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FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

Development and Trade in the Middle East

FOREIGN TRADE

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OUR COVER *shows drilling for oil in progress in Iran; some of the local livestock (right) watch proceedings with a slightly disdainful air. The Middle East has become the world's second largest oil producer and its largest oil exporter. For details about the place of oil and of agriculture in its economy, see the article on page two.*

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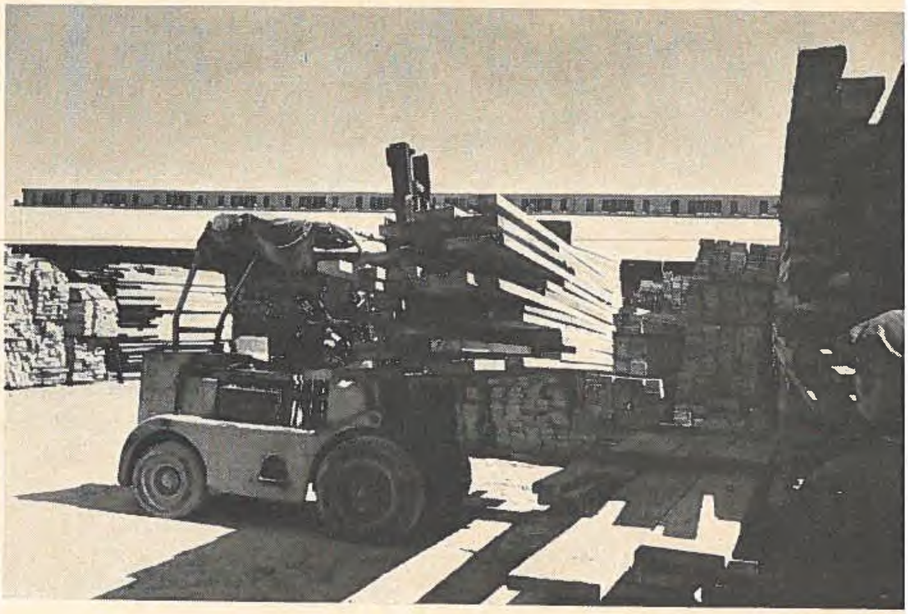
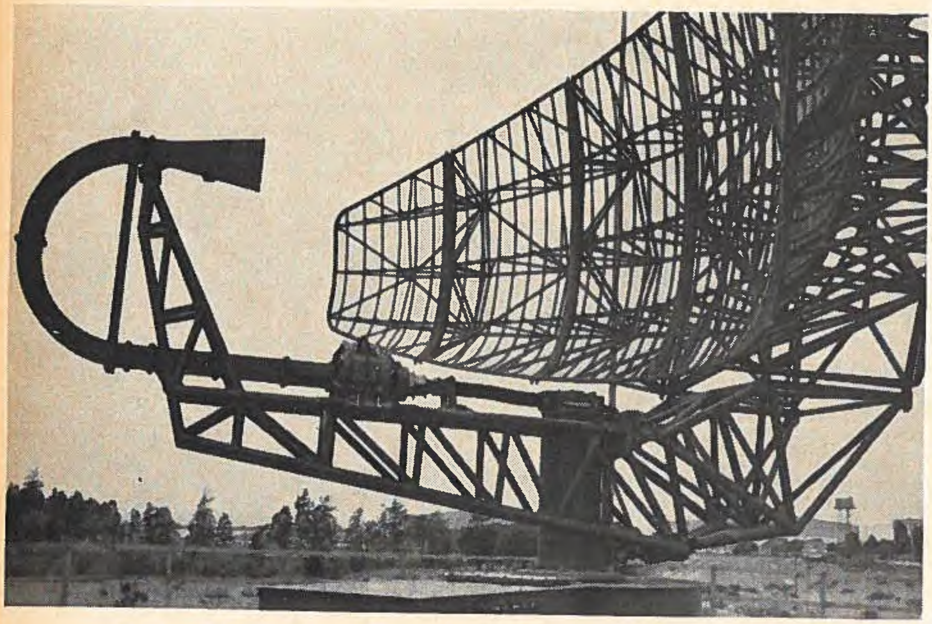
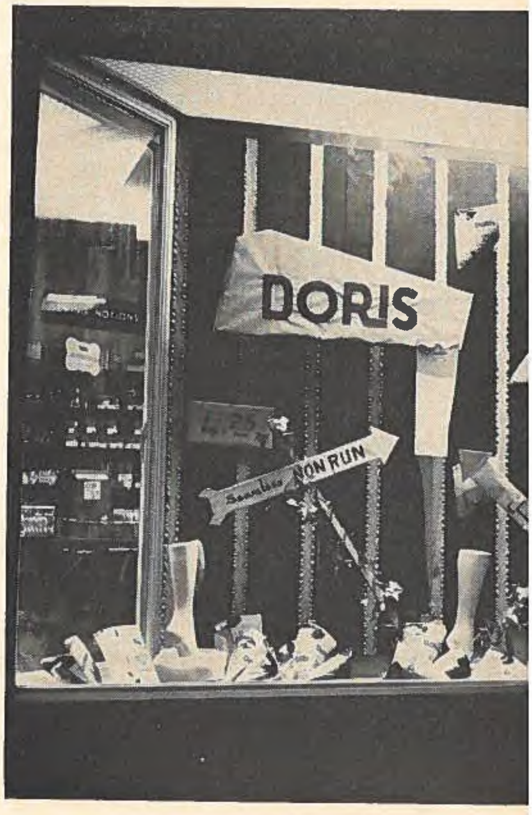
In Israel, Douglas fir clears from British Columbia are unloaded at the port of Haifa. Lumber ranks high among our exports to Israel; in the first nine months of last year shipments totalled over $366,000, making it our fifth largest export to that country.



Markets in the Middle East





(Above) This radar equipment now in use at the airport in Beirut, Lebanon, was supplied and installed by a Canadian firm. (Right) A retailer in Beirut's shopping district recently displayed Canadian-made nylons in his window. The price is in Lebanese currency and equals approximately Can.$1.50.

Imports worth $5.4 billion in 1962, financed largely by oil income, indicate the sizable demand in these countries. Increasing oil output, progress with modernizing agriculture and expanding industry, are changing the trade patterns. Canada's sales last year rose by $7 million to over $31 million.

J. M. H. DAVISON,
Asia and Middle East Division.

THE MIDDLE EAST is playing an increasingly important part in international trade. In 1962, Middle East exports of U.S.$6.3 billion and imports of $5.4 billion represented about 5 per cent and 4 per cent respectively of total world exports and imports. Moreover, as Table I shows, the international trade of the area has increased significantly and consistently in recent years. Between 1956 and 1962, exports rose by 48 per cent, or by $2.1 billion; and imports by 45 per cent, or $1.7 billion.

Geographically, the Middle East is generally considered to comprise the countries that border on the Eastern Mediterranean, the Red Sea and the Persian Gulf. It thus covers an area of approximately five million square miles and has more than 141 million inhabitants. The countries included in the trade figures in Table I are Aden, Cyprus, Ethiopia, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Saudi Arabia, Somalia, Sudan, Syria, Turkey, the United Arab Republic (Egypt) and the countries in the Persian Gulf region.

TABLE I

TOTAL MIDDLE EAST TRADE

Year	Exports (f.o.b.)	Imports (c.i.f.)
	(milions of U.S.$)	
1956	4,245	3,727
1957	4,565	4,037
1958	4,937	4,185
1959	5,094	4,550
1960	5,611	4,868
1961	5,727	5,209
1962	6,281	5,422

The main feature of Middle Eastern export trade is its concentration on relatively few commodities. Crude oil is the leading export but agriculture is the principal source of employment, with 60 to 73 per cent of the population of Middle Eastern countries other than Israel engaged in it. Industry is being expanded as a matter of government policy and in many instances under government development programs.

Biggest Oil Exporter

The Middle East is the world's largest exporter of crude oil, shipping 319.4 million tons in 1962, or 61 per cent of total world exports. Its oil exports have increased substantially and regularly over the years: in 1958 they totalled 176.4 milion tons. Western Europe is the leading importer of Middle Eastern oil, followed by the Far East and North America.

The Middle East is the second largest oil producer in the world; its share of world output in 1962 was 26.4 per cent, up from 23.6 per cent in 1958. The principal oil-producers are Kuwait, Saudi Arabia, Iran and Iraq, in that order but the share of these four combined in total Middle East oil output declined from 91.7 per cent in 1961 to 87.9 per cent in 1962, as other countries in the area increased their output.

Drought Affects Agriculture

Although agriculture is the principal source of employment in the Middle East, it is not free from problems. The dearth of arable land, the insufficient water supply, and fluctuation in agricultural production with the weather are characteristic of the area. Among its agricultural products are wheat, barley, rice, millet, maize, rye and oats. It grows some of the finest cotton in the world and also tobacco and a wide variety of fruit, such as currants, sultanas, dates, apricots, figs and olives. Citrus fruits are also important exports.

The prolonged drought in recent years has forced a number of the countries that traditionally export grains to import foodstuffs. Although the region as a whole fared relatively well in the face of drought, some countries were affected a good deal; those hardest hit were Jordan and Syria. In Iran, Iraq, Israel and Lebanon, production of wheat and barley also declined.

In most of these countries large sums have been set aside for irrigation and land reclamation projects and in some legislation for improving and developing agriculture has also been passed.

Industrial Development Pushed

Industry in the Middle East continues to expand, as a result of a general desire to establish and diversify industries, in order to modify the fluctuations in national income resulting from heavy reliance on agriculture. A relatively modest but significant industrial development has taken place in the past year, particularly in Egypt, Turkey, Israel and Iran, and on a smaller scale in Iraq, the Lebanon and Syria. These industries are mainly in the textile field—chiefly cotton, but also silk, wool and mohair. Others concentrate on the processing of agricultural products and the production of cement, to meet active local demand.

The rate of industrial growth varies considerably among these countries, depending upon the degree and direction of public participation in industrial development, the availability of raw materials and of investment funds, and the size of the potential market. Some countries have paid more attention to import-substitution industries and others have tended to give priority to those processing materials formerly exported raw or semi-processed. Still others have concentrated on heavy industries designed to expand the industrial base. In carrying out this

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policy of industrial development, several Middle Eastern countries have taken measures to control imports of industrial goods that compete with domestic production and have exempted from customs duties imports of raw materials and machinery. Industrial credit has been forthcoming from a number of sources and the terms of borrowing extended.

Oil Pays for Imports

Foreign exchange earnings in the form of direct payments by the oil companies to governments have contributed in large measure to the financing of the constantly rising volume of imports. These payments are determined by the terms of the concession, the volume of crude output, and the price of crude oil. The share of oil in payment for exports rose from 33 per cent in 1957 to 43 per cent in 1960. At the same time, foreign financing contributed an increasing share of the means of payment, rising from 38 per cent in 1957 to about 43 per cent in 1960. The share of private, official and banking capital, on the other hand, declined from about 29 per cent in 1957 to 14 per cent in 1960.

A study of the geographical pattern of trade shows that trade between countries in the area in 1957 accounted for over 10 per cent of export trade and over 14 per cent of import trade by value. By 1961 these percentages had declined to 8.5 per cent and 11.9 per cent respectively. Exports to the United States, Britain and Western Europe rose from 51 per cent of total exports in 1957 to 54 per cent in 1961, and imports from these countries increased from 60 per cent of total imports in 1957 to over 64.3 per cent in 1961. The value of exports to the Soviet Union and Eastern European countries declined from 7 per cent of the total in 1957 to 5.6 per cent in 1961, and the value of imports declined from 7.4 per cent of total imports in 1957 to 6.9 per cent in 1961. The value of exports to and imports from other countries did not change sig-

TABLE II

EXPORTS FROM CANADA TO THE MIDDLE EAST

Country	1958	1959	1960	1961	1962	1962	1963
			(thousands of Canadian dollars)			(Jan.-Sept.)	
Bahrain	*	*	112	111	210	126	88
British Middle East, n.e.s.	3†	7†	15‡	165	159	117	95
Cyprus	§	§	609	70	298	199	339
Ethiopia	109	72	220	120	105	69	97
Iran	1,657	2,242	2,499	4,457	5,293	3,077	2,810
Iraq	970	4,311	2,425	1,374	1,343	841	1,476
Israel	4,641	4,557	6,184	8,747	6,232	5,303	5,769
Jordan	159	72	131	308	145	81	183
Kuwait	*	*	1,091	941	1,040	702	2,184
Lebanon	2,242	3,182	3,443	2,484	2,244	1,363	1,818
Libya	180	382	333	151	376	251	523
Qatar	*	*	55	72‡	213	74	96
Saudi Arabia	2,020	2,877	2,905	2,697	3,257	1,911	1,834
Somalia	....	19	2	12	2	1	22
Sudan	186	367	335	333	180	140	138
Syria	767	1,067	674	364	561	433	583
Turkey	1,479	693	2,014	1,943	978	501	2,253
United Arab Republic (Egypt)	1,207	1,601	2,010	3,025	2,230	1,821	1,996
Total	**15,620**	**21,449**	**25,157**	**27,374**	**24,866**	**17,010**	**22,304**

TABLE III

IMPORTS INTO CANADA FROM THE MIDDLE EAST

Country	1958	1959	1960	1961	1962	1962	1963
						(Jan.-June)	
Bahrain	*	*	....	1	....	....	1
British Middle East, n.e.s.	63†	400†	8,493‡	48	68	37	26
Cyprus	§	§	180	194	151	8	24
Ethiopia	20	44	43	4	5	....	18
Iran	920	11,948	31,469	21,622	31,736	11,779	21,553
Iraq	1,559	1,107	722	846	704	55	662
Israel	1,813	2,349	2,372	3,106	5,646	2,777	3,306
Jordan	6	1	1	3	1	1	1
Kuwait	*	*	22,303	20,225	10,034	7,540	2,084
Lebanon	81	4	33	23	58	26	17
Libya	2	....	....	....	10	....	....
Qatar	*	*	....	8,724	6,273	2,087	2,403
Saudi Arabia	68,023	70,725	39,774	41,393	40,551	19,709	23,609
Somalia	....	....	....	....	....	....	....
Sudan	80	438	83	76	105	34	20
Syria	200	183	127	263	455	176	107
Turkey	529	886	855	859	1,427	766	570
United Arab Republic (Egypt)	271	200	846	474	301	171	129
Total	**73,567**	**88,285**	**107,301**	**97,861**	**97,570**	**45,166**	**54,530**

*Before 1960, the statistics for Saudi Arabia included Bahrain (now classified separately), Kuwait (now classified separately), Qatar (now classified separately) and the Trucial States (now classified under British Middle East, n.e.s.).

†Before 1960, British Middle East n.e.s., included Aden only.

‡British Middle East, n.e.s., includes Aden (classified separately until 1960), and the Trucial States (included with Saudi Arabia until 1960). From 1961, British Middle East, n.e.s., has excluded trade with British Somaliland (now included with Somalia) and Qatar (now classified separately).

§Before 1960, trade with Cyprus was included with Malta.

nificantly in this period; the average annual percentage was about 31 for exports and 17 for imports.

Trade with Canada

At $24.9 million in 1962, Canadian exports to the Middle East declined by 9.2 per cent from the 1961 figure of $27.4 million. In the first nine months of 1963, the total stood at $22.3 million, and for the full year reached over $31 million. Table II shows that Canada's leading markets in the area in 1962 were Israel, Iran, Saudi Arabia, Lebanon and the United Arab Republic. In the first nine months of 1963, Turkey and Kuwait were in third and fourth place, next to Israel and Iran. Principal commodities exported from Canada to the Middle East are canned fruits and vegetables, wheat, wheat flour, wood pulp, plywood, motor vehicles and parts, office machinery, aluminum, washing machines and refrigerators.

Table III shows Canada's imports from the Middle East—$97.6 million in 1962, slightly lower than 1961's $97.9 million. Crude petroleum represented 35.7 per cent of total Canadian imports of oil in 1960 and 28.8 per cent in 1962. It was Canada's only import from Saudi Arabia, Kuwait and Qatar in 1961 and 1962 and constituted most of our imports from Iran during these same years. Other important imports from the Middle East include citrus fruits, dried fruits, nuts, carpets, diamonds and precious stones.

Export Sales Prospects

The Middle East has made considerable economic progress in recent years, and a number of countries have introduced plans to stimulate economic development. As the various plans are implemented and oil exploration and production expand, the income and trade of these countries should rise and they should become more important potential markets for Canadian exports. The Department of Trade and Commerce is actively assisting Canadian businessmen to develop the potential for their products in this area. For example, a Canadian Communications and Electronics Trade Mission visited this area from November 8 to December 9, 1963, and a Pharmaceutical Mission is scheduled to visit the Middle East from February 28 to March 20, 1964. The Second Export Trade Promotion Conference held in April and May 1963 provided many opportunities for promoting trade to this and other areas and for exploring improved methods of export promotion.

Business opportunities vary considerably from country to country as the following articles show, and Canadian exporters should treat each market separately. Political relations among some countries in the Middle East are at times strained and this is an additional reason for an individual approach. Business opportunities are related not only to normal demand and the amount of available foreign exchange earned by exports but also to the numerous development projects for which foreign capital is obtained from various sources. The demand for goods and services will increase as economic development progresses.

The reports in this issue, prepared by the Canadian commercial representatives responsible for the promotion of trade in the Middle East, provide information on current conditions in the various countries. These studies are commended to the attention of Canadian businessmen as an aid to developing trade in this area. ●

Some of the finest cotton in the world is grown in the Middle East. Sudan produces about 1,270 million pounds a year, much of it on the Gezira plain, watered by gravity irrigation. Here a Sudanese farmer is controlling the flow of water to his land.

A Lebanese girl arranges ripe tomatoes on a market stand to attract customers. Most of the farms in Lebanon are small and cannot use machinery; to improve output of fruit (the major crop) and vegetables, more irrigation is needed.

Lebanon

- **Development of industry being stressed, to help cut down trade deficit.**
- **Free exchange market, liberal trade policies make for stiff competition.**
- **Canadian sales rose during 1963; active demand for good range of products.**

L. A. CAMPEAU, *Commercial Counsellor, Beirut.*

THE YEAR 1963 in Lebanon was marked by vigorous activity and expansion in various sectors of the economy. The main economic events of the year were the presentation of the 1964 state budget to Parliament, in which estimated expenditures exceeded revenue, the promulgation of a social security law, and the holding of economic talks with Syria. In the past, expenditures on public works have been financed from budget revenue but recently the Government has had to draw on reserves and there are signs that it may soon have to raise loans. Early in 1962 the Lebanese pound was affected by a heavy flow of flight capital from Iraq and Syria via Lebanon to the West, and by commercial demand for foreign currency. The return of calmer political conditions in the area, however, reversed the trend at the end of the summer.

Freight handled in Beirut port rose slightly but transit trade with Arab countries took another dip. The down-trend in construction activity during 1962 appears to have been reversed last year. Transport revenues rose with a new agreement between Lebanon and the Trans-Arabian Pipeline Company for higher fees for the transit of Saudi Arabian oil across Lebanese territory. Lebanon has no petroleum resources but it serves as a transit and export point for both Saudi Arabian and Iraqi crude oil. Saudi oil flows in a pipeline operated by Trans-Arabian Pipeline Company (TAPLINE) from Dahran, Saudi Arabia, to Sidon in South Lebanon. Iraqi oil flows through a pipeline operated by the Iraq Petroleum Company (IPC) from Kirkuk, Iraq, to Tripoli.

The positive appears to outweigh the negative in Lebanon, but to assist economic advance, tourist facilities need to be expanded as a stimulus for capital formation in view of the present state of industrial development. Lebanon stands first in the Arab world in in many areas but there is a noticeable gap between the well-developed trade services and the needed advances in agriculture and industry.

The major economic objectives of the Lebanese Government indicate that economic policy centers around sustained economic growth, a more balanced economy, and a better distribution of prosperity. It continues to pursue a policy calculated to maintain the freedom of trade and exchange. As industrialization progresses, there is a shift from import control through licensing to higher duties to safeguard domestic industry.

Development Projects

So far, Lebanon has no comprehensive economic plan. During 1963 the French IRFED mission, on assignment from the Ministry of Planning, continued to prepare a five year plan. It was announced that studies had been completed for the Can.$21 million Beirut River project, that the present phase of the village roads program—consisting of locating, designing and arranging rights-of-way for 1,200 kilometers of secondary roads—had been awarded to a U.S. firm, and that the power company is planning an estimated $15 million oil-fired thermoelectric plant of 120,000 kw. (two units of 60,000 kw. each) at Jiyeh. It was also announced that the Minister of Public Works had submitted to the Council of Ministers a plan for building a $1.3 million United Nations palace at Beirut.

The Lebanese (State) Railways are trying to obtain funds for a $5 million modernization project for the coastal railway. However, it is not certain whether this plan, which envisages the purchase of diesel locomotives and cars, will go through.

Work is now proceeding smoothly on the third dock being built in the port of Beirut by a Greek firm. The work on the Litani River hydroelectric and irrigation project in 1963 involved the piercing of the 10-mile-long main tunnels. A water reservoir with a storage capacity of 200 million cubic meters is to be built to irrigate dry-farmed and partly irrigated land. This will mean a valuable addition to Lebanese agricultural resources. It is financed in part by the World Bank.

Among other projects planned are survey operations throughout the country within the next five or six years; $4.3 million has been allocated for this purpose.

Industrial Advance Needed

Lebanon is tackling its balance-of-trade problems by accelerating the development of industry. With few exceptions, industries in Lebanon are small, are devoted chiefly to the production of light consumer goods, and employ only 11 per cent of the labour force. Among the most important is the textile industry; others are turning out foods, beverages, furniture, leather products, rubber and byproducts, chemicals and non-metallic products. There are also ferrous and metallic and printing industries. Among the few basic industries are the Iraq Petroleum Company's refinery at Tripoli and two cement plants.

