NOVEMBER 28. 64

FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

Canada's Trade with South America

Business Conditions in Eight South American Countries

Import and Exchange Controls in South America

FOREIGN TRADE

NOVEMBER 28, 1964 Vol. 122 No. 11

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

The Hon. MITCHELL SHARP, Minister.

J. H. WARREN, Deputy Minister.

O. MARY HILL, Editor.

Subscription: $5.00 o year in Canodo $7.00 obroad.

Single copies: 25 cents each.

Please forward oll orders to: Queen's Printer, Government Printing Bureau, Ottawo.

COMING—CANADA BUILDS DEMONSTRATION HOUSES IN BRITAIN, DEC. 12

- Canadian sales up to $168 million last year.
- Rise in exports continuing this year, at slower rate.
- Development projects providing scope for capital goods sales.
- Impact of LAFTA on Canadian export trade not yet clear.

Canada's Trade with South America

D. C. KNOWLES, *Latin American Division.*

IN 1963 Canadian exports to South America increased by 18 per cent, despite a 7.5 per cent decrease in total imports into these countries. This decline in imports can be attributed to three major factors: a slowdown in general economic activity in the area, currency devaluations, and deliberate measures to restrict imports. Individually the most notable declines occurred in Argentina (down U.S.$376 million), Venezuela (U.S.$133 million), Colombia (U.S.$73 million) and Uruguay (U.S.$53 million). Although some countries increased their imports, especially Chile (by U.S.$119 million) and Peru (U.S. $22 million) these gains were not large enough to maintain the over-

SOUTH AMERICAN FOREIGN TRADE

	Imports		*Exports*	
	1962	*1963*	*1962*	*1963*
		(millions of U.S.$)		
Argentina	1,357	981	1,216	1,365
Bolivia	97	104	57	61
Brazil	1,475	1.487	1,214	1,406
Chile	518	637	530	540
Colombia	540	467	463	446
Ecuador	97	126	143	166
Paraguay	40	38	33	40
Peru	534	556	538	540
Uruguay	230	177	153	165
Venezuela	1,096	963	2,594	2,629
Total	5,984	5,536	6,941	7,358

Source: International Financial Statistics. Import values are c.i.f. and export values f.o.b.

all import figure, which declined by some U.S.$466 million to a total of U.S.$5.5 billion.

Nevertheless, Canadian-South American trade continued the upward trend evident since the end of the Second World War. Exports rose in 1963 by Can.$26 million over 1962 to reach a total of $168 million. Although our imports from South America showed a smaller percentage growth of 7 per cent, they totalled $313 million. In the decade and a half since 1948, Canadian exports to South America have almost doubled and imports have increased by 2½ times.

The expansion continued in 1964 and the latest figures show that exports in the first eight months increased 4 per cent over the same period of the previous year. Imports in the first five months were up 13 per cent.

What We Trade

A closer look at these figures provides an interesting picture of Canadian-South American trade. Nearly two-thirds of Canadian imports from this area consist of petroleum and petroleum products; other significant items in the remaining third are coffee, bananas, and other tropical products. Some iron and metal ores and canned meats are also shipped to us in sizable quantities.

Canadian exports to South America cover a wide range of products but 80 per cent of them are concentrated in 70 statistical classes; the remainder consists of a great variety of small-value items. In addition to the traditional products such as wheat, asbestos, synthetic rubber, aluminum, newsprint, and pulp and paper, Canada is increasingly selling a number of more highly manufactured goods such as railway locomotives, pulp and paper making machinery, power boiler equipment, construction and maintenance machinery and business equipment. Although orders for these newer items mean substantial fluctuations in exports to individual countries from year to year, the result has been the continued growth

CANADIAN EXPORTS TO SOUTH AMERICA

	1961	*1962*	*1963*	*1964 (8 mos.)*
		(Can.$'000)		
Argentina	20,893	22,546	36,992	17,654
Bolivia	353	363	628	478
Brazil	30,076	28,481	29,432	17,276
Chile	8,225	13,278	12,329	7,332
Colombia	19,525	19.887	23,348	13,477
Ecuador	3,922	3,777	3,913	2,957
Paraguay	69	41	211	462
Peru	8,188	8,140	11,641	6,881
Uruguay	3,039	3,151	2,994	2,236
Venezuela	34.974	42,328	46,328	39,727
Total	139,264	141,992	167,816	108,480

Source: DBS f.o.b.

