and the heavy engineering industries are at present particularly busy and working overtime.

The manufacture of transport equipment showed the greatest rise during the first half of 1963 with an increase of 46 per cent, followed by basic metals with 20 per cent, machines 19 per cent, printing industry 16 per cent, and metal products 14 per cent. It is likely that the future will see many opportunities

TABLE III
PRINCIPAL EXPORTS FROM SOUTH AFRICA

	Jan.-Sept. 1963	Jan.-Sept. 1962
	(\$ million)	
Hides and skins	31.6	28.8
Wool	108.8	104.2
Wattle bark and extract	9.0	8.7
Maize	97.0	82.5
Fish	25.2	27.8
Fruit—all kinds	95.1	94.8
Sugar	40.7	33.0
Vegetables, preserved	2.4	1.2
Agricultural machinery and implements	1.8	1.6
Mining machinery	9.6	10.4
Other machinery, n.e.e.	9.7	10.2
Chrome ore	4.2	5.7
Lead ore concentrates	12.3	12.5
Manganese ore	11.7	13.3
Ferro-alloys	15.9	11.4
Copper, block, ingot and blister	31.4	19.7
Iron, pig and ingot	8.5	11.8
Asbestos	26.2	28.2
Coal	7.8	8.9
Diamonds	96.0	78.5
Footwear	1.8	2.2
Tires and tubes, pneumatic	3.1	3.1
Prescribed materials under the Atomic Energy Act	77.0	82.5
Wood pulp	12.0	10.6
Gold coin for export	1.8	4.4
Other merchandise	265.5	282.6
Total	1,006.2	978.5
Imported goods re-exported	94.2	95.0
GRAND TOTAL	1,100.4	1,073.5

TABLE IV
MINERAL OUTPUT, SOUTH AFRICA

	1962	1961
	(\$ million)	
Gold	955.0	854.0
Silver	2.9	2.4
Iron ore	18.1	14.5
Copper	28.6	31.1
Manganese ore	21.2	18.7
Chromium	8.6	9.9
Tin	3.6	3.4
Coal	97.5	79.6
Asbestos	34.7	33.4
Diamonds	54.1	55.9

for development in the chemical and allied industries.

Skilled Manpower Shortage

One of the greatest problems facing the economy at the present time

is a shortage of skilled manpower. This tight skilled labour situation increases the danger of inflation and has led to pressure on the Government to repeal its policy of reserving skilled jobs to Europeans. A recent move by a large South African firm to provide an equivalent of \$3 per working day as a minimum for non-European employees indicates their growing spending power, now estimated at about \$1.5 billion. If the present trend in wage increases continues, the spending power could jump to \$9 billion by 1970.

Capital Projects Scheduled

At present there are many government and private projects scheduled and under way in the Republic. The Orange River Scheme will cost some \$675 million, \$190 million of which is planned to be spent on the first phase that will begin this year. These government expenditures will probably be used as a lever to regulate the economy and to achieve optimum and steady growth. Other major fields of gov-

ernment expenditures in process are roadbuilding \$750 million, steel \$840 million, electricity \$600 million, petroleum and chemicals \$90 million (an additional \$160 million is to be spent privately on chemicals), fertilizer \$9 million, broadcasting \$30 million, railways and harbours \$165 million, Department of Posts and Telegraphs \$150 million, Bantu Home Lands and Border Areas development \$98 million. The mining industry in general will spend \$164 million, and at Phalaborwa in northeast Transvaal about \$110 million is earmarked for development of the copper deposits. Some other projects likely to have a noticeable impact on the economy this year will be expansion of capacity in the paper and newsprint industry; erection of a bulk sugar terminal; provision of port facilities including cranes, dredging, bulk cargo and ore-handling plant; significant additions to South African registered ocean-going ships; trawler fleets; coastal shipping and shipbuilding facilities.

There is also a marked expansion in transportation, automobiles, radio and telecommunications, plastic film industry, defence equipment, mining, offshore diamonds, sawmills, bulk oil storage and new grain elevators.

Conclusion

At present, it is expected that the high levels of consumption, combined with outlays by private industry and the currently committed government expenditures, will make for continued buoyant business conditions. This prognosis, of course, is based only upon present internal conditions. Many problems remain to be faced and solved if South Africa is to maintain an optimum growth pattern. At present one of the main factors retarding the economy is the shortage of skilled workers. This and other problems are perhaps natural to a rapidly expanding economy, but when and how they are solved will affect the rate at which South Africa achieves its industrial goals. ●

TRADE COMMISSIONERS ON TOUR

Australia—R. L. Richardson, Assistant Commercial Secretary in Sydney, will visit Brisbane and other Queensland centres for ten days beginning February 3.