Building of a chemical fertilizer plant in Lebanon began last year, with Lebanese and German capital. Lebanon's first pharmaceutical plant —in which the Canadian firm, Charles E. Frosst & Company, is participating with Lebanese interests —began operations in 1963; so did the first steel mill, using imported scrap metal. A new Lebanese company has received U.S. juice-extraction machinery for Lebanon's second juice plant, and during the year the IRCAF company inaugurated its brewery. The Lebanese Government authorized the setting-up of several plants in the country, among them a flour mill and plants turning out hydrocarbons, glue, salt, rubber, playing cards, milk products, knitting yarns and ceramics.

Foreign Capital Encouraged

Officials and the public in Lebanon favour the entry of foreign private capital and the Government has taken positive steps to put this policy into effect. The free foreign exchange market and the movement of funds into and out of the country are unrestricted. Foreign capital is not subject to any special registration and may be imported and exported free of any fees, taxes or restrictions. Foreigners may own any business enterprises in Lebanon other than public utilities and aviation companies. Foreign capital investment in Lebanon comes principally from France, Britain and the United States and goes mainly to the petroleum industry.

Lebanon provides interesting opportunities for foreign investment in three main sectors:

- The industrial sector, which has been growing rapidly but which could be further developed with more capital.
- The public utilities sector, where there is need for expansion.
- Projects demanding highly trained personnel and intensive use of capital.

Agricultural Improvements Planned

The value of agricultural production in Lebanon is an estimated $100 million a year, of which fruit accounts for approximately 40 per cent. The Lebanese Government has a so-called "Green Plan", a comprehensive agricultural project proposing:

(1) the development of mountainous areas (reforestation)

(2) land reclamation

(3) economic surveys

(4) the production of seeds and plants

(5) the replacement of goats by less destructive animals.

A credit of about $23 million has been allocated for this plan, of which $9 million will be used for land revalorisation over the next ten years and the remaining $14 million for medium and long-term loans to growers.

The small farms of Lebanon do not lend themselves to large-scale production and much of the land, particularly the terraces, cannot be farmed by modern methods. Per capita income in Lebanon is about $300 a year but the income of the farming community is only $50. Agriculture cannot progress without the help of industry because an increase of about 50 per cent in irrigation is needed to improve output of fruits, vegetables and livestock, the chief cash products.

Trade Deficit Normal

It is estimated that more than 30 per cent of Lebanon's national income comes from trade, because of its strategic location, the mercantile abilities of its people, and the open door policy which favours development of trade services. Its economic policies are oriented towards providing a favourable climate for private enterprise. This is reflected in the Lebanese free exchange market and liberal trade policies. Its position as a centre of entrepôt trade and international finance, its numerous contacts with other lands through the large number of Lebanese abroad, and its long history of close ties with the West have combined to create among the Lebanese an international outlook and a distaste for government restrictions. Import trade is concerned largely with obtaining food, clothing, household appliances, petroleum products, automotive equipment, and luxury goods. The rising standard of living of the Lebanese is creating a demand for these products. Imports in 1962* reached $470 million ($495 million in 1961).

Lebanon's exports are small, consist largely of fruits and vegetables, and normally are valued at about one-fifth of imports. In 1962 they totalled $89 million ($180 million in 1961) and the trade deficit reached $381 million. This substantial and steadily rising deficit has so far been more than compensated by invisibles, including tourist expenditures, triangular trade, remittances from Lebanese emigrants, and capital movements, especially from rich Arab countries. This situation, however, will not necessarily continue to the same degree in the future.

The trade deficit, a serious drain on the foreign exchange reserves, is of great concern to the Government, because substantial invisible exports and capital movements are determined by decisions taken outside of Lebanon. The Lebanese authorities are therefore attempting to develop trade on a bilateral basis. For example, the Government is anxious for some countries to increase purchases of Lebanese fruits. A recent study has recommended an increase of 15 per cent per year in Lebanese exports and a reduction in imports (principally of luxury goods) of 10 per cent.

Transit Trade

Traffic in the port of Beirut for the first 11 months of 1963 showed a modest increase compared with the same period in 1962 (1.6 million tons as against 1.5 million tons in 1962). In 1962 free zone traffic rose, largely as a result of some relaxation of Syrian restrictions on the passage of goods through Lebanese ports, but these restrictions were tightened in 1963. Even with the modest gain in 1963, the present level of transit trade is substantially below 1957, when Iraq, Jordan and Syria shipped a considerable share of their exports and imports through Beirut. The Syrian authorities have endeavoured to reduce the transit trade through Beirut by building and modernizing national ports and restricting shipments through Lebanese territory. At a recent economic meeting between Lebanese and Syrian officials, a request by the Lebanese authorities for a relaxation of restrictions on transit trade was discussed.

How to Enter the Market

Canadian exports to Lebanon average $2.5 million a year, but Lebanese imports total about $500 million a year. Our competitors—principally the United States, Britain and Europe—are carrying on aggressive sales campaigns and constantly consolidating their positions. Unfortunately the unstable political situation in the Middle East too often seems to influence the decisions made by Canadian exporters in visiting the area or in granting credit terms. Another factor is the Middle East merchant's unawareness of the diversity of Canadian production. Because of the long haul from Canadian ports to Beirut, merchants too often assume that freight rates are high and delivery periods too long. However, Canadian style and design are popular because Lebanese merchants in general prefer goods of the North American type.

To succeed in the Lebanese market, Canadian exporters should visit the area regularly, be flexible, use initiative, and adapt to local market conditions. It is largely through personal contacts that progress can be made, opportunities seized, and some measure of control and supervision exercised in a sophisticated market such as Lebanon. The first step is to appoint a distributor and, whenever possible, to launch a product by means of a good publicity campaign to give it prestige. The Lebanese merchants are brand conscious and because most of the internationally known brands are already well established, it is impor-

TABLE I

CANADA'S TRADE WITH LEBANON

(Can. dollars)

Period	Exports to	Imports from	Balance of Trade
1963 (Jan.-Aug.)	1,597,380	18,709	+ 1,578,671
1962	2,243,522	52,232	+ 2,191,290
1962 (Jan.-Aug.)	961,044	32,936	+ 928,108
1963 (Jan.-Aug.)	1,597,380	18,709	+ 1,578,671

*1963 statistics not available.

tant to follow up with visits to the area and to give agents help with advertising. Lack of advertising or regular contact with agents or distributors is often taken in the Middle East as an indication of disdain as well as lack of interest.

The oil companies which operate in Lebanon and other countries of the Middle East offer some sales opportunities to Canadian exporters. They have need of a good volume of imported goods which they pay for as part of their production cost. More should be done to make these companies aware of Canadian production. Purchases of equipment are normally put out to competitive international tender and contact with the companies' offices in New York, London, and The Hague is advisable. The tendency is for the oil companies to try to buy their supplies of consumer goods from local sources but a substantial amount of their requirements comes from abroad. Some oil companies maintain purchasing offices in the Middle East, and again it is a question of Canadian suppliers having good, active agents in the countries concerned.

Canada's Trade with Lebanon

For the first ten months of 1963, Canadian exports to Lebanon totalled Can.$1.951 million compared with Can.$1.528 million in the same period of 1962. During the period January/August 1963, Canadian imports from Lebanon decreased to Can.$18,709 from Can.$32,976 in the same period of 1962.

The principal Canadian exports to Lebanon are flour, aluminum, asbestos fibres, brake linings, milk preparations, tires and tubes, household appliances, pharmaceuticals, automobiles, lumber, and paper products. Lebanon sells only a few commodities to Canada: cotton linters and fibres, tobacco, seeds and vegetable products.

Outlook

Increased expenditure by the Lebanese Government should benefit the economy during the next few years. Certain parts of the private sector suffered a slight recession in 1963 but already have recovered considerably. In view of the present government's policy of freedom of trade, imports should remain unrestricted.

Lebanon is a land of opportunity for consumer goods, because almost everything is imported. There is no foreign exchange shortage and the standard of living is rising.

The development plans here offer promising prospects for consulting services, and in the fields of irrigation and civil engineering for public buildings, road construction, telecommunication systems, and refinery equipment. A recent survey by the Beirut office indicates an active demand for and interest in the following products: paper and paper products, pharmaceuticals, cosmetics, iron and steel sheets, household appliances, foodstuffs, cereals and seeds, flour, textiles, building materials and hardware, automotive spare parts and accessories, tinplate, synthetic yarns, used clothing, office equipment, stationery, and electrical generating and transmission equipment. ●

Jordan

- **Government is pushing industrial development, new irrigation projects, improved transportation.**
- **Imports are rising; U.S., Britain, Germany, Japan competing strongly in market.**
- **Canadian sales rose last year; prospects best for engineering services, some consumer goods.**

L. A. CAMPEAU, *Commercial Counsellor, Beirut.*

THE most important influence on Jordan's economy in 1963 was the lack of winter rain in most parts of the country. As a result of the drought, half of the winter crops did not mature. In addition, political disturbances in April affected the tourist trade, and sales of phosphates were disappointing; only about half of the phosphates mined were exported and Jordan is trying to solve the problem by reducing costs and locating assured markets.

Returns from agricultural production, mineral exploitation, the tourist trade, the oil pipeline and private remittances remain inadequate and Jordan continues to depend heavily on foreign aid. Britain contributes about $4.2 million a year to the country's budget. U.S. aid earmarked for Jordan during the year totalled $35 million compared with $37.5 million in the previous fiscal year. It is to be reduced further every year until 1970, when the country is expected to become self-sufficient. In addition, under an agreement signed with the U.S. Government, the Jordanian Army is to receive equipment such as cranes, heavy bulldozers and road rollers which the Engineering Corps will use in building dams to provide more arable land. The International Development Agency (IDA) has undertaken to provide $622,600 for financing engineering services for the Central Water Authority ($521,500), and to promote the tourist trade and restore historical sites ($101,100). Recently it was announced that IDA was granting a

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further $6.5 million for the improvement of a water supply system.

Jordan's gross national product increased from $267.9 million in 1960 to $330.7 million in 1961. According to a recent survey, agriculture, forestry and fishing contribute 21.5 per cent to the GNP, wholesale and retail trade 20.5 per cent, industry, mining, construction and electricity 14.1 per cent, public administration and defence 16.6 per cent, and services, transport and banking the remaining 27.3 per cent. With an estimated population of 1.7 million in 1961, the per capita income was just under $200.

Development Plans Reappraised

A draft Five Year Plan for 1962-67 was announced by the Jordan Development Board at the end of 1961. New proposals began to be worked out during 1962 to put the plan on a more realistic basis. Now the plan period has been extended to 1970 to permit the completion of key projects.

Most observers are impressed by the economic development in Jordan which is proceeding on a sound basis. The Government is doing much to stimulate the pace of progress and several new industries are now in operation or being established. A factory making detergents began functioning in 1963, a paint factory, a second brewery and two biscuit factories are being built, and a textile plant is being set up. The Arab Potash Company is now operating a plant at the Dead Sea. New roads to facilitate the movement of phosphates are being planned but the major projects are agricultural, such as the completion of the second stage of the East Ghor Canal. The Yarmouk project, the biggest in Jordan, is to cost between $30 and $40 million and calls for the irrigation of a part of the Jordan Valley around the eastern Ghor Canal and the electrification of the region. The Jordanian Government is considering building a railway to connect the port of Aqaba with the capital, Amman. A new tender has been announced for the reconstruction of the Jordanian section of the Hejaz Railway.

Trade Deficit Still Large

Even the most optimistic do not expect that Jordan will be able to achieve a surplus on the balance of trade by 1970. Foreign aid may be reduced progressively but it will largely be left to the tourist trade and private remittances to make up for the trade deficit.

In 1962 Jordan's imports totalled $121.8 million and exports totalled only $16.5 million, compared with $114.5 million and $14.5 million respectively in 1961. As in 1961, larger production and shipments of fruits and vegetables accounted for the major part of the export increase in 1962. Jordan's major exports are phosphate, fruits and vegetables; phosphate exports have been rising steadily and account for about one-third of the total. Yugoslavia has become an important buyer of Jordanian phosphate. For the other exports, the Arab countries are becoming more important customers.

The composition of imports has changed in recent years, with purchases of food products and capital goods increasing at a faster than average rate and imports of other consumer goods tending to decline in relation to total imports. The share of the United States and the Far East in Jordan's import trade is rising and the share of Arab countries is declining. The principal suppliers in order of importance are Britain, the United States, the Common Market countries, the Arab League states, and the Communist Bloc. Jordan imports principally coffee, tea, tobacco, sugar and sugar products, petroleum products, fresh fruits and vegetables, cereals and flour, textiles, yarn and clothing, machinery and vehicles and metals and alloys.

In 1962 Canada's exports to Jordan were valued at $145,050 and imports from Jordan at $1,371. For the first ten months of 1963, Canadian exports reached $195,795, an interesting increase in sales.

TABLE I

CANADA'S EXPORTS TO JORDAN

Year	Can.$
1959	161,954
1960	131,499
1961	297,690
1962	145,050
1963 (Jan.-Oct.)	195,795

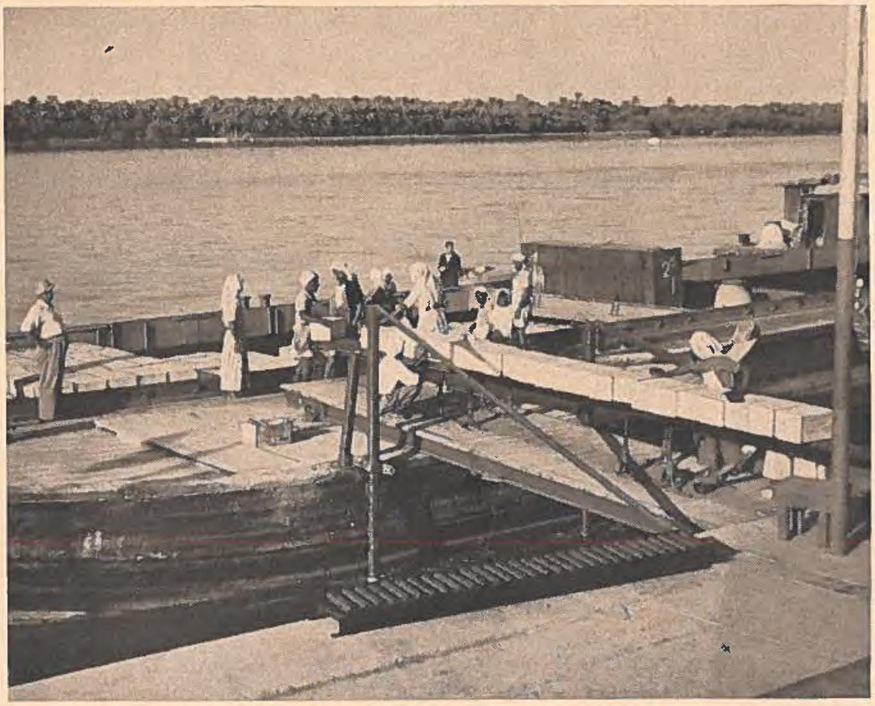
Table I shows the trend of Canadian exports to Jordan during the last five years.

Principal Canadian exports to Jordan are lumber, milk powder, wheat, flour, washing machines, medicinal and pharmaceutical preparations, asbestos brake linings, tires and tubes, steel sheets, automobiles and laminated plastic materials.

Competition Is Keen

Because of the low standard of living, the market is price conscious and Canadian firms must be prepared to face fierce competition from the United States, Britain, West Germany and Japan. Europeans have been able to quote the lowest prices for such important commodities as flour, fertilizers, iron and steel, and certain types of machinery. Japan's share of the market has increased rapidly, notably in cheap cotton goods, clothing, preserved fish, and toys. Short-term prospects for raw materials and semi-finished products are not very encouraging because there is little industry in Jordan. However, in view of the various development plans, there are some prospects for consulting services. In consumer goods, expansion of Canadian sales seems possible if our exporters can face world-wide competition.

Jordan's trade and foreign exchange policies are being liberalized progressively, but it is expected that money will remain tight in spite of credit expansion. The outlook for the balance of payments in 1964 is not too favourable because of expected higher imports. However, from all indications, the Government will continue to pursue liberal exchange and import policies, as measures are taken to improve the country's fiscal position. ●



Iraq's one big agricultural export is dates; it has some 18 million date palms of fruit-growing age and provides about 80 per cent of the world's date supply. Here crates of the fruit are loaded onto a barge at a depot for shipment down river.

Iraq

- **Business depressed in 1963, but improved slightly towards end of year.**
- **Development Plan reappraised; certain essential projects now under way.**
- **Canadian sales up last year; emphasis is on raw materials, machinery, equipment.**

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

IRAQ appears to have survived successfully several sharp blows to its economy in 1963. Business by year-end, although still sluggish, had improved a little and almost reached the levels of the first quarter. Credit for the recovery and the brighter (but still rather uncertain) prospects for 1964 must be shared equally by the Government and Iraqi businessmen—the former for assessing the gravity of the situation and taking measures to prevent a further deterioration, and the latter for refusing to panic.

The low level of business activity was the aftermath of a February revolution in which the Baath (Socialist) party seized power. The market appeared to regain some confidence fairly quickly. Banking operations were restored to normal and, after a short interval, the Central Bank permitted foreign exchange transactions and remittances abroad on the same basis as before. There were some administrative delays during the year but on the whole, foreign exchange dealings remain unrestricted. Iraq has a distinct advantage over some of its neighbours in its sizable oil revenues. Crude oil production in 1962 reached 48.2 million tons and provided revenues of $285 million; the 1963 figures were expected to be 10 per cent higher. These continuing foreign exchange revenues make for stability during periods of economic recession.

To counter growing public concern, the Government announced that it would not nationalize existing private industries but would study future industrialization plans to decide which industries should be government-owned and which should be private enterprises. The current Five Year Economic Development Plan was reviewed with this in mind.

Development Plan Reappraised

Progress on development projects almost came to a standstill during the first nine months of 1963 while the authorities reappraised, revised, and budgeted for the various programs. They decided to give priority to essential projects, including those for a paper mill, a sulphur extraction plant, a chemical fertilizer plant, a rayon factory, a fine textile mill, electrical power generation, and irrigation and drainage projects.

The last three months of 1963 saw tenders awarded for two separate generating stations and qualifying bids called for firms to design and construct the sulphur extractors and fertilizer plants. Indications are that the remaining projects will be announced early this year. There are opportunities for Canadians to provide capital equipment and consulting, engineering and geological services but competition will be keen.

Traditionally, development projects are financed from oil revenues, approximately 50 per cent of receipts going to the ordinary budget and 50 per cent into the development fund. At the moment, however, the development fund is almost

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depleted and current expenditures have reached a new high. The Government is economizing where possible, but to maintain growth and give an impetus to private business it has negotiated loans and technical assistance agreements with a number of countries. It concluded an agreement with Kuwait for a $90 million loan, and Italy, Sweden, Finland, West Germany, the United States and Britain have all offered standby credits for various development projects. Thus financing will not be a problem but Canadian equipment and knowhow must be promoted aggressively in the face of this international competition.

Iraq's light manufacturing industries, although few and comparatively small, are being developed rapidly. The industrial bank has had its lending capital increased and the Government is continuing to invest small amounts, up to 15 per cent of stock, in active companies. For example, the Light Industries Company has a capital of $3 million and 12 per cent is held by the Government. This firm and its subsidiary now produce oil heaters, chemicals, paints, radios and T.V. sets for the domestic market—the last three under agreements with foreign firms. Future plans for the L.I.C. include the manufacture of bicycles, animal fodder, galvanized small-diameter steel pipes, and electric wires for domestic installation. There are opportunities for Canadian licensing and royalty arrangements or joint ventures in turning out these or other products suitable for the Iraqi consumer.

Imports Down Slightly

A summary of Iraq's foreign trade for 1962, the last year for which statistics are available, showed imports worth Can.$386 million compared with Can.$437 million in 1961. Britain was the principal supplier, with goods valued at Can.$63.6 million. Iraq's four main suppliers are shown in Table I.

TABLE I

IMPORTS INTO IRAQ

Major Suppliers	1961 (Can.$'000,000)	Per cent of total imports	1962 (Can.$'000,000)	Per cent of total imports
Britain	96.9	22	63.6	16
United States	46.8	11	44.4	11
West Germany	41.1	9	42.6	11
U.S.S.R.	22.5	5	25.8	7
Canada	1.4	less than 1%	1.3	less than 1%
Total, all countries	**436.8**		**386.1**	

Unofficial figures on Iraq's imports for the first five months of 1963 show that Britain is still the leading supplier, with a total of Can.$22 million, compared with Can.$13 million for West Germany and Can.$12 million for the United States.

The wheat harvest was down considerably from early forecasts because of head and stem rust, the result of a long, damp spring. The crop failure meant that Iraq had to import about 400,000 tons of wheat in 1963. The United States contracted for 150,000 tons under the PL-480 agreement and Syria and Australia are supplying the remainder. There is a potential market for rust-resistant seed wheat and efforts are being made to find out whether Canadian varieties are suitable for cultivation in Iraq.

To stimulate trade during the summer recession, the Government announced several changes in its economic and commercial policies. Some 132 items, primarily factory machinery, agricultural equipment and other essential goods, were completely freed from import licensing restrictions. Later in the year licensing was reinstated, but quotas were so large and import permits so freely given that in effect, the regulations do not act as a barrier to trade.

Iraq's main imports are iron and steel products, boilers, mechanical and electrical machinery, tea, sugar and confectionery, vehicles and parts, and artificial fibres. It is interesting to compare this list with Canada's ten main exports to Iraq as shown in Table II.

TABLE II

CANADA'S EXPORTS TO IRAQ

	1962 (Can.$'000)
Asbestos fibre	341.9
Refrigerators, freezers and parts	286.1
Aluminum pigs, ingots, slabs	190.9
Domestic washing machines and parts	83.8
Infant and junior foods	78.8
Non-electric cooking equipment	45.6
Sheet and strip steel	30.8
Nuts, bolts, screws and washers	30.5
Auto engines parts and accessories	28.3
Agricultural equipment and parts	22.4
Total	**1,343.4**

Iraq is the world's biggest exporter of dates—its one large foodstuffs export. In the season ended August 1962, it sold 244,000 tons for Can.$21 million in foreign exchange. Communist China was the principal buyer, followed by India, Syria, the U.S.S.R. and Ceylon; Canada bought over 688,000 dollars' worth. Iraq's other major exports (apart from crude petroleum) are barley, cotton, live animals, wool and goatskins.

Trade with Canada

Canada's exports to Iraq totalled $1.37 million in 1961 and $1.34 million in 1962. For the first ten months of 1963 our sales reached $1.52 million, compared with $1.01 million during the same period in 1962.

Prospects for selling consumer goods to Iraq are not encouraging because of the low purchasing power. The smaller cereal harvest and the loss of salaries to construction workers while development projects were halted has cut down the money an average Iraqi can spend. The effect of the poor harvest is particularly pronounced because more than 60 per cent of the population derives its income directly or indirectly from agriculture. The merchants, fully realizing the implications of the lack of purchasing power, cut back orders for non-essential products or cancelled them completely. This does not mean that they have closed their eyes to sales possibilities or to the introduction of new lines; on the contrary, they appear to be using the slack period to reassess operations and plan for the day when the economy recovers.

A recent survey of Canadian export prospects by the Beirut office disclosed that Iraqi traders are primarily interested in paper and paper products, pharmaceuticals, agricultural and automotive equipment, accessories and spare parts, household appliances of all types, and building materials. In addition, a number of local businessmen who previously relied on Soviet Bloc countries for their lumber, powdered skim milk and iron and steel products are now looking for new sources of supply.

Business remains rather depressed and Canadian suppliers should expect only small initial orders. But as business picks up, so will sales volume. On the whole, prospects for Canadian goods and services in Iraq are not as bright as in previous years. There are, however, many worthwhile and profitable opportunities for the alert exporter which, if seized now, will mean added business when Iraq's economy recovers. ●

Persian Gulf Countries

- **Oil production provides these states with revenues of some $3 million a day.**
- **Imports exceed $400 million a year; U.S. and Britain are two major suppliers.**
- **Canadians could sell more here, through personal visits and aggressive agents.**

E. MAKLOUF, *Commercial Assistant, Beirut.*

THE Persian Gulf territory covered by the Beirut office includes Kuwait, Bahrain, Qatar and the seven Trucial States. They occupy a large strip of land, often with undefined inter-state boundaries, hot and humid in summer, warm and dry in winter. It is a land of nomads, a desert virtually without water, but with a strategic importance that dates from the opening of the sea route to India and the Far East. It has seen many conquerors, including the Portuguese, the Persians and the Ottoman Turks, and for a long time harboured pirates, plunderers, smugglers and slave traders. In the course of the last century, British influence was established to maintain peace and the line of communication between Europe and Asia. This brought stability and with it emancipation of the Arab population. Today Kuwait is an independent country. The other sheikhdoms are governed by their own rulers, under special treaty with Britain, which remains responsible for their foreign relations.

Businessmen not familiar with this area may think that it has little interest as a market, but a visit will convince them of the contrary. Since World War II it has become so prosperous that the saying "money does not grow on trees" has become almost untrue. Money may not grow on trees but it does flow into the treasuries of the Arab states at the rate of $3 million a day, thanks to the abundance of oil gushing out of the earth and offshore. For the less than one million inhabitants the royalties make possible one of the highest per capita revenues in the world. Table I shows the quantities of oil produced.

TABLE I

OIL PRODUCTION, PERSIAN GULF

	1961	1962	1963
	(million tons)		
Kuwait	83	93	98
Neutral Zone	8	10	12
Qatar	8	8	9
Bahrain	2	2	2
Abu-Dhabi	....	1	3
Saudi Arabia*	68	75	82

*Saudi Arabia is not included in this report.

Development Proceeding

The impact of this oil production is easy to imagine. With increased drilling, new discoveries and the tremendous mineral resources, the oil industry plays a unique rôle in the economy and development of the region. It has already overshadowed such activities as pearl fishing (for which the Gulf was traditionally famous) fishing and boatbuilding, and has wrought an amazing change in the life of the people. Mud-walled houses are giving way to concrete multi-storey air-conditioned apartment buildings, camels to the latest model automobiles, and donkey tracks to wide, electrically lighted highways. In this wilderness, besides the oil wells, pipelines and refineries, ports and jetties, airports, power stations, water distillation plants, roads, schools, hospitals, hotels, showrooms and workshops are all making their appearance.

Though development appears to have reached its climax in places like Kuwait, much remains to be done. The social changes, speeded up by the widespread influence of

Kuwait has a modern and efficient international airport and its own Kuwait Airways. Last year Canada sold two "Caribou" transport aircraft to this small state.

the U.S. and European oil companies and the new oil strikes in previously desolate areas like Abu-Dhabi, call for continued expansion to keep pace with the rising standard of living and the growing needs. Many projects are being planned or expanded, with emphasis on public buildings, housing and city planning. Even agriculture is being modernized, water resources explored, and investments made in diversified industries.

Imports Remain High

The Persian Gulf markets are of great interest because of these developments. The various governments, the oil companies and their foreign employees, the contractors and local buyers, all depend heavily on imports which exceeded $400 million in 1963. Kuwait alone had imports worth $280 million. The trend is likely to continue and sales of machinery and equipment, building materials, domestic appliances and numerous types of manufactured and consumer goods (not excluding luxuries for the more sophisticated) will certainly increase. There are substantial re-exports through Bahrain and Dubai, convenient centres for entrepôt and transit trade. The value of goods moving through these two ports to other destinations totals about $25 million a year.

The United States and Britain are the major suppliers; they share more than 40 per cent of these markets but are experiencing tough competition from other countries, notably West Germany and Japan. France and Italy are also making headway and firms from many countries are seeking customers. It should not be too difficult for Canadian exporters, who face no restrictions and have considerable opportunities, to get their share of sales. There are also opportunities for engineers and contractors: a Canadian consulting firm has been successful in designing Kuwait City's seafront, a $75 million project.

The sale to Kuwait of two *Caribou* transport aircraft boosted Canada's exports for 1963; ordinarily they are not large and the main items are automobiles, clocks, asbestos fibres and flour. Table II indicates the trade pattern.

Method of Approach

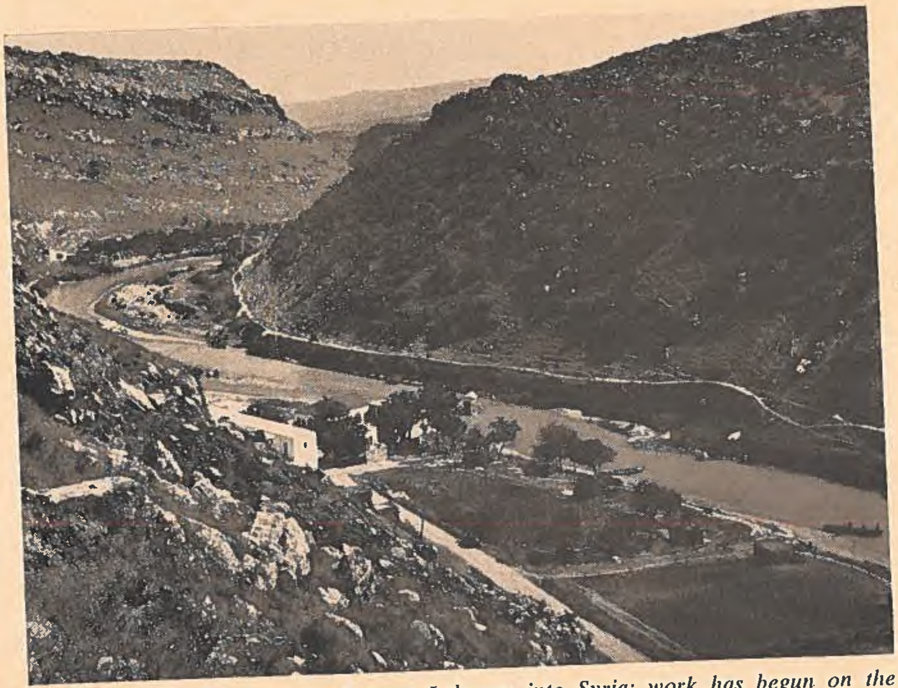
There is no better way of obtaining business in the Persian Gulf area than making a personal visit. If this is not possible, the Commercial Division of the Canadian Embassy in Beirut will supply names of importers and advise on the best method of establishing contact. As a general rule, Canadian firms should appoint an agent, preferably in each market, because merchants resent having to deal through a stranger in another centre. Companies that wish to establish themselves in Kuwait or participate in tenders are required by law to have a local partner. In Qatar, foreign individuals and firms may not start a business except in partnership with a Qatari, who must hold not less than 51 per cent of the capital. This arrangement is actually helpful, specially in making closer contact with government administrations.

Because economic conditions are stable and the economy prosperous, the volume of trade should increase this year. Imports are free from quantitative restrictions (except for pork and alcoholic beverages), there are no payment problems, and duties are low, ranging from 4 per cent in Kuwait to 15 per cent in Bahrain. Foreign exchange is readily available to pay for imports. Canadian exporters should take advantage of these favourable conditions and go after business there. ●

TABLE II

CANADA'S TRADE WITH PERSIAN GULF COUNTRIES

	1962	1963 (Jan.-Oct.)	1963 (Jan.-Sept.)
Kuwait—Exports to:	$1 million	$2.3 million	
Imports from:	$10 million		$4 million
Bahrain—Exports to:	$210 thousand	$122 thousand	
Imports from:	nil		nil
Qatar—Exports to:	$213 thousand	$125 thousand	
Imports from:	$6 million		$5 million



The Orontes River flows north from Lebanon into Syria; work has begun on the first phase of a project to drain the Ghab marshes created by flooding of the Orontes.

Syria

- **Change of government last spring caused financial difficulties, slowed down business and development.**
- **Foreign exchange supply low and restrictions reimposed.**
- **Business atmosphere improving slowly, market worth watching.**

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

THE Syrian economy last year suffered a reversal of the prosperity enjoyed in 1962 (one of the best years in its history), and has not yet fully recovered. The financial difficulties followed the assumption of power by a Baath (Socialist) Government last March and are in part the result of a loss of confidence by private business.

A tradition of industry and international commerce dating back 3,000 years has left its mark on the country and the population in general is business-minded. The relatively large and energetic entrepreneur group is quick to recognize and exploit new opportunities in trade, agriculture and industry. Despite the new Government's declared economic policy of socialism without massive nationalization of private industry, the Syrian businessman appears to have adopted a wait-and-see attitude and this is affecting the economy.

The abrupt change in economic conditions was dramatic. In 1962, agricultural production rose sharply following four years of drought, industrial activity was high, the balance-of-payments position improved substantially (mainly as a result of renewed cereal exports, larger net income from invisibles, and resumption of capital inflow), and exchange and import restrictions were either abolished or greatly relaxed.

Exchange Controls Reinstated

In contrast, following the change of government there was a large flight of capital in March 1963 and by May foreign exchange holdings had declined to the point where the Syrian authorities chose to reintroduce exchange restrictions, cancel the free exchange market and renationalize banking. All foreign exchange transactions must now be approved by the Official Exchange Office and it is not uncommon for four or more months to elapse between the deposit of local currency by the Syrian importer and the transfer of exchange to the foreign exporter.

However, the fairly liberal import restrictions in effect in 1962 remain basically unchanged, with only a minor shifting of commodities within categories. Imports are divided into three main categories—one, those prohibited by decree, some 65 tariff items, mostly products made domestically; two, those on the restricted list which are prohibited temporarily, either for balance-of-payments or protective reasons; three, all imports not included in the foregoing lists which are freely authorized.

Agriculture Is Vital

Although Syria has developed its potential at a good pace, it is still a relatively poor country with a per capita income of about $150. Despite the limited water supply, agriculture is the mainstay of the economy and the livelihood of an estimated 70 per cent of the population; in years of normal rainfall, its share of the gross national product is between 35 and 40 per cent. In addition, agricultural products provide 60 to 80 per cent of all Syrian exports and are the principal foreign exchange earners. To make any economic headway, Syria needs good harvests; in poor crop years it changes from an exporter of cereals to an importer, with serious effects on its foreign exchange holdings.

The principal crops are wheat and barley grown in rain-fed areas and medium-staple cotton produced mainly on irrigated land. Last year's cereal harvest was only slightly less than the bumper crop of 1962, but this meant less for export. However, the cotton crop exceeded 150,000 tons and with its excellent ginning and quality control was soon sold out. First estimates of the 1963-64 cereal crop are promising but the outcome depends on the spring rains; it is too early for reliable forecasts.

Prospects for Development

Industrial output has been expanding each year and now provides 15 per cent of the national income. Textiles—mostly cotton but also some wool and artificial fibres—are the principal industry. The country makes its own cement, glass and soap and part of its sugar requirements (from beet). There are also food-processing and canning plants, tanneries, and light-assembly plants, including refrigerators and washing machines. Plans are being made for a television plant, a battery factory, and a paper mill. However, it is expected that expansion in the private sector will be limited until optimism is restored.

Syria's mineral wealth is largely unexploited. The development of oil deposits in the extreme northeast involves the problem of transport, either to the coast or to the oil refinery at Homs. The phosphate and salt deposits in the central part should be easier to exploit.

Inadequate transportation has been holding back industrial and agricultural development. It is difficult for the railways to handle the volume of traffic, and although the main roads have improved in the past ten years, communication between the major port of Latakia, Aleppo and the major grain-producing area, the Jezira, is still inadequate. This results in high transport charges for wheat and barley.

Syria has a development plan that includes projects to expand and overcome difficulties in agriculture, industry and transportation. But balance-of-payments problems have delayed publicly-financed development schemes. Moreover, relatively few loans and credits have been offered from abroad. For these reasons, little new advance is anticipated in the next twelve months.

Foreign Trade

Commerce has traditionally played an important rôle in Syria's economic life and its share of the GNP is today about the same as that of industry. Import and export trade is the base but the geographical position has also stimulated transit trade. International trade normally represents about 50 per cent of the GNP—roughly 20 per cent for exports and 30 per cent for imports.

Western Europe is Syria's principal trading partner: it accounts for about half of Syria's exports and, with North America, for about three quarters of its imports. Middle East Arab countries provide 15 to 25 per cent, the U.S.S.R. and Communist China the rest. Less than one third of total imports consist of intermediary products (those used for further production); one third consist of consumer goods—fruits, vegetables and cereals in bad years and better quality cloth and durables—and the rest is made up by capital goods, such as agricultural and industrial machines and transport equipment.

Table I reveals a deficit on 1962 trade of about $72 million. Syria's deficits are usually offset by income from invisibles, principally (in order of importance) oil transit royalties, local expenditures of foreign oil companies, remittances from nationals living abroad, earnings from transit trade, and UNRWA expenditures in the country. Usually, travel

TABLE I
SYRIA'S FOREIGN TRADE IN 1962

IMPORTS

Principal Suppliers	(Can.$ million)	Per cent of total
United States	30.0	12.3
West Germany	27.5	11.3
Britain	24.3	9.9
France	18.3	7.5
Iraq	14.0	5.7
Italy	12.4	5.1
Lebanon	8.7	3.6
Canada	.5	.02
Total, all countries	**244.0**	

EXPORTS

Principal Markets	(Can.$ million)	Per cent of total
Lebanon	26.1	15.2
Italy	19.5	11.4
France	16.0	9.3
West Germany	11.7	6.7
Bulgaria	10.3	6.0
Rumania	7.8	4.5
Jordan	6.2	3.6
Netherlands	6.1	3.5
Canada	0.45	.03
Total all countries	**171.9**	

TABLE II
PRINCIPAL CANADIAN EXPORTS TO SYRIA

Commodity	1962 (Can.$'000)	11 mos. 1963 (Can.$'000)
Sheet and strip steel (galvanized and other)	118.6	102.2
Textile rags	97.6	73.8
Pharmaceuticals, drugs and preparations	67.6	40.9
Lumber, Douglas fir	49.6	7.8
Excavating and dredging equipment	48.0	....
Asbestos brake linings	28.0	5.5
Radio and TV equipment and parts	27.2	3.7
Agricultural equipment and parts	17.6	42.9
Plastics and synthetic rubber	14.9	13.4
Powdered skim milk	11.9	28.9
Yarn and thread of one synthetic fibre	9.1	40.0
Passenger autos and chassis, road motor vehicle parts	3.5	244.9
Tires and tubes for passenger cars, trucks, and buses	5.5	12.6
Overcoats and windbreakers	6.5	8.1
Biological products for human use	1.4	13.4
Other	79.6	42.7
Total 1962	**560.6**	
Total 1961	**364.2**	
Total eleven months 1963	**680.8**	
Total eleven months 1962	**535.6**	

and tourism also provide a net income.

Canadian exports to Syria fall broadly into the intermediary or consumer products classifications (see Table II). There is room for improvement here and in our very small sales of capital goods. At the moment, the capital goods market is being supplied almost exclusively by Britain, West Germany, the United States and Communist Bloc countries.

To sum up, despite Syria's difficulties, businessmen are slowly regaining confidence and economic activity showed some increase during the latter months of 1963. But foreign exchange shortages have slowed down progress. Although long-term prospects are encouraging, this is not the most opportune time to tackle the market on a large scale. Nevertheless, import restrictions are still relatively light and the Canadian exporter willing to start with small orders on a delayed payment basis may reap the reward of his enterprise when the resilient Syrian economy bounces back. •

Saudi Arabia

- **Oil revenue has reached $410 million a year; bulk of it spent on development.**
- **Transportation facilities being improved; new industries to be set up.**
- **Canada's share of market increasing; chances of selling capital and consumer goods good.**

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

SAUDI ARABIAN economic progress continued through 1962-63. Oil production for 1962 was up 11 per cent over 1961 and double the figure of a decade ago. Government oil revenues increased from $378 million in 1961 to $410 million in 1962—again double the revenue of 1952. Oil revenue was $26.4 million above budget estimates and for the second successive year the entire public debt was repaid ahead of schedule. The current budget estimates oil revenues at $490.5 million, or 86.4 per cent of total income. Government spending was up 13 per cent for 1962-63, with most of this increase earmarked for development projects. Imports for 1962 soared to $323 million, 21 per cent over 1961.

Business activity has been buoyant over the past few years and there are no signs of a slowdown. Bank credit has expanded sharply: bank loans and advances to the private sector at the beginning of 1963 increased by $143 million, or 13.5 per cent, over 1962. For the same period, the money supply increased 8 per cent, with currency in circulation rising by 7.6 per cent and demand deposits by 9.3 per cent. The Saudi Arabian Monetary Agency reported that its gold and foreign exchange holdings rose by $50.6 million and stood at $281.3 million by the end of 1962.

Oil Finances Development

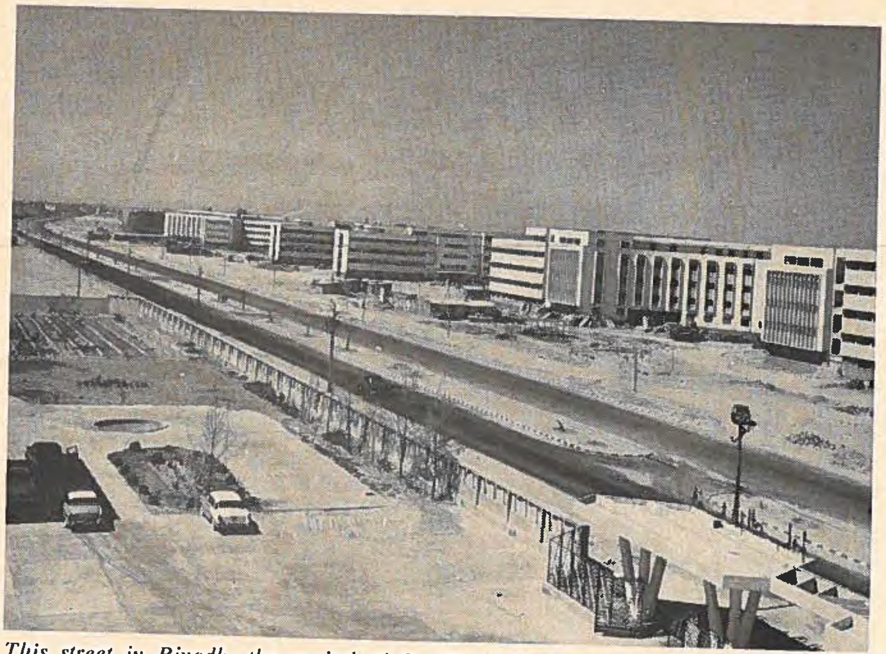
Before the discovery of oil, Saudi Arabia was a land of nomads who lived by subsistence farming. Government income came from the 250,000 Moslems who made pilgrimages to the holy cities of Mecca and Medina. The yearly income from pilgrims still averages $30-35 million, but even this figure is dwarfed by the $75 million spent locally by the Arabian American Oil Company.

Commercial production of oil at a rate of 1,400 barrels per day began in 1938; by 1962 production had increased over a thousand times. During the same period, imports rocketed from $15 million to well over $300 million. A record-breaking 600 million barrels of oil were produced in the year 1961-62. There is no other industry except cement production and some light manufacturing.

The bulk of Saudi Arabia's oil income is spent on the modernization and diversification of the economy. Oil is the predominant industry but government planners envisage a number of other enterprises. The current $600 million budget, announced at the start of the Saudi financial year on November 17, 1963, concentrates on the development program. Health and education expenditures have been increased substantially and the Agriculture Ministry's budget has risen from $4.4 million in 1959 to more than $9.5 million in 1963. This amount will be spent almost entirely on exploiting water resources and establishing agricultural banks for long-term loans to farmers.

In addition to water resources, planning for development emphasizes the improvement of crop and livestock production, better education and health facilities, and the modernization of communications.