Colombia—J. H. Bailey, Commercial Secretary in Bogotá, will visit Barranquilla and Cartagena February 17-21.

J. C. Bradford, Assistant Commercial Secretary in Bogotá, will visit Cali January 28-30, and Medellin February 10-12.

Communist China—M. T. Thomas, Trade Commissioner, and D. Molgat, Assistant Trade Commissioner, in Hong Kong will visit Shanghai, Tientsin and Canton in March.

Costa Rica—J. H. Nelson, Commercial Secretary in Guatemala City, will visit Costa Rica February 5-10.

Ecuador—J. H. Bailey, Commercial Secretary in Bogotá, Colombia, will visit Quito and Guayaquil February 6-15.

India—W. G. Brett, Trade Commissioner in Bombay, expects to visit the State of Gujarat in the last half of January.

Iraq—V. G. Lotto, Assistant Commercial Secretary in Beirut, Lebanon, will visit Baghdad February 4-19.

Kuwait—V. G. Lotto, Assistant Commercial Secretary in Beirut, Lebanon, will visit Kuwait February 1-3.

Mexico—H. S. Hay, Assistant Commercial Secretary in Mexico City, will visit Monterrey March 20, 21, 22.

Nicaragua—J. H. Nelson, Commercial Secretary in Guatemala City, will visit Nicaragua February 1-5.

Panama—J. H. Nelson, Commercial Secretary in Guatemala City, will visit Panama February 10-14.

Poland—K. Nyenhuis, Commercial Counsellor in Copenhagen, Denmark, will visit Poland February 19-28. Mr. Nyenhuis asks that businessmen write to him during that time c/o the Canadian Embassy, Ulica Katowicka 31, Saska Kepa, Warsaw, Poland.

Puerto Rico—J. C. Leith, Assistant Commercial Secretary in Santo Domingo, Dominican Republic, will visit San Juan during the week of February 16-22.

U.S. Virgin Islands—J. C. Leith, Assistant Commercial Secretary in Santo Domingo, Dominican Republic, will visit the U.S. Virgin Islands during the week of February 16-22.

Virgin Islands—J. C. Leith, Assistant Commercial Secretary in Santo Domingo, Dominican Republic, will visit St. Thomas during the week of February 16-22.

West Germany—Claude Renaud, Assistant Commercial Secretary in Bad Godesberg, will visit Munich February 18-20.