Transportation and communications projects are the most important items in the development program. Over 5,000 kilometres of main highways are proposed, including a sizable feeder network of agricultural secondary roads. Companies have been selected to draw up the specifications for the first stage



This street in Riyadh, the capital of Saudi Arabia, (population, 300,000) leads to the airport. Note on the left the carefully nurtured garden, trees, and plots of grass.

of the roads program—the 450-kilometre road from Mecca to Jizan. Plans for the complete modernization of the telephone system have been put out to international tender. The Saudi Government railroad has improved the 500-kilometre line between Riyadh and the Eastern Regions, and a factory to produce concrete railway sleepers was recently completed. Saudi Arabia will also contribute one third of the $22.1 million cost of reactivating the Hejaz railroad. A British consortium will build this line between Saudi Arabia and Syria and Jordan, linking Medina with Damascus.

In February 1963, Saudi Arabian Airlines was reconstituted as a government-owned corporation. Service and efficiency have been stepped up, with additional communications and navigation equipment and newly surfaced runways at a number of fields. International services to Karachi were initiated and civil aviation agreements signed with the Sudan and Jordan.

Establishing New Industries

In the industrial field, the Government proposes to build an iron and steel mill, a paper factory and a factory to make electric fittings. A mineral resources survey is progressing well and has revealed the presence of copper, iron, chrome and other ores. The search for oil in the western coastal zone looks promising. The General Petroleum and Mineral Organization was created to participate in all commercial and industrial activities connected with oil and other minerals. This new organization can either act independently or in co-operation with outside groups to prospect for oil or other minerals. It will also be responsible for all phases of the mineral industry, such as refining, transporting, and marketing within the country and abroad.

The first Saudi-owned refinery with a government share of 75 per cent will be built in Jeddah during the year; a U.S. company was awarded the $9 million contract. Japanese interests will share equally with the Saudi Arabian Government in the development of a $40 million petrochemical complex in the eastern part of the country that will turn out ammonia and other chemicals for export. The General Petroleum and Mineral Organization also plans to build plants to produce plastics, synthetic fibres, synthetic rubber, paints, a number of pharmaceuticals, and chemical fertilizers.

A decree to "protect and encourage national industries" provides exemption from customs duties for goods imported for use in new industrial establishments or in the expansion of existing plants. State land grants and various forms of financial aid to new factories are other features of this decree. An Industrial Technical Office has been set up within the Commerce Ministry to screen proposals for new industries.

Imports Expanding

Provisional figures for 1961-62 show the value of imports into Saudi Arabia as $323.18 million, or 21 per cent over 1960-61. The United States is the chief supplier, with about 20 to 25 per cent of total imports. Britain provides close to 9 per cent of Saudi Arabia's requirements, followed by West Germany, Japan and the Netherlands with approximately 6 per cent.

Table I shows the growth of trade from 1954-55. Imports decreased between 1958 and 1960 as a result of an austerity program introduced to counteract inflation. Table II serves as a rough guide to imports from 1957-60. During this time, food imports gained 76 per cent, machinery, electrical appliances and transport equipment 75 per cent,

TABLE I

SAUDI ARABIA'S FOREIGN TRADE

Year	Exports	Imports
	('000,000 Saudi riyals)	
1954-55	2,107.0	754.7
1955-56	2,672.3	1,018.6
1956-57	2,470.0	1,072.8
1957-58	2,915.9	877.9
1958-59	2,947.9	964.7
1959-60*	3,316.5	917.6
1960-61	3,888.5	1,052.9
1961-62	4,231.0	1,155.2
1962-63	n.a.	1,469.0†

*From 1954 until 1960 the official exchange rate was 3.75 Saudi riyals to a U.S. dollar; in 1960 the official rate was lowered to 4.5 Saudi riyals per U.S. dollar.

†Provisional.

Source: Saudi Arabian Monetary Agency.

TABLE II

SELECTED IMPORTS INTO SAUDI ARABIA

	1957-58	1958-59	1959-60	1960-61
	(millions of Saudi riyals)			
Foodstuffs	261	317	351	344
Building materials	160	89	83	89
Machinery, electrical appliances and transport equipment	184	256	217	245
Chemical products (including pharmaceuticals)	36	57	44	71

and chemical products 51 per cent. Each of these areas undoubtedly figures in last year's spectacular rise in imports. Imports of building materials have fallen off because of domestic production of cement.

Oil makes up 99 per cent of Saudi Arabia's exports. Saudi Arabia and Jordan recently signed an economic unity agreement designed to remove all restrictions on the movement of goods, persons and capital. This economic union brings together the two traditional monarchies which are isolated from both the Socialist UAR and the Baathist regimes in Syria and Iraq.

TABLE III

CANADA'S TRADE WITH SAUDI ARABIA

	Canadian Exports to Saudi Arabia	Saudi Arabian Exports to Canada
	(millions of Can.$)	
1958	2.02	68.0
1959	2.87	70.7
1960	2.90	37.4
1961	2.69	41.4
1962	3.25	40.5
1963 (Jan.-Nov.)	3.06	37.6

Over the past five years, Canada's share of the Saudi Arabian market has varied between 1 and 3 per cent. Saudi Arabian oil exports to Canada in 1962 were valued at $40.5 million, representing about 4 per cent of their total exports.

Canadian exports to Saudi Arabia in 1962 of about 80 commodities were valued at $3.3 million; nearly two thirds of this represents wheat sales. Our exporters have made some headway, however, considering that in 1950 Saudi Arabia bought just over $875,000 worth of Canadian goods (an increase of about 260 per cent in 12 years). Although wheat predominates, there has been a striking rise in sales of other commodities, such as automobiles, clocks, aluminum fabricated materials, washing machines, iron and steel valves and refrigerators.

Doing Business with Saudis

If an exporter is doing business anywhere in the Middle East, he should be able to sell in Saudi Arabia. As in neighbouring markets, products are sold there on the basis of price. Canadian producers have some advantage over countries exporting low-priced articles because of the Saudi preference for North American goods. A leading importer of automotive parts, for example, maintains two types of outlets—one for quality North American products and the other for lower-priced parts.

The Saudi market has some peculiarities that tend to hinder even the most aggressive exporter. Few of the importers specialize in any particular commodities: an agent for roadbuilding equipment may also be the largest importer of perfume. A wheat and flour buyer has a department store in Jeddah and an automobile distributor recently asked the office for leads on Canadian milk powder exporters. Developing this market calls for persistence. Saudi Arabian agents will only reply to exporters who can give competitively priced quotations. English is not widely understood by the business community, but low c.i.f. prices, accompanied by illustrated brochures in English and samples if possible, will ensure a quick reply.

A new kind of agent is coming into his own, one who specializes in getting business through government tenders. Saudi Arabian legislation insists that all agents must be nationals of the country. Consequently, an agent for the Middle East covering Saudi Arabia from an outside city is often the reason why sales are not increasing.

Saudi Arabia has three principal marketing areas:

- The Hejaz, containing Jeddah (population 200,000), Mecca (250,000), Medina (60,000) and a number of smaller towns.
- The Eastern Province bordering on the Persian Gulf, containing Hofuf (80,000), Dammam (40,000), Al Khobar, Daharan and Ras Tanura.
- The Nejd, the central plateau, containing the national capital of Riyadh (350,000), Buraida (50,000) and Anaiza (50,000). Imports into the Nejd usually come through the ports of Dammam and Al Khobar.

To get maximum coverage, an agent should have branches or distribution channels in these areas.

Saudi Arabia, with its large foreign exchange resources and liberal import policies, presents many interesting prospects for Canadian exporters. It is one of the few countries that admits goods from abroad without import or foreign exchange restrictions. Only products contrary to the Islamic religion, such as liquor and pork products, are prohibited entry.

The accelerated pace of the development program will result in substantial increases in imports of both capital and consumer goods, and there should also be opportunities for engineering services. No exporter can afford to neglect the growing demand of the rising middle class for consumer goods. The development plans have the objective of providing a better life for Saudi Arabians and more and more of the products of modern industry are flowing into the country. Some of these can be Canadian. The time to get into this market is now. ●

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Israel

- **Industrial production up; exports of industrial products totalled some $250 million last year.**
- **Certain imports controlled by licensing, but liberalization program continues.**
- **Canadian sales, up last year, emphasize agricultural products, industrial materials.**

B. C. STEERS, *Commercial Secretary, Tel Aviv.*

THE economy of Israel shows every sign of continuing expansion. Perhaps its most constant characteristic is its vitality. The gross national product rose on the average by 10.5 per cent a year from 1950 to 1962, or 5.5 per cent per capita; few economies have equalled this impressive rate of development. Industrial production shows a comparable trend, with the 1963 index at 180—and 1958 equalling 100. Preliminary figures just released show a 25 per cent increase in industrial exports in 1963 to $250 million and the figure forecast for 1964 is $300 million.

Agriculture supplies most of Israel's food needs and contributes considerably to its export trade. The value of agricultural production has increased twentyfold at current prices since 1948, the year the state was founded; it now employs 120,000 workers as against 50,000 in 1948. The objective of the Government is full exploitation of potential agricultural resources. Only a quarter of the total land surface of Israel is suitable for cultivation and much of this only with irrigation. Local sources now provide all the fresh water fish, vegetables, fruit, poultry and dairy products that are needed and supply industry with cotton, sugar beet and flax. Israel imports grains, some beef and some salt water fish, and exports citrus fruit, eggs, peanuts, vegetables and milk. Recently fur farming has been introduced.

Cases of citrus fruit are being swung aboard a freighter in the port of Haifa; citrus has become one of the big foreign exchange earners for Israel and the citrus-processing industry alone had exports that were worth $10 million last year.

Industrial Development Rapid

Certain Israeli industries have surged forward in the past few years and they now make an important contribution to exports. These include textiles, exports of which totalled $31 million in 1962 compared with $9.5 million in 1958, and diamonds. Israel is today one of the world's main centres for cutting and polishing diamonds and handles 25 to 30 per cent of total world production. Diamond exports in 1962 reached $82.3 million, four times the value of 1955.

The chemicals and petroleum products industry is a thriving one. Eighty to 90 per cent of local drug requirements are provided by the domestic industry, whose exports reached $2 million last year. Israel now produces many industrial chemicals, including all of the basic inorganic and many organic chemicals. Turnover of the metal and electrical goods industry in 1962 reached nearly $100 million and included products ranging from iron castings and irrigation pipes to automobiles, stainless steel kitchen equipment, refrigerators, stoves, air-conditioners and plastic moulds and dyes. Recently ships have joined the list of things that Israel turns out.

The citrus-processing industry had exports worth $10 million last year and its further development is limited only by the supplies of surplus citrus fruit for industrial use. Quick freezing and dehydration plants are now in operation. Israel also produces, both for local consumption and export, a wide variety of wines, brandies, chocolates, instant coffee, soft drinks, beet sugar and cigarettes.

The tourist industry plans to play host to nearly 500,000 tourists a year by 1968. The Development Corporation reports that in 1958 there were about 3,500 rooms in tourist hotels and that by the end of 1962 there were 7,000 accommodating 183,000 people, as opposed to 70,000 visitors in 1958.

Imports Still Controlled

More than a quarter of Israel's total resources are provided by imports. Fifty-eight per cent of total imports (approximately $600 million) consists of raw materials, 6.7 per cent of fuels and 27.6 per cent of investment goods. Only 7.7 per cent of imports are consumer goods for direct consumption. These figures indicate that Israel is building its economy by personal self-denial. In order to maintain the direction of foreign exchange spending, imports are controlled by both licensing and tariffs.

For a variety of reasons—such as to keep down the cost of living, to siphon off excess public purchasing power, and to increase the efficiency of certain local industries by exposing them to competition—Israel has begun a program of trade liberalization. Imports are classed under three heads: fully liberalized, semi-liberalized, or not liberalized.

Fully liberalized goods do not require import licences and include chiefly production materials or agricultural products considered essential and not competing with domestic production. Lumber and aluminum ingots are, for example, both liberalized.

Semi-liberalized products are those for which import licences are required and for which the Government undertakes to grant licences without restriction. In several instances, these products are competing with those made in Israel and the Government would like to see the price of these local products reduced. The stimulus of foreign competition is one way to do this.

Non-liberalized goods are those for which government import licences are required. Licences are subject to individual application and approval. Thus the importer has no advance assurance that he will receive a licence. If the authorities consider local production adequate, import licences cannot generally be obtained.

EXPORTS FROM CANADA TO ISRAEL

	1961	1962	1962 January-October	1963 January-October
	(thousands of Can.$)			
Wheat	4,221.3	1,645.0	1,645.0	2,790.5
Asbestos	1,021.8	1,043.4	956.9	928.2
Aluminum	858.3	897.0	725.6	564.4
Lumber	755.4	307.5	307.5	376.9
Chemicals and plastics	418.7	299.8	255.1	196.3
Flaxseed	....	199.7	76.6	177.0
Copper	9.0	37.3	32.5	146.6
Hides and skins	138.1	87.9	54.8	117.1
Office machinery and equipment	172.7	161.9	88.9	86.1
Road motor vehicles, parts	5.0	26.9	26.9	60.2
Medicines and pharmaceuticals	97.8	24.7	3.5	25.5
Machinery and parts	22.1	28.0	26.9	25.5
Tractors and parts	160.0	17.3	14.7	19.7
Radio, TV and communications equipment	142.3	1.1	1.1	7.1
Wood pulp	307.2	686.4	623.6	....
Box shooks	....	128.7	128.7	....
Meat	217.5	168.9	117.1	....

The Asia and Middle East Division of the Department of Trade and Commerce can supply up-to-date information on the treatment accorded to specific products.

Trade with Canada

Canadian sales to Israel* are dominated by industrial materials and agricultural products, in keeping with the general pattern of Israel's imports. Opportunities for expansion lie mainly in the above two categories of products and also machinery.

Sales of Canadian products to Israel during the first ten months of 1963 increased over the same period of 1962 by nearly $860,000 and totalled $6,364,431. This figure exceeds total exports for the full year 1962 by $140,000.

What products did we sell to Israel last year? Wheat led, as usual, and in the first ten months of 1963 wheat sales to Israel, at $2.8 million, were up nearly 100 per cent over the same period of 1962. Purchases of Canadian flaxseed more than doubled to $177,033, and Canadian tobacco salesmen penetrated the Israeli market for the first time. Initial reports indicate that Canada may become a regular source of supply for Israel cigarette manufacturers. Canadian hides and skins are regular exports and this year sales reached the high figure of $117,000; prospects for these products in 1964 are good. Imports of frozen cod and hake fillets have been liberalized and these may now find buyers in Israel. Canadian exporters of fisheries products have not succeeded in selling here in the past, perhaps because of the freight costs.

Imports of meat from Canada are largely CARE shipments or for re-export. Imports of canned and otherwise prepared foods remain restricted, and it is unlikely that there will be any widespread relaxation and thus significant export opportunities for Canadian products in the next year.

Asbestos, a standard Canadian export to Israel, moved in somewhat smaller volume last year, with values down from nearly $957,000 to $928,000. Lumber, most of which comes from B.C., showed strength, with sales moving from $308,000 to $376,000. Wood pulp sales fell from $623,000 to nothing; local importers claim that the principal reason is the cheaper freight rate from Scandinavia. Chemicals and plastics were down in 1963 by nearly $60,000 to $196,000. Aggressive sales on the part of Canadian copper tube manufacturers pushed sales of their products up to

*Figures quoted are for ten months of 1963.

$147,000. Aluminum sales, on the other hand, declined by more than $106,000 to $564,000.

Importers of aluminum, steel and copper all report fierce competition as 1964 gets under way and Canadian aluminum sales have already been affected. On the other hand, local demand for steel and copper and for lead, zinc, cadmium and nickel is increasing and sales can be improved if the price competition can be met. The demand for industrial chemicals is expanding steadily; so is the market for asbestos, lumber, box shooks and wood pulp.

The outstanding Canadian export to Israel during 1963 was a newcomer—telecommunications equipment to a value of $2.3 million, a sale made because of long-term credit available through the Export Credits Insurance Corporation. Canadian machinery sales to Israel so far have not been important, but they could probably play a much larger rôle. Sharp pencils and aggressive selling are both essential in this field.

Automotive and truck part sales were up threefold to $60,000. The shifting of Studebaker production to Canada will mean larger sales to Israel, because the Haifa Studebaker assembly plant will now draw from Canada those parts not made locally.

Good opportunities should appear for equipment that will help Israel to automate its industry, such as industrial welding material, certain valves, pumps and industrial components, to mention a few.

Canadian firms selling to Israel need have no worry about payments. Convertible currency is readily available to cover imports. Short-term industrial import credits are not allowed; this means that a Canadian firm may be prepared to offer 18 months' credit but the Israel importer is not permitted to accept it. However, the authorities are not averse to long-term credits and indeed financing is essential for major development projects, such as the proposed rail line from the centre of the country at Beersheba to Eilat on the Red Sea. This may well be the decisive year for this rail expansion.

Except for certain fields in which Canadians, faced with a long freight haul, must also meet particularly keen price competition, the sales outlook is good. Continued liberalization will no doubt permit the introduction of new products—an important factor in expanding exports to Israel. ●

Cyprus

- **Cost of shipping to this price-conscious market has kept Canadian exports small.**
- **Opportunities should be investigated because of preferential tariff and ease of entry.**

B. C. STEERS, *Commercial Secretary, Tel Aviv.*

THE ISLAND REPUBLIC of Cyprus supports a population of 580,000 in an area only 140 by 60 miles; 80 per cent of the Cypriots are of Greek origin and about 18 per cent are Turkish. Its foreign trade is dominated by Britain, which takes nearly half its exports and supplies about one third of its imports. In 1962, total Cypriot sales abroad reached $54,836,000 (to Britain $25.2 million), and its purchases $135,533,000 (from Britain $45.5 million). The trade deficit was largely compensated by Britain's expenditures on its sovereign bases and by earnings from the tourist trade.

Cyprus is just beginning to promote its tourist trade and when conditions in the country become more settled, the industry should flourish. Enormous numbers of Northern Europeans are flocking to the sunny, warm Mediterranean and Cyprus has much to offer—Greek antiquities, mediaeval fairy-tale castles and walled cities, warm sands by the clear blue sea, and ski slopes near Mount Olympus. With the tourists will come new hotels and roads and a wide range of new import needs.

Canada has never been an important supplier nor a significant market for Cypriot products, as the trade figures show: in 1962 we sold products worth slightly less than $300,000 and our purchases totalled only $150,000. Figures for the first nine months of 1963 show larger Canadian sales at $338,869, compared with $199,316 for the comparable period of 1962. But our imports from Cyprus during the same period fell to $77,125 from $135,884 in 1962 because chrome ore shipments ended.

For many years, Canada's largest single import from Cyprus has been chrome ore—$121,850 worth in 1962, more than our total imports

TABLE I

CANADIAN EXPORTS TO CYPRUS

	1962	1963
	January-September	
Salmon	$ 5,378	$ 1,504
Tobacco	....	30,890
Alcoholic beverages	360	1,858
Leather	1,034	154
Lumber	590	4,728
Douglas fir plywood	....	4,074
Fabrics	....	1,636
Aluminum	40,981	....
Machinery	6,045	25,299
Passenger automobiles and chassis	118,683	207,932
Automotive parts	2,537	1,310
Road vehicle tires and tubes	5,101	20,937
Domestic appliances	4,221	728
Wearing apparel	845	743
Laboratory instruments	....	4,325
Contractor equipment	....	2,959

from that country in the first nine months of 1963. The Cyprus mine closed on July 17, 1962, and the last shipment was made in August. Only one sale of chrome ore from stock was made in 1963 and it went to West Germany.

The other leading commodities in our imports from Cyprus have shown improvement. Wines and brandy, for example, more than doubled from $11,000 to $27,000, and pigment sales were up 65 per cent. Olive oil entered the trade with sales at $36,545.

Since 1962, when they were first permitted entry, automobiles have accounted for more than half of our exports to Cyprus. Tires, tubes, spark plugs and automotive parts sell in relatively small quantities. Mining and other machinery has been successfully marketed in recent years. Household appliance sales have not been large, partly because British and Continental suppliers are solidly entrenched, partly because of the high cost of transhipment.

Canadian tobacco won a place in the Cypriot market for the first time in 1963. One of the two large cigarette manufacturers in the Republic tested Canadian flue-cured tobacco early in 1963 and shortly after placed an initial order. Our canned salmon, long a favourite among the well-to-do in Cyprus, faces stiff price competition and sales dropped in 1963. Douglas fir plywood, introduced in 1963, found a small but receptive market that Cypriot importers expect will increase in 1964.

One of the main problems confronting Canadian exporters to Cyprus is the lack of regular direct shipping service. Goods must be transhipped in Genoa, Piraeus or elsewhere, which adds to the high cost of shipping and affects Canadian competitiveness. Nevertheless, this small market should challenge Canadian producers because it is wide open and Canada benefits from the preferential tariff. It is important to remember that Cypriot traders, among the world's shrewdest, demand and get competitive prices. •

—Istanbul Chamber of Commerce

Traffic is heavy on the Galata Bridge in the busy city of Istanbul. It has a population of 1.6 million and the port handles about 75 per cent of imports into Turkey.

Turkey

- **First Five Year Development Plan begun last year; Agreement of Association with EEC signed.**
- **Trade deficit last year expected to exceed $300 million; substantial foreign aid needed.**
- **Projects and purchases authorized under Development Plan offer best sales opportunities for Canadians.**

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

TURKEY is looking back on the results of its first year of "planned growth" with some pride. The introduction of the first Five Year Economic Development Plan at the beginning of 1963 marked a significant turning point in its continuing efforts to rid itself of a number of social and economic problems which in the past have plagued the economy.

The fundamental economic objective of this, the initial phase of a proposed 15-year development program, is to attain an over-all rate of growth of 7 per cent—a difficult task considering the agricultural basis of the economy, the high rate of population growth, and the low per capita income.

Notwithstanding, the Turks have begun their program with a will and can reflect on their accomplishments in 1963 with some satisfaction.

Association with EEC

An important event of last year was the signing in September of an Agreement of Association between Turkey and the European Economic Community. Under the terms of the agreement, Turkey will not be required to modify measures aimed at protecting its infant industries during the initial five-year preparatory period. (This may be extended for four years.) Turkey's four leading exports will be granted trade preferences by the EEC countries in the form of reduced customs tariffs and in addition, the EEC has pledged an investment credit of U.S.$175 million during the first Five Year Development Plan. These financial and economic advantages are intended to make it possible for Turkey to close the gap between its economy and those of the Common Market countries before too long.

Progress Indicated

The following figures give some indication of economic progress in Turkey last year. (All of these figures are in Canadian dollars, except where otherwise indicated.)

• **Gross National Product**—Tentative estimates predict an increase of 6.4 per cent over 1962 ($6.2 billion); the rise in GNP between 1961 and 1962 was 5.5 per cent.

• **National Income**—All sectors of the economy reported increased activity. Nevertheless, the composition of income remained largely the same as in 1962. The share of agriculture was about 40 per cent, industry about 17 per cent, and commerce more than 7 per cent. The dominant position that agriculture enjoys was reinforced significantly in 1963, thanks to bumper crops.

Per capita national income at factor cost in 1962 totalled about $175. Despite a 2.6 per cent increase in population in 1963, real per capita income rose slightly but is still below the record of $183 set in 1960.

The population of Turkey topped 30 million in 1963. However, the bulk of purchasing power is in the hands of only a small percentage.

• **Industrial Production**—Nine-month figures indicate a general rise in 1963 over previous years. No statistics are available yet for the private sector but state enterprise production figures show:

Cement production up 17.2 per cent
Paper production up 14 per cent
Iron ore production up 17.7 per cent
Steel production up 37.9 per cent
Crude oil production up 24.5 per cent
Petroleum products production up 41 per cent
Electric power production up 11.8 per cent
Textiles production up 8 per cent (net)

• **Agricultural Production**—Favoured with an especially good cereal crop (up 13 per cent over 1962) and good industrial crops, the Ministry of Agriculture reported a better year. Production figures for nearly all crops were above those of 1962.

• **Money Supply, Gold and Foreign Exchange Reserves**—At the end of October the Central Bank of Turkey reported currency in circulation at $682 million—a 12.4 per cent increase since the beginning of 1963, or 28 per cent since 1960. Despite this, the general level of prices remained about the same and there was no appreciable trend towards inflation.

Bank credits (excluding interbank and Central Bank credits) reached $1,304 million in the corresponding period of 1963, up 5.8 per cent from 1962.

The gold and foreign exchange reserves decreased somewhat last year. Central Bank unmortgaged gold holdings at November 2, 1963, totalled $47.8 million as against $56.2 million in 1962. Net gold and foreign exchange reserves totalled $19.4 million in 1963 as against $75.3 million in 1962 and $87 million in 1961.

Foreign Trade Picture

If Turkey is to achieve the objectives set out in the Plan for investment and industrialization, imports will have to rise considerably over the next few years. Trade policy, however, will aim at controlling this demand as much as possible and encouraging the use of domestic raw materials to save foreign exchange.

The value of Turkish trade in 1963 is expected to exceed $1 billion for the second successive year but the country also expects its sixteenth consecutive deficit on the balance of trade.

Imports during the first ten months of 1963 were valued at $590.5 million ($528.6 million in the same period of 1962) and exports at $300.1 million ($302.3 million) leaving a deficit of $290.6 million ($226.3 million).

The principal variations in exports last year were in cotton (up $3.54 million to $54.8 million); barley and other cereals (up $3.77 million to $4.6 million); tobacco (down $16.9 million from $78.9 million), and minerals (down $6.77 million to $12.3 million). Exports of dried fruits and nuts, which in recent years have accounted for over one fifth of commodity export earnings, were almost the same as in 1962, at $74.7 million.

On the import side, purchases of foreign machinery and parts rose nearly 50 per cent to $165 million; iron and steel imports were up $17.7 million to $57 million, and imports of textile raw materials and yarns totalled $37.3 million, up nearly $8 million over 1962. Imports of chemicals at $33 million and of dyestuffs at $51 million were up slightly over 1962. Imports of road vehicles and parts showed little change and the total for transportation equipment was down $16 million to $71.5 million. Petroleum (mainly crude oil) imports fell by $10.7 million to about $60 million, reflecting increased domestic production of both crude and refined products.

Turkey earns foreign exchange mainly from traditional agricultural exports, such as tobacco, dried fruits and nuts, cotton, finished and semi-finished textile goods, minerals and livestock. Together they account for about 85 per cent of foreign exchange earnings.

Last year the European Economic Community was again Turkey's best customer, absorbing 41 per cent of exports, or a ten-month total of $120 million. Over the last five years more than two-thirds of Turkey's cotton exports, one-half its exports of minerals and fresh and dried fruits, almost one-half its oilseeds, other seeds and opium, and one-fifth of its tobacco exports have gone to EEC countries.

The dollar countries and those outside firm regional groupings were the next best customers, taking 26 per cent or $78 million worth of exports, followed by the EFTA countries, 19 per cent or $21 million. The Communist Bloc absorbed about 7 per cent of Turkey's exports.

The leading individual markets for Turkish products were the United States, West Germany, Italy and Britain, in that order.

The dollar and EEC countries were Turkey's leading suppliers (estimated volume: 34 and 32 per cent, respectively), followed by the EFTA (17 per cent), and the Communist Bloc (6 per cent).

The United States, West Germany, Britain, Italy and France led the list of individual suppliers.

Balance of Payments

It is estimated that Turkey's total trade deficit since 1948 amounts to over two billion dollars. Lacking net earnings from invisibles, such as the tourist trade, shipping or foreign remittances, Turkey has been compelled to dispose of or mortgage substantial gold stocks to meet its foreign debts. Assistance from international organizations, the United States and other countries has eased the burden somewhat. Nevertheless, in June 1963 Turkey's total foreign debt stood at $2.1 billion. Debt servicing and interest payments reached $191 million in 1963.

To help cover this balance-of-payments deficit, Turkey obtained loans of U.S.$50 million and U.S. $21.5 million from the European Fund of the European Monetary Agreement and the International Monetary Fund, respectively.

TABLE I

WHAT TURKEY SOLD TO CANADA

Item	Nine Months 1963	1962
	(Can.$)	
Filberts (shelled)	244,853	156,539
Cotton linters	173,954	226,974
Turkish tobacco, unstemmed	123,933	138,172
Walnuts (shelled)	80,173	301,837
Figs dried and fig paste	74,403	111,226
Chrome ore	43,538	....
Feed concentrates	3,231	....
Dried vegetables	2,981	....
Raw cotton	....	8,356
Miscellaneous	16,612	26,851
Total	**763,678**	**969,955**

TABLE II

WHAT CANADA SOLD TO TURKEY

Item	Nine Months 1963	1962
	(Can.$)	
Self-propelled combines (harvester)	744,318	....
Communications equipment	453,703	61,300
Pipes and tubes iron and steel	361,393	40,187
Zinc blocks, pigs and slabs	95,352	71,142
Parts for self-propelled combines	50,408	12,405
Truck and bus tires	47,366	....
Aluminum pigs, ingots and slabs	85,316	46,329
Passenger autos and chassis	39,046	10,469
Chemical elements n.e.s.	27,210	....
Rubber-working machinery, equipment and parts	27,138	....
Cattle hides, raw	26,269	....
Asbestos shorts	25,800	17,591
Whisky	44,648	34,631
Textile machinery and parts	24,066	8,406
Fire (refractory) brick and similar shapes	12,632	....
Scientific instruments and parts	28,733	....
Ploughs and parts	....	35,066
Wheel tractors and parts	5,538	21,140
Metallic salts	....	27,095
Miscellaneous	153,771	115,465
Total	**2,252,707**	**501,226**

In addition to the U.S.$130 million under various U.S. aid projects, credits worth approximately U.S. $150 million were offered to Turkey in various forms by the eleven countries of the OECD Consortium for Aid to Turkey, of which Canada is a member.

Turkish exports to Canada in the first nine months of 1963 fell behind the recent high set last year. (Table I), but Canadian sales to Turkey more than quadrupled in the same period to $2.2 million. (Table II).

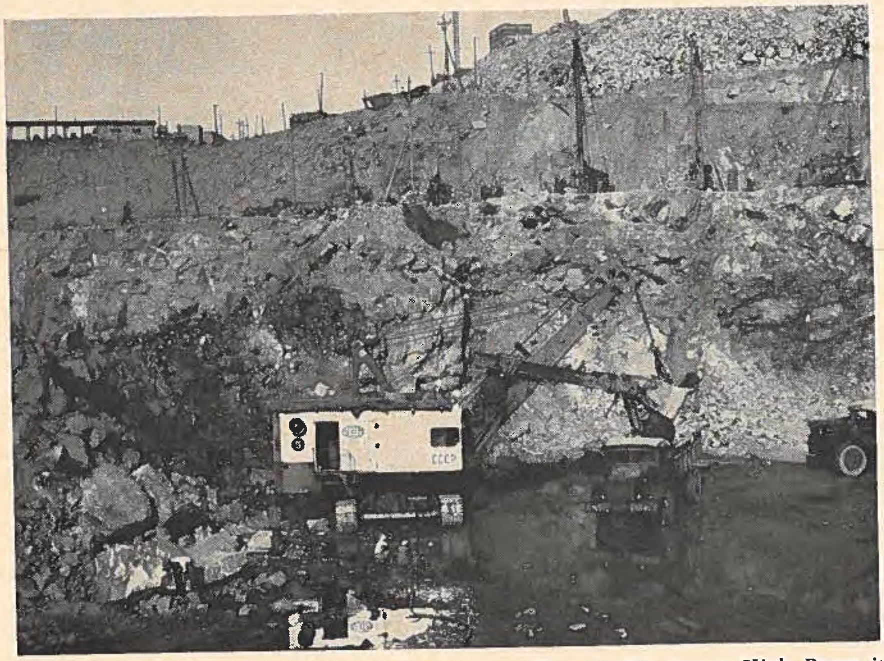
This increase was an "across-the-board" one but substantial purchases of harvester combines and parts, communications equipment and steel pipe played the key rôle in increasing our share of the Turkish market.

Outlook for 1964

In the absence of details about the 1964 segment of the Five-Year Plan and the 12th Import Program, it is difficult to predict what trading opportunities 1964 will offer Canadian firms. It is probably safe to say, however, that the principal market for Canadian goods and services will lie within the limit of projects and purchases authorized under the Five-Year Plan.

The 1964 Program-within-the-Plan calls for a budget of some $1.35 billion, about a 12 per cent rise over 1963. Assuming that $420 million in foreign exchange will be available under consortium aid, plus some $150 million from U.S. sources, the Government will, in addition to a proposed internal loan, still require between $77 million and $120 million to balance the budget. The forecast is for general economic belt-tightening.

This is certain to be reflected in the 12th Import Program, relevant highlights of which will appear in *Foreign Trade* as soon as possible after they are announced. In addition, a summary will be made available of the more important projects and major purchases set aside for foreign exchange investment expenditure by the state and private sectors under the 1964 Program. ●



This picture, taken last year, shows work proceeding on the Aswan High Dam; it was begun in December 1959. When it is completed, the dam will be 111 metres high and it will have a storage capacity of 130,000 million cubic metres of water.

U.A.R. Adopts New Trading System

The State now controls nearly all export and import trading, but the Egyptian system differs from that in Soviet Bloc countries and is still evolving. Canadian exporters of many types of products will find this explanation of the current trade regime useful.

W. GIBSON-SMITH, *Commercial Counsellor, Cairo.*

THE United Arab Republic has recently evolved its own methods of trading which differ from those elsewhere. All imports have been completely nationalized and importing is now carried out by 15 state trading companies or state-owned factories dealing directly with suppliers. Imports for projects under the Five Year Plan are sometimes negotiated by the Five Year Plan Organization with foreign governments or suppliers, but are usually obtained under world-wide invitations to tender. State entities like the Telecommunications Organization, the General Organization for Pharmaceuticals and Medical Appliances, the General Organization for Land Reclamation, and the "military" factories invite tenders on their own. (The military factories produce a great variety of civilian goods.)

The Commercial Division of the Canadian Embassy in Cairo attempts to obtain copies of all invitations to tender and forwards them to the appropriate Division of the Commodities Branch of the Department of Trade and Commerce in Ottawa. The Department in turn tries to alert Canadian suppliers likely to be interested. To ensure that they are not overlooked, Canadian firms should place their interests on record with the Commodities Branch.

Commission agents in the usual sense are no longer permitted to operate. There are still technical consultants who can accept retainers from abroad for their services, and some foreign companies maintain salaried technical personnel in Egypt. Other large firms have offices in Beirut which devote a great deal of time to the Egyptian market and send representatives constantly to visit Egypt. The U.A.R. does not have any purchasing offices in North America.

Trade and Payments Agreements

The U.A.R. has acceded provisionally to the General Agreement on Tariffs and Trade. The same tariff schedule applies to imports from Canada as to those from other industrialized countries. It does, however, maintain an elaborate system of trade and payments agreements with Communist and with various African and Arab countries. These agreements provide for a specified exchange of goods. The Soviet Union, Czechoslovakia, and Communist China, which have negotiated agreements of this type with the U.A.R., are the main buyers of cotton, the chief Egyptian export, and the U.A.R. imports from these countries goods of corresponding value without having to spend scarce foreign exchange.

The rapid pace of industrialization is putting pressure on the balance of payments and Egypt in the normal course of events tends to buy for cash principally raw materials essential to industry and not easily obtained under trade and payments agreements. (See Table I.) It is not, except under special circumstances, a market for consumer goods that have to be paid for in cash. As an example of "special circumstances", whisky is admitted because it is important in the tourist trade, which Egypt is building up. (Canadian export figures for whisky, however, are somewhat misleading because they include shipments to U.N. agencies and forces on Egyptian soil.) It is uncertain whether this situation will be altered in the near future because the industrialization program and the need for raw materials are continuing.

How Import Regime Works

All imports require an import licence and payment is normally made by letter of credit. It is usually best to quote f.o.b. port of loading. Barter transactions are not permitted but so-called "back to back" arrangements have been allowed. Under these arrangements, the Egyptian authorities often grant an import licence to a foreign supplier if increased sales of Egyptian goods are made to the latter's country to about an equal value.

Purchases of complete plants under the Five Year Plan are a different matter. Here long-term credits are usually required and success in landing one of these contracts depends to a large degree on the credit terms offered. Unlike the system in Soviet Bloc countries, the 15 Egyptian state trading companies compete among themselves. As a rule, from two to nine of them are permitted to deal in a given line of products and they vie with one another for customers. The commodities that they are permitted to import are laid down in great detail and certain companies may have a monopoly of imports of certain products from particular Soviet Bloc countries.

They are also permitted to export goods manufactured in Egypt to those areas with which they are most familiar. (Agricultural exports from the U.A.R. are in the hands of other organizations.) This again differs from the practice in Communist countries, where the state trading corporations usually have the monopoly in both importing and exporting certain goods.

The state trading companies are government-controlled and tend to be 100 per cent state-owned. All but one represent consolidations of existing private companies. They usually operate on commission (the amount of commission is seldom disclosed) and are expected to make a reasonable profit. The Government does not favour high profits, however, because these would mean higher prices and a rise in the cost of living.

Finding Representatives

As mentioned previously, commission agents in the usual sense are no longer allowed to carry on busi-

TABLE I

CANADA'S EXPORTS TO U.A.R.

Commodity	1961	1962	January to October 1962	January to October 1963
		(Canadian dollars)		
Plastics, synthetic rubber, not shaped, n.e.s.	22,537	41,794	41,794	110,309
Copper plates, sheet, strip	37,527	....	....	....
Tractors and parts, n.e.s.	40,377	3,271	....	....
Locomotives, engines and engine parts	87,717	10,177	10,176	....
Aircraft, assembled and parts n.e.s.	29,321	13,817	13,817	1,186
X-ray and related equipment and parts	70,307	....	....	....
Card punch machinery, computers and parts	32,175	2,317	2,317	55,303
Medicinal and pharmaceutical products n.e.s.	58,350	38,804	32,940	29,109
Ontario winter wheat, except seed	706,962	....	....	....
Wheat flour n.e.s.	300,814	27,720	27,720	173,588
Cigarettes	138,640	89,071	65,581	82,270
Asbestos milled fibres (gr. 4 and 5)	694,805	564,963	564,963	799,316
Asbestos shorts (gr. 6, 7, 8 and 9)	49,003	61,705	61,705	12,986
Wood pulp, dissolving, special alpha	91,863	95,188	95,188	185,591
Wood pulp bleached sulphate	259,533	....	....	....
Wood pulp, sulphite unbleached strong	111,737	....	....	....
Newsprint paper	96,295	5,526	5,526	....
Aluminum pigs, ingots, slabs	25,457	573,612	370,486	630,327
Shoemaking, industrial machinery and parts	7,702	29,611	29,611	1,101
Engines, aircraft and parts	2,513	22,770	19,299	117
Radio, TV, equipment and parts n.e.s.	2,031	520,909	501,381	106,099

TABLE II

CANADA'S MAIN IMPORTS FROM U.A.R.

Commodity	1961	1962	January to September 1962	January to September 1963
		(Canadian dollars)		
Onions n.o.p., including onion sets	....	8,750	8,750	52,733
Vegetables, dried, n.o.p.	39,186	51,712	39,214	5,662
Vegetables, n.o.p., in cans	11,649	2,154	2,154	....
Peanuts, green, shelled or not	326,556	113,250	113,250	54,755
Charcoal, animal, for sugar	59,697	26,228	26,228	....
Raw cotton	3,300	26,544	8,356	....
Cotton yarns, plied	1,235	....	....	664
Flannel, flannelette, cotton, unbleached, bleached	....	8,003	8,003	53,416
Flannel, flannelette, cotton, dyed, printed	....	44,142	44,142	....
Broad woven fabrics, cotton, n.o.p.	2,088	....	....	....
Rugs, oriental, genuine	1,464	....	....	....
Furniture, mainly of wood	719	1,843	1,453	3,115
Copper, manufactures of, n.o.p.	1,785	410	....	1,567

ness but it is sometimes possible to appoint a state trading company as an agent. It may have difficulty, however, in operating in the way an agent normally does because it usually is already handling competing products from other countries. Depending upon the type of foreign exchange available, import licences may be granted at a given time only for certain commodities from certain countries, and the state trading company must have alternative sources of supply. Currently the severe shortage of foreign exchange makes it difficult for importing agencies to obtain licences to permit holding goods in stock. This trading system is still in the process of evolution. There is a list giving the breakdown of imports according to the trading companies handling them; it runs to 17 pages, was drawn up only recently, and is already out of date. Canadian firms wanting to sell in this market should write to me at the Canadian Embassy in Cairo for information and guidance on the various aspects of exporting to the U.A.R.

Any Canadian businessman who comes to Cairo usually finds that he is received in a friendly fashion and that both English and French are widely spoken. The Egyptians like to have visits from foreign businessmen and these are useful if preliminary investigation of the market offers any encouragement. ●

Sudan

- **Government is providing good management, encouraging private enterprise, diversification of agriculture.**
- **Ten Year Plan has attracted foreign aid from other countries, international organizations.**
- **Canadian sales small, but market should be watched as Sudan progresses.**

W. GIBSON-SMITH, *Commercial Counsellor, Cairo.*

THE SUDAN is enjoying sound economic and financial management under the present regime. The Government favours private enterprise and encourages the influx of foreign capital. It has been budgeting for a surplus and succeeding, even though there is no income tax; government revenue comes chiefly from a business profits tax.

The Ten Year Plan announced in the second quarter of 1962 is considerably more detailed than earlier ones. Contributions totalling £S78 million* towards the anticipated foreign exchange cost of the Plan have been received from the IBRD, IDA, the United States, Britain, Yugoslavia, the Soviet Union, and Kuwait.

Note: A more detailed review of this market was published in *Foreign Trade* on August 24, 1963. This article is intended to supplement that earlier report.

*The Sudanese pound is at a slight premium over sterling.

Basically the Sudan is, and probably will remain for many years, an agricultural country. It is anxious to diversify its crops to reduce the heavy reliance on cotton, and to decrease imports of such products as tea and coffee that could be grown locally. Not much progress has been made yet toward this recently announced objective. Wheat and flour are supplied by the United States under PL 480.

The 1963 cotton harvest was satisfactory—not as good as the excellent one in 1962 but better than in 1961. Sales of all export products except sesame, dura and sheep have been good and would have been better but for internal transport difficulties.

British consultants have recently been engaged to survey additional areas suitable for irrigation.

Power for industry must be obtained from hydroelectric sources because no coal or petroleum has been found in the country up to now. The Sennar Dam was completed in 1963 and two more at Roseires and Kashim el Girba are being built. Consultants financed by the World Bank are surveying power requirements for the next 15 years.

Plans for Industry

An Industrial Bank was established recently and the United States Government has loaned it $2 million. The Bank will examine requests for aid in establishing new industries and will decide on priorities.

In 1963, the Government opened a 4,000-ton capacity factory to produce cardboard from cotton stalks. It has also arranged for the building of a second sugar factory by a German firm. The production of sugar will probably be supervised by Dutch interests that have had experience in Indonesia (this has been done in Ethiopia).

The Government prefers private enterprise, if possible, to create new industry. So far, most plants have been established by trading enterprises as a sideline and they lack industrial expertise. Among the new industries approved in 1963 were those making insecticides, oxygen and acetylene, cinema films, particle board and veneer, pharmaceuticals, sanitaryware, plastic products, industrial and chemical gases, neon fittings, insulating board, and spades. Iron ore is being mined in the Red Sea hills.

Foreign Trade

The Sudan's principal market is Britain (17.7 per cent of total exports in the first five months of 1963), followed by the U.S.S.R., Italy, West Germany and India. The Soviet Union and some of the other Bloc countries have been buying much more cotton recently from the Sudan; Communist China began buying in 1962. The U.S.S.R. is now the leading market for Sudanese cottons, followed by India and Britain.