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

Foreign Trade Service Abroad

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Britain (Midlands, North England)	W. R. Van Canadian Government Trade Commissioner D. S. Armour Assistant Trade Commissioner	Martins Bank Building Water St. LIVERPOOL	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Phone:</i> MARitime 2177
Britain (Scotland)	Finlay Sim Canadian Government Trade Commissioner N. L. Williams Assistant Trade Commissioner	Cornhill House 144 West George St. GLASGOW C.2	<i>Mail:</i> (City Address) <i>Cable:</i> CANTRACOM <i>Phone:</i> DOUglas 6751
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Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	H. E. Lemieux Commercial Counsellor J. H. Nelson Commercial Secretary P. D. Donohue Assistant Commercial Secretary	Canadian Embassy 5a Avenida 11-70, Zone 1 GUATEMALA CITY, C.A.	<i>Airmail:</i> P.O. Box 400 <i>Surface Mail:</i> P.O. Box 444 <i>Cable:</i> CANADIAN <i>Phone:</i> 28448
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Lebanon Iraq, Jordan, Persian Gulf area, Saudi Arabia, Syria	L. A. Campeau Commercial Counsellor C. E. Rufelds Assistant Commercial Secretary V. G. Lotto Assistant Commercial Secretary	Canadian Embassy Alpha Building Rue Clemenceau BEIRUT	<i>Mail:</i> Boîte Postale 2300 <i>Cable:</i> CANADIAN <i>Phone:</i> 250955
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Union of Soviet Socialist Republics	R. V. N. Gordon Commercial Counsellor	Canadian Embassy 23 Starokonyushenny Pereulok Moscow	<i>Mail:</i> (City Address) <i>Cable:</i> CANAD <i>Phone:</i> 415142
United Arab Republic Aden, Sudan, Ethiopia, Yemen	W. Gibson-Smith Commercial Counsellor	Canadian Embassy 6 Sharia Rouston Pasha Garden City CAIRO	<i>Mail:</i> Kasr el Doubara Post Office <i>Cable:</i> CANADIAN <i>Phone:</i> 23110
United States	W. J. Van Vliet Commercial Counsellor (Agriculture) R. R. Parlour Commercial Counsellor W. R. Hickman Commercial Secretary (Agriculture) N. W. Boyd Commercial Secretary S. G. Harris Assistant Commercial Secretary	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 36, D.C.	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Phone:</i> DEcatur 2-1011
United States	N. R. Chappell Counsellor (Energy)	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 36, D.C.	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Phone:</i> DEcatur 2-1011
United States (Connecticut, the eleven northern counties of New Jersey, New York) Bermuda	B. I. Rankin Deputy Consul General (Commercial) A. A. Caron Consul and Trade Commissioner A. A. Lomas Consul and Trade Commissioner W. G. Huxtable Consul and Trade Commissioner C. G. Bullis Consul and Assistant Trade Commissioner	Canadian Consulate General 680 Fifth Ave. NEW YORK CITY 19	<i>Mail:</i> (City Address) <i>Cable:</i> CANTRACOM <i>Phone:</i> JUdson 6-2400 <i>Night Line:</i> JUdson 6-2321 (Area Code 212) <i>Telex:</i> 0-01-26242
United States (Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)	M. R. M. Dale Consul and Trade Commissioner L. D. R. Dyke Consul and Assistant Trade Commissioner	Canadian Consulate General 607 Boylston St. BOSTON 16	<i>Mail:</i> (City Address) <i>Phone:</i> 262-3760 <i>Telex:</i> 0-094-567

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
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United States (Michigan, Ohio)	I. V. Macdonald Consul and Trade Commissioner	Canadian Consulate 1139 Penobscot Building DETROIT 26	<i>Mail:</i> (City Address) <i>Phone:</i> WOODWARD 5-2811 <i>Telex:</i> 0-023-445
United States California (the ten south- ern counties), Clark County in Nevada, Arizona, New Mexico	G. F. J. Osbaldeston Consul and Trade Commissioner R. C. Anderson Consul and Assistant Trade Commissioner L. J. Taylor Consul and Assistant Trade Commissioner	Canadian Consulate General 510 West Sixth St. LOS ANGELES 14	<i>Mail:</i> (City Address) <i>Phone:</i> MADISON 2-2233 <i>Telex:</i> 0-06-74119
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	T. F. Harris Consul and Trade Commissioner G. E. Blackstock Consul and Assistant Trade Commissioner	Canadian Consulate General Suite 1710 225 Baronne St. NEW ORLEANS 12	<i>Mail:</i> (City Address) <i>Phone:</i> JACKSON 5-2136 <i>Telex:</i> 0-058-237
United States (Delaware, Maryland, the nine southern coun- ties of New Jersey, Pennsylvania, Virginia, West Virginia)	W. J. Millyard Consul and Trade Commissioner J. B. McLaren Consul and Assistant Trade Commissioner	Canadian Consulate 3 Penn Center Plaza PHILADELPHIA 2	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Phone:</i> LOCUST 35838
United States California (except the ten southern counties), Wyoming, Nevada (ex- cept Clark County), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General 333 Montgomery St. SAN FRANCISCO 4	<i>Mail:</i> (City Address) <i>Phone:</i> YUKON 1-2670 <i>Telex:</i> 0-03-431
United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General The Tower Building Seventh Avenue at Olive Way SEATTLE 1	<i>Mail:</i> (City Address) <i>Phone:</i> MUTUAL 2-3515 <i>Telex:</i> 0-032-462
Uruguay Falkland Islands	Commercial Division	Canadian Embassy No. 1409 Avenida Agraciada Piso 7° MONTEVIDEO	<i>Mail:</i> Casilla Postal 852 <i>Cable:</i> CANADIAN <i>Phone:</i> 96096
Venezuela Netherlands Antilles	W. D. Wallace Commercial Counsellor D. I. Campbell Assistant Commercial Secretary	Canadian Embassy Avenida La Estancia No. 10 Ciudad Comercial Tamanaco CARACAS	<i>Mail:</i> Apartado 11452-Este <i>Cable:</i> CANADIAN <i>Phone:</i> 32.40.41.44