Britain is also Sudan's principal supplier, with more than twice the percentage of the market that India, the runner-up, holds. Following these two, in order of importance, are Japan, Italy, West Germany, Egypt, United States, U.S.S.R.

Trade with Canada

Canadian-Sudanese trade is small. Canada's purchases total less than $100,000 a year, and consist entirely of gum arabic. Canada's sales to the Sudan in the first nine months of 1963 totalled $138,000 and consisted largely of agricultural implements, (same period 1962, $140,000), automotive vehicles and parts, plastics and synthetic rubber.

Since there are no regular direct shipping services from Eastern Canadian ports to Port Sudan, Canadian firms normally ship via U.S. Atlantic ports. The Persian Gulf Outward Freight Conference on September 1, 1963, raised all rates of cargo from U.S. Atlantic ports by 10 per cent, which might make it more difficult for Canadian firms to compete.

Nevertheless, a fairly diverse range of shipments of small value are arriving from Canada. The Sudan is on the verge of modernizing its economy and now is the time for Canadian exporters to make greater efforts here. The doors are open to our goods. ●

Ethiopia

- **Five Year Plan, 1963-67, provides for estimated U.S. $256 million in foreign aid.**
- **Foreign exchange reserves have increased; prior deposit on imports removed.**
- **Canadians should watch for opportunities in engineering, supply of equipment.**

W. GIBSON-SMITH, *Commercial Counsellor, Cairo.*

ETHIOPIA (which includes Eritrea), is still primarily an agricultural economy and will probably remain so for the foreseeable future. Agriculture provides 80 per cent of the employment and 70 per cent of the gross national product. Even so, it is estimated that only 15 per cent of the arable land is cultivated. The land in many parts is very fertile.

Agricultural products constitute 90 per cent of total Ethiopian exports. Coffee alone accounts for 50 per cent, but the price of coffee has been declining steadily each year since 1954 and now stands at about half of what it was at that time. Nevertheless, Ethiopia's international balance-of-payments position is good, thanks to a large increase in the volume of its exports of coffee and improved quality. The coffee goes almost entirely to the United States. Canadians generally buy very little directly from Ethiopia—with the exception of some dressed fur skins. However, they did buy some green coffee directly but in 1960 these purchases were discontinued until early 1963, when they totalled $17,500.

Wants to Diversify

The Ethiopians, in common with people in most of the developing countries, are concerned with the declining trend in their terms of trade vis-à-vis industrialized countries, which have maintained or

—UN Photo

These Ethiopians, who received technical training under UN sponsorship, are now skilled linesmen and are busy installing additional telephone lines between Addis Ababa and one of the provincial towns.

increased the prices of their manufactured products in recent years as prices of some agricultural products were falling. Ethiopian gold and foreign exchange reserves have now recovered nearly to their 1957 level as a result of larger exports, conservative financing and some inflow of foreign capital. The prior deposit requirement for imports adopted in 1959 to curb over-importing has now been abandoned. Nevertheless, the country is determined to do something about getting away from what is virtually subsistence agriculture. Although the estimated per capita income rose from U.S.$35.60 in 1957 to U.S.$38.80 in 1963, the First Five Year Plan, which was never revealed in detail, was only moderately successful. Last August the Second Five Year Plan was published in English. Furthermore, a new investment law came out in September, providing substantial safeguards for foreign capital. A new banking law was passed at about the same time; it permits foreign banks to operate in Ethiopia provided 51 per cent of the capital is raised locally.

Help from Abroad

Ethiopia has obtained assistance without much difficulty from the World Bank, AID, the Export-Import Bank, IDA, and DLF. Most of this was used for infrastructure, particularly for roads (there are still less than 3,000 miles of all-weather roads in this large and mountainous country), airways, telecommunications, education, agricultural training, and so on. Substantial loans have also been obtained from the Soviet Bloc for agricultural products, an oil refinery, hydro-power projects, mining equipment, and a cement plant. Czechoslovakia has modernized and enlarged the port at Assab.

New Five Year Plan

Interest centres on the Five Year Plan, 1963-1967, which counts on foreign sources to supply U.S.$256 million or 24 per cent of the expenditure; of this, U.S.$71 million is expected to come from private sources. Ethiopia has a hydroelectric power potential second only to the Congo in Africa. Most power production is in the hands of the Ethiopian Electric Light & Power Authority; its production rose from 36.7 million kwh. in 1957 to 96.5 million in 1962. West Germany has entered into a technical assistance agreement with Ethiopia under which German consultants have been provided for the principal power developments planned.

Ethiopia has little accurate information on its mineral resources because, apart from the Blue Nile Valley, the country has never been mapped in detail. The U.S. Army has undertaken to map the remainder of this large and rugged country and expects to take at least five years to do the job. (This will not include geological mapping.) Gold and platinum have been mined for many years but the known platinum reserves are practically exhausted. Potash has been found in economic quantities and a U.S. firm will begin production shortly; it has the concession in the Danakil region, where it hopes to find sulphur and magnesium as well. The Red Sea coast has long been believed to contain oil but prospecting over some years has not yet produced results. Now Mobiloil has a prospecting concession and a West German firm has started drilling. A search is going on for chromium, nickel and lead. Surveying and prospecting for mineral wealth are given high priority under the current plan. The Government has stated that it will encourage prospecting by private firms.

So far the value of mineral production has remained at about U.S. $800,000 a year. Under the plan mining is receiving more attention and it seems likely that there will be important finds as the difficult terrain (mostly precambrian) is thoroughly mapped and explored.

Manufacturing

Manufacturing has consisted so far of plants turning out canned meat, sugar, salt, cigarettes, beer, textiles, leather, shoes, cement, and bricks; there is also a rudimentary steel plant using scrap.

An 80,000-ton steelworks is included in the current Five Year Plan, if sufficient iron ore and coal deposits are found. Within the next five years a chemical industry is to be built up, based on minerals, wood and oil refinery byproducts. It plans to produce wood pulp, caustic soda, sulphuric acid, carbon bisulphide, pharmaceuticals, tanning materials, glass and soap. Fish processing factories are contemplated, if UN Technical Assistance will undertake a fish resources survey on the coast and makes encouraging finds. Production increases in the five years are planned as follows: frozen meat from 5,500 to 35,000 metric tons, cotton fabrics from 21,500 to 74,000 square meters, leather shoes from 248,000 to 2.1 million pairs, and cement from 29,000 to 210,000 metric tons.

The Ethiopian Market

Canadian exports to Ethiopia totalled only $104,763 in 1962; they rose slightly in the first six months of 1963 to $80,838. They consisted chiefly of aircraft engines, passenger cars, farm machinery, whisky, and tires, in that order.

The main suppliers to Ethiopia in order of importance are the United States, Italy, Japan, West Germany, Britain, India, Iran, the Netherlands, Saudi Arabia, and France.

Although the market is open to us, Canadian exports to Ethiopia may not increase quickly in the near future. The market is still a small one, dominated by world-famous brands, and freight connections from Canada are a problem. There are, however, interesting possibilities, especially in engineering and the supply of equipment, particularly for Canadian companies which are prepared to consider investing in the country. Addis Ababa, now a handsome city, is easily reached by air via Cairo. ●

Two forms of transportation in Iran—the old and the new—are contrasted in this picture of a typical Iranian village. The second Seven Year Plan, 1956-62, put great emphasis on the improvement of communications, both by road and by rail.

Iran

- **Land reform proceeding; may eventually increase demand for agricultural machinery.**
- **Third Five Year Plan estimates development spending at $260 million in next five years.**
- **Market is fiercely competitive; Canada sells mainly raw materials, capital equipment.**

A. F. WYETT, *Commercial Division, Canadian Embassy, Tehran.*

IRAN is currently adjusting itself to the situation created by the adoption of an Economic Stabilization Program in 1961. In the first five months of last year, the economy was experiencing a recession. Credit was eased with a view to aiding development and helping to put money into circulation, but to a significant extent this money found its way into savings and time deposit accounts. The Iranian authorities succeeded, however, in checking the outflow of foreign exchange, the economic pressure relaxed to some degree, and the economy by and large was on an even keel again.

The Economic Stabilization Program did restore foreign confidence in Iran and the inflow of foreign capital was resumed. The private sector did not follow this lead enthusiastically but it did show interest. By the end of the year the market had returned nearly to normal and although imports were still strictly controlled, the restrictions on essential goods and raw materials had been eased slightly.

Land Reform Proceeding

Iran continues to be primarily an agricultural country and is now undergoing agrarian reform. Villages, farm land and holdings have been expropriated from large landholders and distributed among the peasants. The average needs of a family of five is the basis for this redistribution. The program has not been completed but it has already affected imports of agricultural machinery and equipment considerably. The general impression is that it will take time for the peasants to adjust to their new environment but when they do, the demand for agricultural machinery should rise rapidly.

Industry Is Growing

During 1963, the Iranian Government also emphasized the development of industry and during the year there was a noticeable improvement in the quality of Iranian products. The substantial foreign investment in local industry has no doubt played an important rôle in this and has increased the variety of goods turned out. Products now made in Iran either under licence or entirely by Iranian firms, apparently up to Western standards, include gas stoves, space heaters, refrigerators, automobiles (assembled), soap, chocolates, and biscuits. The prices of locally produced articles are on the whole higher than those of imported goods. The emphasis last year tended to be on small enterprises rather than large ones and this trend will probably continue in 1964.

The Government of Iran is giving serious attention to increasing the national income and raising the standard of living of the workers. In addition to land reform and industrial development, a project under which the workers will share in the profits of industry is under way.

TABLE I

WHAT CANADA SELLS TO IRAN

	1961	1962	1963 (11 mos.)
	(thousands of Can.$)		
Sheet and strip steel n.e.s.	1,053.7	873.9	549.5
Transformers and parts	837.1	450.9	173.6
Aluminum pigs, ingots, slabs	651.2	674.4	390.2
Switchgear protection equipment and parts	433.3	17.4	32.2
Textile fabricated material n.e.s.	246.8	....	....
Industrial furnaces, ovens and parts	216.1	421.6	....
Milk powder, whole milk	143.1	.720	....
Asbestos milled fibres, grades 4, 5	121.5	171.8	.840
Card punch machinery, computers and parts	86.6	87.1	....
Rubber fabricated materials n.e.s.	51.9	28.8	11.5
Total exports, including all others	**4,456.6**	**5,293.1**	**3,253.6**

It will take some time before the results of these programs are felt in full.

Foreign Aid Flows In

The Iranian Government is also determined to make a success of its Third Five Year Plan, which was published in 1962 but did not really begin until September 1963. This Plan envisages the spending of U.S. $260 million over the next five years; this too could mean opportunities for Canadian exporters.

Iran received and used about U.S.$200 million in foreign aid from various sources last year; of this, about U.S.$50 million represented imports of wheat and other food products. Iran did not attempt to obtain loans last year; the Government declared that it was not interested in loans that carried stipulations about their exact use. It also stated that it would prefer commercial loans to aid. The Eastern European countries responded quickly to this announcement but it is not yet clear whether Iran will use any of the low-interest loans offered, because even commercial loans carry certain conditions. However, it is clear that participation in sizable projects within the scope of the Development Plan will involve the offer of long-term financing.

Current Trade Policy

The declared objective of Iran's trade policy is to foster young industries and at the same time conserve foreign exchange. (At the end of 1963, the Central Bank held foreign exchange reserves of U.S.$100 million.) The general impression among the business community is that the import and export regulations will remain practically unchanged in the next Iranian year, which begins on March 21, 1964. The import of a lengthy schedule of goods is prohibited; other non-essential goods are permitted under letter of credit, subject to a 100 per cent deposit; semi-essential goods may be brought in on the basis of a 40 per cent deposit, documentary letter of credit; raw materials for Iranian industry are allowed on draft, subject to a 20 per cent deposit. All goods not included in any of the five schedules may be imported, subject to a 70 per cent deposit.

Canada's Trade with Iran

In 1962, the year in which the full force of the Stabilization Program was felt, Canadian sales to Iran rose to $5.3 million (Canadian figures) from $4.4 million in 1961. The main reasons were probably the high quality of Canadian products and active efforts by Iranian agents handling them. Towards the middle of last year, however, Canadian prices began to rise and in some instances this resulted in the loss of business to competitors. For the first eleven months of 1963, our sales to Iran reached $3.3 million, compared with $4.4 million for the same period of 1962.

Canada sells Iran principally raw materials for industry, spare parts for the automotive industry, construction equipment, copper tubing, nuts and bolts, staple fibre, electronic and telecommunications equipment, and electrical requirements. (See Table I.) The Iranians hold Canadian technical knowhow in high esteem and they need this knowledge in carrying out development projects. There is thus scope here for Canadian consulting engineers and for the establishment of industries in partnership with Iranians.

Iran is an important market for Canada but it is also very competitive. The average Iranian knows little about Canadian products and it is important that Canadian businessmen visit the country and discuss with the potential buyer and with agents the products he has to offer. They should also look closely at the prices and quality of products offered by other countries. It may be necessary to persuade the buyer that it pays to purchase something that is a bit more expensive because of the higher quality. In this too, personal visits can be the determining factor.

Foreign Trade Service Active

"During the 70 years that the Department has been engaged in export trade promotion it has accumulated a vast amount of knowledge and experience about foreign markets and about methods of doing business in those markets. Some measure of the effectiveness of this program can be glimpsed from the fact that last year the Foreign Trade Service alone assisted in the setting up of over 1,300 agencies or buying connections for Canadian exports, handled more than 4,000 enquiries from Canadian businessmen about foreign markets, and influenced more than $100 million in new business. This year's record, it is believed, will be better."

—JEAN-LUC PEPIN,
Parliamentary Secretary to the Minister of Trade and Commerce, speaking to the Sarnia Chamber of Commerce.

Shipping Services from Canada to the Middle East

TO:	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
CYPRUS*	Italnavi Lines *(Vanport Shipping Agency Ltd., Vancouver)* Splosna Plovba Line *(Sea Freight Limited, Vancouver)* Zim Line *(North Pacific Shipping Co. Ltd., Vancouver)*	American Export and Isbrandsten Lines *(Watts Watts Shipping Agencies Ltd., Toronto)* Canada Orient Line *(Keel Shipping Ltd., Toronto)* Hellenic Line *(Furness Withy and Co. Ltd., Toronto)* Niagara Line/Concordia Line *(Canadian Overseas Shipping Ltd., Toronto, Hamilton)* Orient Mid-East Great Lakes Service *(Hurum Shipping and Trading Co. Ltd., Toronto)* Watts Watts Line *(Watts Watts Shipping Agencies Ltd., Toronto)* Yugoslav Great Lakes Line *(The Robert Reford Co. Ltd., Toronto)* Zim Line *(March Shipping Agency Ontario Ltd., Toronto)*	American Export and Isbrandsten Lines *(Watts Watts Shipping Agencies Ltd., Montreal, Quebec City, Halifax, Saint John)* Canada Orient Line *(Keel Shipping Ltd., Montreal, Saint John)* Hellenic Line *(Furness Withy and Co. Ltd., Montreal, Saint John, Halifax)* Montship Lines Ltd. and Capo Line—G.E.N. *(Montreal Shipping Ltd., Montreal, Saint John, Halifax)* Niagara Line/Concordia Line *(Canadian Overseas Shipping Ltd., Montreal)* Watts Watts Line *(Watts Watts Shipping Agencies Ltd., Montreal, Quebec City, Halifax, Saint John)* Orient Mid-East Great Lakes Service *(Hurum Shipping and Trading Co. Ltd., Montreal)* Yugoslav Great Lakes Line *(The Robert Reford Co. Ltd., Montreal)* Zim Line *(March Shipping Agency Ltd., Montreal; Pickford and Black Ltd., Halifax; J. T. Knight and Co. Ltd., Saint John)*
ETHIOPIA *(via Djibouti)*	Nedlloyd Line *(Dingwall Cotts and Co. Ltd., Vancouver)*	Nedlloyd Line *(Montreal Shipping Co. Ltd., Toronto)* Hellenic Line	Nedlloyd Line *(Montreal Shipping Co. Ltd., Montreal, Halifax, Saint John)* Hellenic Line
IRAN	Nedlloyd and Hoegh Lines *(Dingwall Cotts and Co. Ltd., Vancouver)*	Nedlloyd Line Orient Mid-East Great Lakes Service	Hansa Line *(Watts Watts Shipping Agencies Ltd., Toronto, Montreal, Quebec City, Halifax, Saint John)* Nedlloyd Line Orient Mid-East Great Lakes Service
IRAQ	Nedlloyd and Hoegh Lines	Hellenic Line Nedlloyd Line Orient Mid-East Great Lakes Service	Hansa Line Hellenic Line Nedlloyd Line Orient Mid-East Great Lakes Service
ISRAEL	Zim Line	Zim Line	Zim Line
JORDAN		Hellenic Line Nedlloyd Line Orient Mid-East Great Lakes Service	Hansa Line Hellenic Line Nedlloyd Line Orient Mid-East Great Lakes Service

*With transhipment at Mediterranean ports; direct sailings subject to cargo inducement.

Shipping Services from Canada to the Middle East

TO:	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
LEBANON	Splosna Plovba Line	Canada Orient Line Hellenic Line Nedlloyd Line Niagara Line/Concordia Line Orient Mid-East Great Lakes Service Watts Watts Line	Canada Orient Line Hansa Line Hellenic Line Nedlloyd Line Niagara Line/Concordia Line Orient Mid-East Great Lakes Service Watts Watts Line
PERSIAN GULF	Nedlloyd and Hoegh Lines	Nedlloyd Line Orient Mid-East Great Lakes Service	Hansa Line Nedlloyd Line Orient Mid-East Great Lakes Service
SAUDI ARABIA	Nedlloyd and Hoegh Lines Splosna Plovba Line	Canada India Pakistan Line *(McLean Kennedy (Ontario) Ltd., Toronto)* Hellenic Line Nedlloyd Line Orient Mid-East Great Lakes Service	Canada India Pakistan Line *(McLean Kennedy Ltd., Montreal, Saint John)* Hansa Line Hellenic Line Nedlloyd Line Orient Mid-East Great Lakes Service
SUDAN	Splosna Plovba Line		
SYRIA		Hellenic Line Orient Mid-East Great Lakes Service Watts Watts Line	Hellenic Line Orient Mid-East Great Lakes Service Watts Watts Line
TURKEY	Zim Line	American Export and Isbrandsten Lines Canada Orient Line Hellenic Line Niagara Line/Concordia Line Watts Watts Line	American Export and Isbrandsten Lines Canada Orient Line Hellenic Line Niagara Line/Concordia Line Watts Watts Line
UNITED ARAB REPUBLIC	Splosna Plovba Line	Canada India Pakistan Line Canada Orient Line Fabre Line *(A. O. Minshall Co. Ltd., Toronto)* Hellenic Line Niagara Line/Concordia Line Orient Mid-East Great Lakes Service Watts Watts Line	Canada India Pakistan Line Canada Orient Line Fabre Line *(Saguenay Shipping Limited, Montreal, Halifax; R. C. Elkin Limited, Saint John)* Hellenic Line Niagara Line/Concordia Line Orient Mid-East Great Lakes Service Watts Watts Line

Import and Exchange Regulations in the Middle East

J. M. H. DAVISON, *Asia and Middle East Division.*

The import and foreign exchange control regulations currently in effect in the Middle Eastern countries are summarized in the following pages.

BAHRAIN

Import licences are not generally required in Bahrain but the import of certain goods such as firearms, alcohol and ammunition requires special permits. All imports must be accompanied by a certificate from the manufacturer, producer or exporter that the goods are not of Israeli origin, do not contain Israeli materials, and are not being imported from Israel. All firms wishing to import goods into Bahrain must register and obtain a Trade Registration Number, without which goods cannot be cleared through Customs.

There are no exchange restrictions. Importers normally make payment only after the merchandise has landed on the Customs wharf. Banks in the Persian Gulf area are authorized to deal in dollars and to sell them freely to residents. There are no restrictions on the payment of free dollars for goods originating in and shipped from countries in Europe.

CYPRUS

Since gaining independence on August 16, 1960, Cyprus has consistently pursued a policy of liberalizing import restrictions and, as far as possible, abolishing discrimination as between sources of supply. During 1961 restrictions were lifted on a large number of imports from the dollar area. In the summer of 1962 there was a further liberalization and today dollar exchange is available for a wide range of products under Open General Licence. Licences and dollar exchange for products not covered by Open General Licence are subject to ministerial approval.

ETHIOPIA

Imports are not subject to licensing but applications for the necessary foreign exchange must be accompanied by the supplier's invoice in triplicate, certified as true and correct and containing a full description of the goods, c.i.f. value, delivery terms and method of payment. This licence is usually valid for three months but may be extended.

The State Bank of Ethiopia is the sole authorized dealer in and controller of foreign exchange and transactions must be effected through it. It is customary for drawees to pay drafts only upon arrival of the merchandise. Imports previously subject to prior deposit are authorized for payment on any terms, including mail or telegraphic transfer, letter of credit, cash against documents at sight, or time draft of up to 90 days. If payment is made by cash against documents on acceptance, credit terms should be stated on the application. Documentary evidence of import of goods must be submitted to the Import Control Department at the State Bank within a maximum of three months from date of issue of licence.

Foreign exchange is normally granted freely in the currency of the country of origin of the goods to be imported, in U.S. dollars, or in sterling.

IRAN

Regulations affecting the import of commodities are issued effective from March 21 of the current year to March 20 of the following year. Under the current regulations, the import of a long list of goods is prohibited. All other goods may be imported within the limits of the relevant regulations. Goods imported under bilateral agreements are subject to the terms of the specific agreements as well as the current regulations. Importers are not required to obtain an import permit in advance for goods the import of which is authorized under the general import quota; these licences are issued automatically at the time of release of goods from Customs. Imported goods must generally be new and unused. The import of goods as gifts without the transfer of foreign exchange does not require an import licence, provided the total value does not exceed 10,000 reals (approximately $142.70) per person per year, and if they are of no commercial value. A number of products that may be imported are subject to a commercial profits tax, levied either on a specific basis or ad valorem, according to the product.

All imports must be paid for by letter of credit except for essentials such as pharmaceuticals, newsprint, and industrial and agricultural equipment; these may be imported on a collection basis. For the purposes of providing foreign exchange for payment of authorized imports, the Central Bank of Iran has classified commodities into four categories, depending upon their essentiality. On essential goods a prior deposit of 20 per cent of the value must be made. Semi-essential goods require a prior deposit equal to 40 per cent and non-essential goods 100 per cent. Any goods that do not appear in the schedules of authorized goods or in the schedule of prohibited goods are subject to a deposit of 70 per cent of value.

IRAQ

All imports except commercial samples up to a value of I.D.10 (approximately $30.22) require import licences from the Director General of Imports & Exports and these must be obtained before orders are confirmed abroad. Exporters are advised to make certain that a valid import licence has been issued, because foreign exchange will not be released without it. For import control, goods are classified in three categories according to their essentiality: essential commodities, such as machinery, which are given priority in the issue of import licences and allocation of foreign exchange; other essential commodities, with limited allocations within importers' quotas, and some 90 commodities the import of which is prohibited. Licences for luxury goods are granted infrequently and almost no licences are granted for goods that compete with Iraqi manufactures. Shipments arriving in Iraq not covered by an import licence may be confiscated. Most import licences are issued c. and f. and are valid for one year, during which the importer must open the letter of credit through an authorized bank.

Licences for imports authorize importers to purchase exchange from the banks at the official rate. The banks generally require a cash deposit of 25 per cent of the value when the letter of credit is opened. Drawees generally pay documentary bills after the merchandise has arrived.

ISRAEL

In order to import, a merchant must obtain an Approved Importer's Certificate from the Government and this must be renewed annually. Import licences issued by the appropriate licensing authorities are required for all imports not included on the official free list—that is, all items except government imports, passenger baggage and certain gifts. The validity of import licences ranges from nine to twelve months. Merchandise not covered by a valid import licence is subject to confiscation.

Transfer of foreign exchange is controlled by the Ministry of Finance through authorized banks, but foreign exchange for merchandise on the free list is issued automatically. Otherwise, import licences provide for the allocation of and right to purchase foreign exchange. Drawees normally make payment only after arrival of merchandise. With the exception of those countries with which Israel has trade clearing agreements, there are no restrictions on the use of dollars to pay for goods originating in and shipped from Europe. When a letter of credit is opened, the drawee is required to make a partial or full covering deposit. The deposit varies with both the customer relationship and the percentage of foreign exchange required by the import licence.

JORDAN

An import licence and exchange permit are required for practically all merchandise entering Jordan, and are issued by the Controller of the Import Department of the Ministry of National Economy. They are usually valid for six months and may be extended up to four months for justifiable reasons. Goods with a value of less than J.D.50 or the foreign currency equivalent do not require an import licence. Merchandise not covered by an import licence is subject to confiscation or to the imposition of fines on arrival. If goods are imported under letter of credit, the credit must be opened within 45 days of the issue of an import licence. Goods shipped under letter of credit should arrive in Jordan not later than one month after the import licence expires.

Although the issue of an import licence assures the importer that foreign exchange will be granted, most imports require exchange permits as well as import licences. Drawees generally make payment only upon arrival of the merchandise.

KUWAIT

Licences are not required for imports into Kuwait. A few commodities, such as alcoholic drinks, guns and ammunition, opium, poisonous drugs, alcoholic spirits, certain printed matter, false coins, weights and stamps are prohibited entry. All shipments to Kuwait must be accompanied by an authentic certificate from the manufacturer, producer or shipper showing that the goods are not of Israeli origin and that no Israeli products were used in their manufacture. Without this certificate, the goods are liable to confiscation. Goods not cleared within ten days are subject to demurrage charges. If they are not cleared from Customs within one year of arrival, they may be sold at auction.

There are no exchange regulations covering imports and exchange is supplied from the official dollar market. Merchants generally await arrival of the goods before making payment. There are no restrictions on the payment of dollars for merchandise originating in and shipped from countries in Europe.

LEBANON

With the exception of certain listed articles that require a prior import licence, all other goods may be imported into Lebanon freely and do not require a licence. Import licences, when required, are valid for six months and may be extended for a further six if application is made in writing before the licence expires. Merchandise not cleared through the Customs within eight days is subject to a surtax. Goods may remain in Customs for six months before being cleared, after which they become liable to confiscation or sale at public auction.

Imports may be paid for in foreign exchange bought in the free market. It is customary for payments to be made after the arrival of the merchandise unless the buyer and seller make other arrangements. There are no restrictions on the payment of dollars for shipments originating in and shipped from countries in Europe.

QATAR

Imports are not subject to licence, with the exception of firearms, alcohol and alcoholic drinks. The import of opium, cocaine, other dangerous drugs and cultured pearls is prohibited. Merchandise imported must be cleared within twenty days, after which it becomes subject to a fine; after six months merchandise not cleared from Customs is subject to sale at auction. Shipping documents must include a certificate of origin signed by a Chamber of Commerce and a certificate from the shipper that the merchandise is not of Israeli origin, is not exported from Israel, and does not contain Israeli materials.

No exchange permit is required and banks in the Persian Gulf are authorized to deal in dollar exchange and sell freely to residents. Drawees normally make payment after arrival of merchandise. Payment in dollars for goods shipped from countries outside the dollar area is not restricted.

SAUDI ARABIA

Practically all goods may be imported freely into Saudi Arabia, although the import of a few items and of all goods from Israel is prohibited. Merchandise not cleared through Customs within seven days is subject to heavy demurrage charges. After a year, merchandise still uncleared is subject to confiscation and sale at auction.

Exchange transactions are absolutely free. There are no restrictions on the use of dollar currency to pay for merchandise originating in and shipped from countries in Western Europe. Because payment of interest is not allowed, drafts should not carry interest clauses. It is customary for drawees to make payment only upon arrival of the merchandise.

SUDAN

Imports into Sudan are subject to licence issued by the Ministry of Commerce, Industry and Supply. Essential goods such as raw materials for domestic industries and certain textiles may be imported under Open General Licence. For goods admitted under Open General Licence, the importer registers a pro forma invoice with the Ministry. He then receives a registration form which serves as an import licence for exchange control and Customs purposes. Import licences are issued for three months but extensions may be granted. Merchandise arriving in the Sudan not covered by an import licence or registration form cannot be cleared before the expiry date of either document. Goods not cleared within six months are subject to sale at auction.

Import licences and registration forms include authorization to purchase foreign exchange. It is customary for drawees to make payment only after arrival of goods; imports from Canada may be paid for in either Canadian or U.S. dollars or in sterling. The opening of a letter of credit must be accompanied by a 40 per cent deposit.

SYRIA

Import licences are required for all goods and are valid for four months. Under the regulations, commodities are classified in four categories. There is a schedule of non-essential or prohibited goods, a schedule of commodities the import of which is temporarily suspended, a list of non-essential goods subject to licence, and a schedule of goods admitted freely but without foreign exchange from the Central Bank. Other goods may be freely imported, and, in theory, the Central Bank makes foreign exchange available. All goods without exception must be imported direct from the country of origin.

Export licences are valid only after approval by the Ministry of Economy. A copy must be forwarded to both the Exchange Office and the authorized bank, which will release the required foreign exchange. Special applications must be filed for exchange at the official rate. Exporters should not ship until payment is assured or confirmation received that an import licence and exchange permit have been granted.

TURKEY

All imports require licences, application for which must be made to authorized banks. Importers must obtain an Importer's Certificate renewable annually and issued by a Chamber of Commerce or Chamber of Industry. Industrialists, exporters, mine operators, and tourist establishments do not require a certificate when importing for their own use. An application for an import licence must be accompanied by a deposit in either cash or bonds ranging between 20 and 40 per cent for industrialists and between 30 and 50 per cent for other importers. Licences are valid for six months and imports must be effected within that period. For goods requiring a supplementary time limit for manufacturing, the Chamber of Commerce or Industry will issue a permit. Import licences are valid only for the tariff headings indicated in the licence and goods must be indicated against such headings.

Imports are divided into two lists which are revised every six months. The first list includes liberalized goods for which licences are issued freely and the second goods licences for which are allocated on the basis of global quotas. Applications for goods included in the quota list must not exceed 20 per cent of the quota to which they refer. No time limit is required for goods included in the free import list.

The granting of a licence guarantees the necessary foreign exchange. Payments covering exchange of goods with countries with which Turkey has concluded agreements are made in accordance with the provisions of the agreements in question, in U.S. dollars, or in convertible currencies of the European Monetary Area. Payments for trade with countries with which Turkey has no payments agreement (this includes Canada) are made in U.S. dollars for the dollar currency area and in U.S. dollars or in currencies convertible into dollars for other areas. Imports are generally financed by letter of credit.

UNITED ARAB REPUBLIC

Most imports require a licence; these are valid for one year for the opening of letters of credit and for the arrival of the goods. Importers apply for licences every half year, in January and July. Applications for import licences can be made only by government-owned or government-controlled importing organizations, (each of which imports certain commodity groups) and from factories. When import licences have been granted, factories may import directly raw materials, spare parts and machinery only for their own requirements, subject to clearance by the Ministry of Economy. All other organizations must import through an authorized government-controlled company. The import from all sources of a long list of goods—including luxury articles, certain chemicals, certain foods, cement and generally products which are produced locally—is prohibited.

The import licence entitles the importer to buy the necessary foreign exchange from the Central Bank through authorized banks. All importers pay a premium which is fixed for approved imports by the Ministry of Economics from time to time. ●

COMMODITY NOTES

Beer

WEST GERMANY—A higher standard of living is affecting German beer consumption because it is changing the locale from the neighbourhood tavern to the home. Consumers are staying at home more, partly to watch television and partly because of a lack of parking spaces close to the taverns and bars. Two out of three glasses of beer consumed in West Germany today come from a bottle or can—Duesseldorf.

Cashews

MOZAMBIQUE—The world's first factory for the automatic shelling of cashew nuts has started preliminary tests at Antonio Enes, a port 500 miles north of Beira on the Mozambique coast. The decorticating process is still a secret. It is hoped that the automatic method of heating the nut, extracting the oil from the shell and then breaking it will greatly increase the country's foreign exchange earnings. The plant will eventually produce an estimated 6,000 tons of shelled nuts a year. It will also produce cashew oil used for, among other things, tempering of metals, and a preserve from the cashew fruit which is used for brewing a local beverage—Johannesburg.

Chemicals

KUWAIT—The Kuwait National Fertilizer Company will build an ammonia plant with a capacity of 400 tons per stream day, plus additional plants to convert ammonia to urea, ammonium sulphate and other derivatives, in the Sheiba industrial area north of Ahmadi. They will use natural gas from the Burgan oilfield. The contract for the ammonia plant has been put to international tender and an award is expected soon—Beirut.

Coke and Char

PAKISTAN—The West Pakistan Industrial Development Corporation has been given government sanction to set up Pakistan's first low-temperature coal carbonization, briquetting and curing plant at Quetta.

The plant is expected to cost about $5 million and will produce about 40,000 tons of coke briquettes and about 17,000 tons of char a year. A German firm investigated the suitability for this purpose of the coal found near Quetta—Karachi.

Exercise Books

TRINIDAD—The firm of Trinpad Ltd. was formed recently to manufacture exercise books, writing pads, stenographers' notebooks, other note-taking pads and gift wrapping paper. The machinery, which has already been ordered from West Germany, will be completely automatic and will have a capacity of 10,000 eighty-page exercise books per hour. Production is expected to begin by midyear.

Trinidad's annual consumption of exercise books is estimated at four million. In 1962, it imported pads, registers and other writing paper to the value of W.I. $987,654, of which Canada's share was W.I.$161,483. Preliminary import figures for January to June 1963 were W.I.$429,253, of which Canada supplied W.I. $102,359. Canada's exports of exercise books to Trinidad may be adversely affected by this development—Port-of-Spain.

Furniture

WEST GERMANY—New furniture designs taking hold in Germany are changing the idea that furniture should be built to last a lifetime, and the German people are showing a preference for separate articles rather than complete living and dining room suites. The suites that are being produced tend to be reproductions made from light oak, walnut and teak.

Modern kitchens are also more in demand, probably because of the drastic shortage of domestic servants and the increasing number of women who are working. In this country, kitchen cupboards are not generally built into homes or apartments but are purchased separately by the home owner or tenant.

West Germany's furniture imports rose from $20 million in 1961 to $25 million in 1962, and reached over $21 million in the first nine months of 1963—Duesseldorf.

Paper

SWEDEN—The price of fine paper sold in Sweden has been increased by between 3 and 4 per cent, or 50 kronor per ton on the average—Stockholm.

Paper Bags

FINLAND—A Finnish firm, Oy Wilhelm Schauman AB of Jakobstad, has decided to build a factory with an annual production capacity of 40 million paper bags—Stockholm.

Petroleum

U.S.S.R.—The Soviet delegation to a recent conference in West Germany reported that petroleum output in the U.S.S.R. had increased by 88 million tons over five years, reaching 186.5 million in 1962. More than 300 new oil and gas fields and 420 deposits were discovered in Western Kazakhstan, Siberia and elsewhere from 1959-62. Petroleum and natural gas account for 46 per cent of national fuels and by 1965 their share is expected to reach 51 per cent. The sharp increase in petroleum production stems from growing domestic demand—Moscow.

Plastic Pipeline

SWEDEN—One of the world's longest continuous plastic pipelines for water supply was completed last November by Svenska Metallverken's mobile pipe-moulding plant, which operated continuously for 12 days and nights to produce the pipe in one length. The pipe weighs 22 tons, is 4,840 yards long and 5½ inches in diameter.

The polythene pipeline has been in operation since December, supplying an extra 13,200 gallons of water a day to Sigtuna, a small town north of Stockholm. It will be used for about five years until Sigtuna has been connected to the water-main network for the Stockholm region. To purchase and lay the pipe cost Kr.182,000 ($38,000) compared with three times that amount for a conventional waterpipe—Stockholm.

Polyether Foam

GHANA—A Ghanaian company, Modern Furniture Limited, has begun producing polyether foam for cushioning. A polyurethane conversion unit is also being installed in the new factory—Accra.

Roadbuilding Equipment

SOUTH AFRICA—Letourneau-Westinghouse Company of Illinois and Samuel Osborn S.A. (Pty.) Limited of Johannesburg will set up a factory near Johannesburg to produce motor graders, motor scrapers, spare parts, and possibly the biggest twin-axle, off-highway truck in the world—the 65-ton Haulpak.

To begin with, the local firm will make the frames, chassis, cab fenders, engine cowlings and radiators. The truck range will be made to order. The road graders and scrapers will be on continuous production and the target for the first year is 60 graders. This will be the third firm in the Republic to manufacture road graders —Johannesburg.

Synthetic Fibres

WEST GERMANY—A number of new synthetic fibre plants will be built in West Germany this year. Farbwerke Hoechst is building a plant that will employ about 3,000 workers. Farbenfabriken Bayer, already exporting half of its monthly output of 2,000 tons of Dralon, is also planning expansion. British Nylon Spinners (50 per cent ICI, 50 per cent Courtaulds) is building a plant near Heidelberg, (employing around 1,500), to produce Nylon-66 exclusively. This company exported over 2,500 tons to Europe in 1962. Total EEC demand for nylon is estimated at 135,000 tons a year, half of it Nylon-66—Bad Godesberg.

Tractors

BRAZIL—Production of tractors during the first eight months of 1963 reached 6,165 units, of which 2,340 were light tractors, 2,893 medium and 1,022 heavy units. This brings the Brazilian industry's output since it started in 1960 (37 units were produced that year) to a grand total of 15,466 tractors—4,349 light, 9,912 medium and 1,925 heavy—São Paulo.

W. D. WALLACE, *Commercial Counsellor, Caracas.*

Venezuela Revalues the Bolivar

Two new rates have been introduced to simplify the complex foreign exchange system. Former controlled list for imports eliminated and subsidies provided for some essential imports, but not newsprint and seed potatoes.

VENEZUELA has simplified its complex system of multiple rates of foreign exchange by introducing two new rates of exchange: 4.40 bolivars and 4.50 bolivars to the United States dollar. In addition, a system of subsidies has been provided for the import of certain essential products. This action was taken by issuing Decrees No.'s 1,159 and 1,160, effective January 18, 1964, annulling the former foreign exchange control Decrees No. 390 of November 8, 1960, and No. 724 and No. 725 of April 2, 1962, (see *Foreign Trade* of May 12, 1962).

Two Rates of Exchange

The new decrees, together with an agreement between the National Executive and the Central Bank of Venezuela, provide for the Central Bank to purchase all foreign exchange from the export of petroleum and products and iron ore at a rate of 4.40 bolivars to the United States dollar, or its equivalent in other foreign currencies. The former rates were 3.09 bolivars for the oil companies and 3.33 bolivars for the iron mining companies. Foreign exchange from the export of cocoa and coffee will be purchased by the Central Bank at 4.485 bolivars to the dollar.

The Central Bank of Venezuela will sell foreign exchange to the national government and its agencies and to domestic commercial banks at 4.485 bolivars to the U.S. dollar. In turn, the banks will sell to their customers at 4.50 bolivars to the dollar.

Temporary Exceptions

Temporary exceptions to the new exchange rates are provided in the new decrees for goods purchased by the government and its agencies, and for the import by private citizens of goods included in the "List of Imports of Controlled Market" under the former Decree No. 725. The exceptions apply in the following cases:

(a) goods en route to Venezuela

(b) goods that arrived in the country before the new decrees

(c) goods whose consular invoices have been visaed within ten consecutive days following the date of publication of the new decree, January 18, 1964

(d) goods that are covered by irrevocable letters of credit opened prior to January 18, 1964, by banks in Venezuela.

Payment for debts in favour of non-resident Venezuelans that were outstanding on April 14, 1961, and that arose from merchandise imports and complied with the previous decrees will be permitted at the former rates, provided that the right to obtain foreign exchange is used by the end of the year. Similarly, payments for imports of machinery and industrial installations under Decree 759 of May 22, 1962, will be permitted to continue at the previous rates, provided that the machinery and installations arrive in Venezuela during this year.

Remittances for students or for courses started before the new decree and followed up to the month of June 1964 will be permitted in the amount and on the terms granted to that date.

Subsidies for Some Essentials

The "List of Imports of the Controlled Market", entitled under Decree 725 of April 2, 1962, to a favourable rate of exchange of 3.35 bolivars to the U.S. dollar, has been eliminated by Decree No. 1,160. This new decree establishes a subsidy of 1.15 bolivars to the dollar to be paid to importers of 27 of the listed commodities, including powdered milk, wheat, synthetic rubber, wood pulp, tinplate, agricultural machinery, certain pharmaceuticals and insecticides. To be eligible for the subsidy, an importer must obtain an import permit from the Central Bank of Venezuela, granted before the date of the visa of the consular invoices covering the imports. Among items formerly on the controlled list which must now pay the normal rate of exchange without benefit of subsidy are newsprint and seed potatoes.

Canadian exporters who wish information about products on the import subsidy list, as well as further clarification and details, should get in touch with the Latin American Division, Office of Trade Relations and Trade Policy, Department of Trade and Commerce, Ottawa, or the Commercial Counsellor, Canadian Embassy, Apartado del Este 11452, Caracas, Venezuela. ●

Lumber Market in New England

M. R. M. DALE, *Consul and Trade Commissioner, Boston.*

NEARLY three quarters of the lumber that Canada exports goes to the United States, compared with just over 10 per cent to Britain. Certain trends, however, are affecting this market. The building of multi-family dwellings that use less lumber per unit is probably the most important factor in the relative decline in lumber use both in Canada and across the border. In addition, there is a trend to slab foundations for single dwellings in both countries, and the substitution of plywood and other wooden panel products, particularly softwood plywood, for lumber. Since 1960 consumption of softwood plywood in North America has increased by about 8 per cent a year but lumber consumption has only risen by 2½ per cent.

Growing Demand

An important part of the U.S. lumber market is the New England States, a traditional spruce-producing region which is turning to Canadian spruce to provide a measure of its growing lumber requirements. New England lumber wholesalers are finding new outlets, particularly in house construction, for Western white spruce from British Columbia and Alberta and Eastern Canadian spruce from the Maritimes, Quebec and Ontario. The manufacturing and industrial sectors are also showing substantial interest in Canadian hard maple and birch plywood. Western lumber from the Pacific coast is being marketed through cargo shipments to New England ports. Most of the Canadian shipments of spruce reach the consuming area by rail, although truck shipments from Eastern Canadian suppliers are increasing. Lumber retailers in the area claim that there is a strong demand for Canadian wood at current prices. Home builders appear to favour Canadian lumber for both appearance and quality.

Graded by U.S. Rules

For the shipment of lumber to the United States, Canadian associations use the lumber-grading rules of the U.S. associations that have been approved by the American Lumber Standards Committee. On this basis, therefore, lumber associations in Western Canada use the grading rules of the West Coast Lumber Inspection Bureau and of the Western Pine Association, appropriate to the species being graded. In Eastern Canada, similarly, lumber for export to the United States is graded in terms of U.S. lumber rules. For example, white spruce in Eastern Canada is graded by the rules of the North Eastern Lumber Manufacturers' Association (NELMA). The Canadian rules (Eastern Spruce Grading Committee) used for domestic shipments of Eastern Canadian spruce are identical with those of NELMA.

Promoting Sales

Lumber wholesalers in New England are well connected with Canadian suppliers who visit them regularly and they are in contact by phone and teletype with their shippers. In addition, the bigger wholesalers in New England travel frequently to Western Canada. The biggest gap, however, remains in the Eastern Canadian spruce and hardwood sector. Wholesalers report a growing interest in locating reliable new sources in Eastern Canada for such products as spruce studs, rough 2 × 10 scantling or scaffolding, cleat stock, furring strips, and Eastern white cedar shingles to meet a steady demand in New England. On the industrial side, there is interest in box-spring frame stock and birch and maple industrial flooring.