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

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

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

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the 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 .925658.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 13	Units per Canadian dollar	Notes (see below)
Argentina	Peso	Free .....	.008197	122.00	
Australia	Pound .....	.....	2.4192	.4134	
Austria	Schilling .....	.....	.04184	23.90	
Bahamas	Pound .....	.....	3.0240	.3307	
Belgium and Luxemburg	Franc .....	.....	.02169	46.10	
Bermuda	Pound .....	.....	3.0240	.3307	
Bolivia	Peso .....	.....	.09117	10.97	
Brazil	Cruzeiro	Official Free .....	.001771	564.65	
		Special Category	†	†	
Britain	Pound .....	.....	3.0240	.3307	
British Guiana	Dollar .....	.....	.6300	1.59	
British Honduras	Dollar .....	.....	.7560	1.32	
Burma	Kyat .....	.....	.2269	4.41	
Ceylon	Rupee .....	.....	.2268	4.41	
Chile	Escudo	Bank rate .....	.4870	2.05	
		Free .....	.3583	2.79	
Colombia	Peso	Certificate .....	.1200	8.33	
Congo, Republic of	Franc .....	.....	.007202	138.85	(4)
Costa Rica	Colon .....	.....	.1631	6.13	
Cuba	Peso .....	.....	†	†
Czechoslovakia	Koruna .....	.....	.1500	6.67	
Denmark	Krone .....	.....	.1563	6.40	
Dominican Republic	Peso .....	.....	1.08031	.9257	
Ecuador	Sucre	Official .....	.06002	16.66	
		Free .....	.05834	17.14	
El Salvador	Colon .....	.....	.4321	2.31	
Fiji	Pound .....	.....	2.7243	.3671	
Finland	Markka .....	.....	.3376	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 .....	.....	.2715	3.68	
Ghana	Pound .....	.....	3.0240	.3307	
Greece	Drachma .....	.....	.03601	27.77	
Guatemala	Quetzal .....	.....	1.08031	.9257	
Haiti	Gourde .....	.....	.2161	4.63	
Honduras	Lempira .....	.....	.5402	1.85	
Hong Kong	Dollar	Free .....	.1887	5.30	*Jan. 3
		Official .....	.1890	5.29	

†Exchange auctions will be held each week for limited amounts of exchange.

‡There is no trading in Cuban pesos in U.S. or Canadian banks at present.

*Latest available date.

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 13	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02512	39.81	(4)
India	Rupee		.2268	4.41	
Indonesia	Rupiah		.003430	291.58	(4)
Iran	Rial		.01426	70.12	
Iraq	Dinar		3.0249	.3306	
Ireland	Pound		3.0240	.3307	
Israel	Pound		.3601	2.777	
Italy	Lira		.001736	576.04	
Japan	Yen		.003001	333.22	
Lebanon	Pound	Free	.3471	2.88	
Malaysia	Straits dollar		.3529	2.83	
Mexico	Peso		.08643	11.57	
Morocco	Dirham		.2161	4.63	
Netherlands	Florin		.2999	3.33	
Netherlands Antilles	Florin		.5729	1.75	
New Zealand	Pound		3.0033	.3330	
Nicaragua	Cordoba		.1543	6.48	
Nigeria	Pound		3.0240	.3307	
Norway	Krone		.1509	6.63	
Pakistan	Rupee		.2268	4.41	
Panama	Balboa		1.08031	.9257	
Paraguay	Guarani	Free	.009723	102.85	
Peru	Sol	Free	.04027	24.83	
Philippines	Peso	Free	.2774	3.60	
Portugal & Colonies	Escudo		.03758	26.61	(5)
South Africa	Rand		1.5120	.6614	
Spain and Dependencies	Peseta		.01801	55.52	
Sweden	Krona		.2082	4.80	
Switzerland	Franc		.2503	3.995	
Syria	Pound	Free	.2825	3.54	
Thailand	Baht	Free	.05194	19.25	(4)
Tunisia	Dinar		2.6144	.3825	
Turkey	Lira		.1200	.8333	(4)
United Arab Republic	Pound	Official	2.4847	.4027	
United States	Dollar		1.0803125	.925658	
Uruguay	Peso	Free	.05840	17.12	
Venezuela	Bolivar	Controlled market rate	.3226	3.10	
		Official Free	.2402	4.16	
West Indies	Dollar		.6300	1.59	(6)
	Pound		3.0240	.3307	(7)
Yugoslavia	Dinar	Official	.001440	694.44	

Notes

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

GENERAL NOTES

Argentina

PULP AND PAPER PLANTS APPROVED—The Argentine Government has authorized several local companies to establish pulp and paper plants in various parts of the country.

Papel Misionero S.A. of Misiones will build a plant designed to use coniferous and eucalyptus trees from nearby forests. The company will benefit from the promotion scheme for the cellulose industry and, it is understood, will receive technical advice from the Krupp group on the setting up and initial operation of the plant.

A plant requiring an investment of \$4.5 million in machinery and equipment will be built by Scholnick S.A., Buenos Aires, and C.E.F.S.A.I.C., Buenos Aires, will build a plant costing about 177 million pesos and \$5.3 million in machinery and equipment.

Messrs. Celulosa del Sur S.A. of Rio Negro plan to produce pulp and paper at Rio Negro. The company has been granted the benefits arising from the industrial promotion decree—Buenos Aires.

Denmark

SELF-SERVICE AND CO-OPERATIVE STORES—A recent survey of retailing trends in Europe forecast that the rapid expansion of self-service stores would continue. Denmark is expected to have 3,000 by 1970, three times the 850 in operation in 1960. A large part of the increase will result from the growth of co-operative retail outlets: in 1962 there were 2,350 co-operative stores in Denmark, 141 of which were self-service supermarkets. Retail co-operatives are estimated to account for 15 per cent of retail turnover—Copenhagen.

Fiji

FOREIGN TRADE—Fiji's exports soared to a record \$17.1 million during the first half of this year, 42 per cent higher than in the first six months of 1962. Shipments of sugar, the principal export, more than doubled—73,000 long tons compared with 32,000 last year. Exports of coconut oil were up 7 per cent, copra meal 23 per cent, gold 23 per cent and bananas 33 per cent. Britain was Fiji's best customer with purchases valued at \$4.8 million, followed by Canada \$2.8 million, Australia \$2.5 million, and West Germany \$640,000.

Imports, valued at \$25.1 million, were 7.7 per cent higher than in the first half of 1962, with a sharp increase in tourist goods, which have been duty-free since the beginning of the year. Imports of radios and radio-gramophones went up from \$324,000 to \$599,400 and photographic and cinematographic equipment

from \$102,600 to \$321,300. Fiji imported goods valued at \$259,208 from Canada during the first six months of 1963.

The Colony always has a large adverse trade balance in the first half of the year because the bulk of the sugar is not shipped until the second half. At the end of June, the trade gap was £2,950,000 (\$7,965,000) compared with £4,170,000 (\$11,259,000) at the end of June 1962—Wellington.

Sweden

EXPORT PROFIT MARGINS—Large sectors of the Swedish export industry still operate with very narrow profit margins, according to Göteborgs Bank, Gothenburg. However, the volume of shipments has improved considerably. Both forest products and steel exports have increased markedly. Prices have started to rise but they still fall short of the level three years ago.

Industrial investment at home remains comparatively small but there are signs that companies have increased their investments abroad, the Bank says—Stockholm.

U.S.S.R.

IRRIGATION PROJECTS—As a result of increases in production of efficient pumping equipment and electric power in the Soviet Union, the "Giprovodkhoz" Designing and Research Institute now has a project under way to irrigate 94,000 acres of land in the southern part of the "Hungry Steppe" located in the territory of Tajikistan. Two pumping stations will deliver water from the Farhad hydropower plant on the Syr Darya River into three zonal canals and on into the irrigation network.

Another project will use the waters of the Vakhsh River to irrigate about 123,000 acres of fertile land in the Yavan and Obi-Kiik valleys. Designers plan to raise the Vakhsh waters with the aid of a 180-foot dam and to break through the mountains that separate the Vakhsh River from the Yavan Valley—Moscow.

West Germany

PRIVATE HOUSING—Private housebuilding is becoming more widespread in West Germany than during the record years of 1957 and 1958. In 1962, approximately 672,000 new buildings and loan savings contracts were concluded, 28,300 more than in the previous record-setting year. Prefabricated housing units still play a minor role but are expected to become much more popular. In 1962, 2 per cent of over-all housing construction consisted of prefabricated houses. Of this, about 5 per cent were imported, mostly one-family homes, chiefly from Sweden—Duesseldorf.

Roger Duhamel
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