At the New England Home Show, to be held in Boston from March 4-10, Canadian lumber will be promoted through the setting-up of a wood products information booth. Representatives from Canadian lumber associations, from the Forest Products Division of the Department of Trade and Commerce in Ottawa, and from the Boston office of the Trade Commissioner Service will be on hand to answer questions and to offer information on the uses of Canadian lumber. ●

The Ocean Freight Market

THE ocean freight market responded to an exceptionally heavy demand for tonnage in the grain trade in the last quarter of 1963, lifting charter rates to the highest level since the Suez Canal crisis. In some trades, the average rate for the quarter reached twice the rate for the corresponding quarter last year. Towards the end of the period, however, the market gave up some of its earlier gains.

Tanker rates in the various trades rose moderately and held firm during the quarter. Although increases in the bulk oil trades were less marked than in the dry cargo trades, the level reached was considerably higher than a year ago.

Charter rates acquired a firmer tone in the early part of the year, remained relatively stable during the summer months, and began to climb in the last quarter above levels reported over the past six years. The index of tramp shipping freights (voyage rates) compiled by the Chamber of Shipping of the United Kingdom rose from 93.1 in January to a high of 134.8 in October and averaged 109.0 for the year. This compares with 100.0 for the base year 1960 and 89.1 for 1962. A major factor influencing the rates in 1963 was the poor European grain crop, which created an urgent demand for grain imports and followed a severe and protracted winter that had increased the normal demand for coal and oil. The outstanding developments affecting the freight market were the grain purchases by the Soviet Union and Communist China. Additional support for the market came from the renewed activities of Japanese importers of grain, coal and scrap metal. A significant development for the export trade of Western Canada was the substantially increased volume of sulphur shipments. Current interest in time chartering may be taken as an indication that charterers anticipate a period of relatively high rates.

CHARTER RATES—FOURTH QUARTER 1963

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

TIME CHARTERS

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

	1963 Fourth Quarter		1962 Fourth Quarter	
	A £ or U.S.$	B Can.$	C £ or U.S.$	D Can.$
General Trading (approximately 6 months)				
Motorships, 9,000-10,999 dwt., 9-10.0 knots	....	....	....	....
Motorships, 9,000-10,999 dwt., 11-12.9 knots	$2.94	3.17	$2.24	2.42
Motorships, 11,000-12,999 dwt., 11-12.9 knots	....	....	....	....
Motorships, 9,000-10,999 dwt., 13-15 knots	$3.58	3.86	$2.73	2.95
Motorships, 11,000-12,999 dwt., 13-15 knots	$3.82	4.13	$2.28	2.46
Motorships, 13,000-15,000 dwt., 13-15 knots	$3.48	3.76	$2.23	2.41
Steamships, 9,000-10,999 dwt., 9-10.9 knots	$3.05	3.29	$1.89	2.04
Steamships, 9,000-10,999 dwt., 13-15 knots	$3.64	3.93	....	....
Steamships, 11,000-12,999 dwt., 9-10.9 knots	....	....	....	....
Steamships, 11,000-12,999 dwt., 13-15 knots	....	....	$2.15	2.32
General Trading (approximately 12 months)				
Motorships, 9,000-10,999 dwt., 9-10.9 knots	$3.92	4.23	....	....
Motorships, 9,000-10,999 dwt., 11-12.9 knots	$3.51	3.79	....	....
Motorships, 9,000-10,999 dwt., 13-15 knots	$4.14	4.47	$2.53	2.73
Motorships, 11,000-12,999 dwt., 13-15 knots	$3.73	4.03	$2.24	2.42
Motorships, 11,000-12,999 dwt., 11-12.9 knots	$3.07	3.32	....	....
Motorships, 13,000-15,000 dwt., 13-15 knots	$3.50	3.78	$1.96	2.12
Steamships, 9,000-10,999 dwt., 9-10.9 knots	$2.62	2.83	$1.92	2.07
Steamships, 11,000-12,999 dwt., 9-10.9 knots	....	....	....	....
Steamships, 11,000-12,999 dwt., 11-12.9 knots	$3.39	3.66	....	....
Steamships, 13,000-15,000 dwt., 13-15 knots	....	....	....	....

	1963 Fourth Quarter		1962 Fourth Quarter	
	A	B	C	D
	£ or U.S.$	Can.$	£ or U.S.$	Can.$
West African Rounds				
Motorships, 9,000-10,999 dwt., 11-12.9 knots	26s. 7d.	4.01	15s. 6d.	2.34
Motorships, 9,000-10,999 dwt., 13-15 knots	29s. 1d.	4.39	17s. 0d.	2.57
Motorships, 11,000-12,999 dwt., 11-12.9 knots	....	....	....	....
Motorships, 11,000-12,999 dwt., 13-15 knots	....	....	....	....
Steamships, 9,000-10,999 dwt., 9-10.9 knots	....	....	....	....
Steamships, 9,000-10,999 dwt., 11-12.9 knots	27s. 6d.	4.15	....	....
Steamships, 9,000-10,999 dwt., 13-15 knots	....	....	....	....

TRIP CHARTERS

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

	1963 Fourth Quarter		1962 Fourth Quarter	
	A	B	C	D
	£ or U.S.$	Can.$	£ or U.S.$	Can.$
Heavy Grain (per long ton)				
St. Lawrence to Britain	61s. 2d.	9.24	35s. 7d.	5.37
St. Lawrence to Belgium/Holland	$7.66	8.27	$3.00	3.24
St. Lawrence to U.S.S.R. Baltic	....	....	....	....
St. Lawrence to U.S.S.R Black Sea	$9.58	10.35	....	....
Churchill to Britain	70s. 0d.	10.57	....	....
Churchill to Belgium/Holland	....	....	....	....
Great Lakes to Britain	106s. 6d.	16.08	55s. 6d.	8.38
Completing St. Lawrence	....	....	35s. 0d.	5.29
Great Lakes to Belgium/Holland	$10.40	11.23	$6.75	7.29
Completing St. Lawrence	$6.35	6.86	$2.89	3.12
Halifax/Saint John to Britain	48s. 10d.	7.36	36s. 1d.	5.45
Halifax/Saint John to Belgium/Holland	$5.35	5.78	....	....
Halifax/Saint John to U.S.S.R. Black Sea	$9.25	9.99	....	....
British Columbia to Britain	$10.54	11.38	$6.03	6.51
British Columbia to Belgium/Holland	$8.49	9.17	$5.94	6.42
British Columbia/North Pacific to Japan	$7.55	8.15	$5.54	5.98
British Columbia to West Coast of India	87s. 0d.	13.14	59s. 6d.	8.98
British Columbia to Communist China	51s. 10d.	7.82	43s. 3d.	6.53
British Columbia to U.S.S.R. Pacific	....	....	....	....
British Columbia to U.S.S.R. Black Sea	....	....	....	....
Lumber and General Cargo (per long ton)				
British Columbia to Britain	$14.80	15.98	$11.52	12.44
British Columbia to Australia	$18.47	19.95	$11.60	12.52
Scrap Iron and Steel (per long ton)				
U.S. Atlantic to Japan	$16.28	17.58	$9.12	9.85
California to Japan	$9.33	10.08	$6.39	6.90
Coal (per long ton)				
Hampton Roads to Belgium/Holland	34s.8d.	5.23	19s. 6d.	2.94
Hampton Roads to Japan	$9.33	10.08	$5.92	6.39
British Columbia to Japan	$6.10	6.59	....	....
Black Oil (per long ton, tankers)				
Venezuela to Portland, Maine	$2.24	2.42	$1.50	1.62
Persian Gulf to Portland, Maine	....	....	$3.17	3.42
Sulphur (per long ton)				
British Columbia to Bombay	$11.75	12.69	....	....
British Columbia to Britain	51s. 3d.	7.74	....	....

—Transportation Division, Trade Services Branch

FOREIGN TARIFFS AND TRADE REGULATIONS

Australia

TARIFF BOARD INQUIRIES—The Australian Minister for Trade and Industry has asked the Tariff Board to conduct inquiries and report to him on whether assistance should be given to local industries manufacturing the following products:

Static transformers rated for use at nominal system voltages exceeding 75,000

Pipes and tubes of iron and steel

Bubble levels

Polyvinyl chloride, polyethylene and polypropylene monofilaments

Hand saws, blades, handles and frames.

The dates for the hearings have not yet been announced—Canberra.

NEW DUTIES ON PILLOWCASES—The Minister for Trade and Industry, following the recommendation of the Tariff Board, has announced that effective January 24 new duties will apply on imported pillowcases. These new duties maintain the level of the previous duties plus the temporary duties which had applied since September 1963.

The Tariff Board also recommended that the inquiry be looked upon as an interim one in view of the fact that the protective needs of the industry were to be re-examined in the forthcoming inquiry on sheets, sheeting, pillowcases, etc.—Canberra.

Austria

NEW LIBERALIZATION MEASURES—The Government of Austria has advised the GATT Secretariat that, as from January 1, 1964, some 82 additional tariff items or sub-items have been freed from restriction when imported from member countries of the GATT, with the exception of Cuba, Czechoslovakia and Japan. Austrian authorities also indicated that further liberalizations are envisaged for July 1, 1964, and January 1, 1965, and that existing global quotas for commodities under import control have been further increased by 20 per cent.

The list of items liberalized with effect from January 1, 1964, includes:

Molasses
Printing ink
Linen yarn made up for retail trade
Hemp yarns and fabrics
Machine knotted rugs
Shawls, scarfs, mufflers, kerchiefs, ties
Bed, table and kitchen linen
Hats
Lamps of porcelain and stoneware
Glass wool and articles thereof
Cables
Ropes
Cords of iron or barbed wire
Knives, spoons, forks and tableware
Electric cooking plates
Bicycles
Plastic boats, sport and luxury boats

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

Britain

CUSTOMS TARIFF CHANGES—The Import Duties (General) (No. 1) Order 1964 introduces changes in the British tariff in regard to preferential duties on items containing silk and man-made fibres. The effect is to create or allow a greater "tolerance" for certain products containing silk or man-made fibres which will allow them to claim duty-free entry under the preferential tariff. The changes are essentially of two types. The first provides for the rates of import duty on certain made-up textile goods, classified in Chapters 40, 58, 59, 60, 61, 65 and 94 of the British Tariff, containing 5 per cent or less by value of silk or man-made fibres, to be the same as those for similar goods containing no silk or man-made fibres. The new order now provides a tolerance for these products (where none existed before) of 5 per cent by value of silk or man-made fibres before a preferential duty will apply.

The second change extends the preferential duty-free entry to toys and dolls and certain other goods classified in chapter 97 of the customs tariff which contain more than 5 per cent but not more than 20 per cent by weight of silk or man-made fibres. The result is that for toys the tolerance is increased from 5 per cent to 20 per cent.

The same order removes the specific rates of duty on certain boot, shoe or corset laces not containing silk or man-made fibres while retaining the ad valorem rates, and also removes the import duty on locust bean kernels.

These changes came into effect February 5, 1964.

Information as to whether specific commodities are affected by these changes may be obtained from the

Office of Trade Relations and Trade Policy, Department of Trade and Commerce, Ottawa.

Denmark

NEW LIBERALIZATION LIST—Whisky, cognac, liqueurs and other alcoholic beverages have been added to the list of commodities which have been liberalized for import into Denmark as from January 1, 1964. The list was published in the January 25, 1964, issue of *Foreign Trade*.

Iraq

IMPORTS OF FOODSTUFFS, NON-ALCOHOLIC DRINKS—Importers of foodstuffs and non-alcoholic drinks that include fragrant, flavouring or colouring components are required to produce with every consignment an official certificate issued by the government authorities of the country of origin testifying that such components are used in the correct percentages and that, as such, they are issued for local consumption in the country of origin. The certificate should be certified by the Iraqi mission in the country of origin. Unless such certificate is produced, no consignment of such commodities will be permitted to leave the Customs. This order comes into effect in three months from the day of publishing it in the Official Gazette—Beirut.

Saudi Arabia

CERTIFICATES REQUIRED TO ACCOMPANY IMPORTS—The Ministry of Commerce and Industry of Saudi Arabia recently issued a notice, to be effective from the date of announcement, that foreign goods imported into the Kingdom must be accompanied by the following certificates:

(1) A certificate from the shipping company certifying that the ship is not Israeli, will not call at Israeli ports during the journey to the Kingdom, and is not blacklisted.

(2) A certificate from the insurance company certifying that it is not blacklisted.

(3) A certificate from the factory or the exporting company, recognized by the Chamber of Commerce, to the effect that the exported goods originate purely from the exporting country.

The notice states further that these documents must be legalized by the Saudi Arabian diplomatic representation, if any, or by another Arab representation. In case such representations are not available, the documents will be certified by the bank acting as correspondent. This means that the documents required for shipments to Saudi Arabia—bill of lading, insurance policy and invoice—must be accompanied by appropriate certificates as indicated above or have such declarations included on all copies of the various documents forwarded to Saudi Arabia.

Trade Commissioners on Tour

Bahamas—R. W. Blake, Commercial Counsellor in Kingston, Jamaica, will visit Nassau March 8-14.

British Honduras—R. H. M. Cathcart, Assistant Commercial Secretary in Kingston, Jamaica, will visit British Honduras February 29 to March 8.

Ceylon—W. G. Brett, Trade Commissioner in Bombay, India, will visit Ceylon toward the end of March.

Chile—J. R. Midwinter, Commercial Secretary in Santiago, will visit Puntas Arenas and the Province of Magallanes March 2-7.

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

India—W. G. Brett, Trade Commissioner in Bombay, will visit Goa and Kerala toward the end of March.

Italy—J. H. Stone, Commercial Counsellor in Rome, will visit Sardinia March 7-10 and Florence March 23-25.

W. J. Jenkins, Commercial Secretary in Rome, will visit development projects in Southern Italy February 24-29.

J. J. R. Gagnon, Assistant Commercial Secretary in Rome, will visit Naples March 15-17, and Palermo and Catania (Sicily) May 18-23.

Ivory Coast—R. A. Kilpatrick, Assistant Commercial Secretary in Accra, Ghana, will visit the Ivory Coast March 8-12.

Liberia—M. S. Strong, Commercial Counsellor in Accra, Ghana, will visit Liberia February 24-28.

Libya—W. J. Jenkins, Commercial Secretary in Rome, will visit Benghazi April 12-18.

Malta—J. H. Stone, Commercial Counsellor in Rome, will visit Malta April 27-May 3.

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

Pakistan—R. D. Sirrs, Commercial Secretary in Karachi, will visit Dacca, Chittagong and Khulna in East Pakistan during the week of March 3.

Poland—K. Nyenhuis, Commercial Counsellor in Copenhagen, Denmark, will visit Poland March 3-11. Mr. Nyenhuis asks that businessmen write to him during that time c/o the Canadian Embassy, Ulica Katowicka 31, Saska Kepa, Warsaw, Poland.

South Africa—R. G. Godson, Assistant Trade Commissioner in Cape Town, will visit Beaufort West, Kimberley, Upington, Alexander Bay and Okiep February 25-March 5.

Tennessee—G. E. Blackstock, Consul and Assistant Trade Commissioner in New Orleans, will visit Memphis March 13-16 and Nashville March 17-18.

Texas—T. F. Harris, Consul and Trade Commissioner in New Orleans, will visit Houston April 6-8, Austin April 10-13, and San Antonio April 14-16.

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

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 .925926.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 10	Units per Canadian dollar	Notes (see below)
Argentina	Peso	Free	.008151	122.68	
Australia	Pound		2.4173	.4137	
Austria	Schilling		.04182	23.91	
Bahamas	Pound		3.0216	.3310	
Belgium and Luxemburg	Franc		.02169	46.10	
Bermuda	Pound		3.0216	.3310	
Bolivia	Peso		.09114	10.97	
Brazil	Cruzeiro	Official Free	.001770	564.97	
		Special Category	†	†	
Britain	Pound		3.0216	.3310	
British Guiana	Dollar		.6295	1.59	
British Honduras	Dollar		.7554	1.32	
Burma	Kyat		.2268	4.41	
Ceylon	Rupee		.2266	4.41	
Chile	Escudo	Bank rate	.4699	2.13	
		Free	.3359	2.98	
Colombia	Peso	Certificate	.1200	8.33	
Congo, Republic of	Franc		.007200	138.89	(4)
Costa Rica	Colon		.1630	6.13	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1500	6.67	
Denmark	Krone		.1562	6.40	
Dominican Republic	Peso		1.0800	.9259	
Ecuador	Sucre	Official	.06000	16.67	
		Free	.05832	17.15	
El Salvador	Colon		.4320	2.31	
Fiji	Pound		2.7222	.3673	
Finland	Markka		.3375	2.96	
France, Monaco, etc.	Franc		.2204	4.54	(1)
Franco-African Republics, etc.	Franc		.004408	226.86	(2)
French Pacific	Franc		.01212	82.51	(3)
Germany	D Mark		.2718	3.79	
Ghana	Pound		3.0216	.3310	
Greece	Drachma		.03600	27.78	
Guatemala	Quetzal		1.0800	.9259	
Haiti	Gourde		.2160	4.63	
Honduras	Lempira		.5400	1.85	
Hong Kong	Dollar	Free	.1887	5.31	*Jan. 31
		Official	.1889	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 Feb. 10	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02512	39.81	(4)
India	Rupee		.2266	4.41	
Indonesia	Rupiah		.003429	291.67	(4)
Iran	Rial		.01426	70.13	
Iraq	Dinar		3.0240	.3307	
Ireland	Pound		3.0216	.3310	
Israel	Pound		.3600	2.77	
Italy	Lira		.001735	576.37	
Japan	Yen		.003000	333.33	
Lebanon	Pound	Free	.3470	2.88	
Malaysia	Straits dollar		.3528	2.83	
Mexico	Peso		.08640	11.57	
Morocco	Dirham		.2160	4.63	
Netherlands	Florin		.2995	3.34	
Netherlands Antilles	Florin		.5727	1.75	
New Zealand	Pound		3.0010	.3332	
Nicaragua	Cordoba		.1543	6.48	
Nigeria	Pound		3.0216	.3310	
Norway	Krone		.1508	6.63	
Pakistan	Rupee		.2266	4.41	
Panama	Balboa		1.0800	.9259	
Paraguay	Guarani	Free	.009720	102.88	
Peru	Sol	Free	.04026	24.84	
Philippines	Peso	Free	.2769	3.61	
Portugal & Colonies	Escudo		.03757	26.60	(5)
South Africa	Rand		1.5108	.6619	
Spain and Dependencies	Peseta		.01800	55.56	
Sweden	Krona		.2082	4.80	
Switzerland	Franc		.2500	4.00	
Syria	Pound	Free	.2825	3.54	
Thailand	Baht	Free	.05192	19.26	(4)
Tunisia	Dinar		2.6136	.3826	
Turkey	Lira		.1200	8.33	(4)
United Arab Republic	Pound	Official	2.4840	.4026	
United States	Dollar		1.0800	.9259	
Uruguay	Peso	Free	.05596	17.87	
Venezuela	Bolivar	Official Free	.2405	4.16	
West Indies	Dollar		.6295	1.59	(6)
	Pound		3.0216	.3310	(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.

Markets in Brief

ETHIOPIA

Area: 400,000 square miles (Eritrea included since 1952).

Population: about 20 million.

Climate: temperate in central highlands with rainy seasons June-September and April-May; coastal areas dry and hot.

Language: Amharic and English official; Italian widely understood, especially in the north.

Currency: Ethiopian $1.00 (100 cents)=U.S.$0.40.

Weights and measures: metric system.

Electric supply: 50 cycles, 220 volts.

Capital: Addis Ababa.

Chief ports: Djibouti in French Somaliland and Assab (for Addis Ababa); Massawa (for Asmara).

Economy: agricultural, mostly subsistence farming. Coffee principal crop; cereals, animal husbandry, hides and skins, cotton being expanded through modern methods. Mining chiefly rock salt, platinum, gold and potash, but others in prospect. Manufacturing limited but important expansion planned.

Total Ethiopian imports: 1962—U.S.$103 million.

Chief imports: (millions of U.S.$) 1962—aircraft and parts 11.3, fabrics 10.4, road motor vehicles and parts 9.3, petroleum and products 9.2, clothing 5.3, rubber tires 3.3, raw cotton 2.7.

Chief suppliers: (millions of U.S.$) 1962—United States 18.6, Italy 16, Japan 14.3, West Germany 9.3, Britain 7.2, India 4.6.

Value of imports from Canada: 1963 (nine months)—Can. $96,615; 1962—Can.$104,763; 1961—Can.$120,140.

Chief imports from Canada: (Can.$'000) 1962—rubber tires 30, aircraft engines and parts 30, whisky 19, disc harrows and parts 4.

Total Ethiopian exports: 1962—U.S.$78.5 million.

Chief exports: (millions of U.S.$) 1962—coffee 42.8, hides and skins 9.9, oilseeds and cakes 8.5.

Chief markets: (millions of U.S.$) 1962—United States 31, Italy 7.7, Aden 4.9, Britain 4, Netherlands 3, France 2.8, French Somaliland 2.8.

Value of Canadian purchases: 1963 (six months)—Can.$18,302; 1962—Can.$5,170; 1961—Can.$3,619.

Chief Canadian purchases: (Can.$) 1963 (six months)—green coffee 18,302; 1962—dressed fur skins 5,170.

Import and exchange regulations: foreign exchange normally available at present. Prior deposit system has been terminated. No import licences required.

Trade agreements: one-column tariff; rates of duty apply equally to imports from all countries. Canada and Ethiopia exchange most-favoured-nation treatment.

Prices: quote c.i.f., but if shipping to Addis Ababa via Djibouti include insurance coverage to Addis Ababa.

Samples: customs duty payable if of commercial value. Such samples carried by commercial travellers require deposit of duty which is refunded on re-export. Arrangements for re-export should be made 24 hours before departure.

Correspondence: airmail; letters 25 cents per half ounce.

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

For detailed information on this market write to:

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

or

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

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