CANADIAN IMPORTS FROM SOUTH AMERICA

	1961	*1962*	*1963*	*1964 (5 mos.)*
		(Can.$'000)		
Argentina	3,399	5,649	5,352	2,718
Bolivia	883	957	70	55
Brazil	29,081	31,600	36,361	16,644
Chile	1,217	1,117	1,271	908
Colombia	13,023	15,658	13,576	5,167
Ecuador	7,682	8,611	7,625	3,392
Paraguay	874	378	831	221
Peru	4,233	3,225	3.770	1,376
Uruguay	1,834	793	868	561
Venezuela	216,640	224,275	243,495	104,089
Total	278,866	292,263	313,219	135,131

Source: DBS.

of sales of these products to South America as a whole.

Development Projects Help

Recently international attention has been focused on the economic problems that the developing countries face. This has resulted in a number of programs and projects sponsored by international financial institutions, individual governments, and private organizations to develop and strengthen the economies of the South American countries. This growing interest in South American development augurs well for the growth of Canadian trade with the area. In the immediate future, prospects for capital equipment should improve and in the more distant future, the strengthened economies will be able to support larger imports of other products.

New markets and opportunities are constantly developing in South America. One of the more interesting fields to be developed in recent years is the provision of engineering services to promote economic development and industrialization. Canadian firms have taken advantage of these opportunities and at the present time are supplying a wide variety of engineering services. Their major fields of activity are pulp and paper engineering, power development, and mining projects. In addition, natural resources survey contracts are being executed by Canadian firms. Nearly a score of companies are involved in activities sponsored by various governments or private interests, and international organizations are behind a dozen more projects in which Canadian engineering firms are involved.

In addition to the value of the actual contracts for these services won by Canadian firms, these activities are extremely valuable because the final project may well specify equipment which is or can be produced in Canada at competitive prices. In later years, as South American countries expand and diversify their economies, the contacts made during this initial stage should prove valuable not only for the supply of the equipment needed to expand various projects but also for some of the raw materials called for in their operations.

Effect of LAFTA

In the past year the activity of the Latin American Free Trade Association, which has as its object the removal of trade barriers to the internal marketing of products by 1973, has been increasing. The LAFTA members are Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay and Mexico, and recently Venezuela has indicated that it will seek admission to the Association as well.

Since the first set of concessions came into force on January 1, 1962, there has been a steady strengthening in the trade among the nine members. Much of this increase has taken place in items that have traditionally been traded among the member countries, but the feeling is that the Association has been instrumental in restoring the intra-zonal level of trade. This slipped to some 6.8 per cent of all LAFTA foreign trade in 1960 but has now almost returned to the 10 per cent prevailing in the early 1950's.

It is difficult to estimate the final impact on Canadian sales of this South American drive for greater continental self-sufficiency. There have been scattered instances of adverse effects on Canadian exports to the area but as yet no broad pattern of difficulties has emerged. If the economies of South American countries continue to expand, there should be greater opportunities in the future for sales of Canadian capital goods and industrial materials. ●

Argentina's Problems Lessen

SINCE October 1963, when the present constitutional Government took over, Argentina has enjoyed political stability and economic conditions have also improved. Industry and agriculture have revived noticeably, the latter aided by excellent weather and bumper harvests. Although this improvement was not at first reflected in the Argentine import position, there has been evidence in recent months that in this sector too activity is reviving.

Rising exports of agricultural products have increased buying power, helped to boost industrial activity. Five Year Development Plan, announced in September, should speed up progress. Imports will continue to be restricted until balance of payments improves.

M. B. BURSEY, *Commercial Counsellor, Buenos Aires.*

An analysis of industrial and commercial activity during 1964 shows that increased income in the agricultural and livestock sector has stimulated industrial development considerably. The higher utilization of capacity in the steel, automotive, agricultural machinery, chemical and other industries is due in large measure to the greater buying power of the agricultural community.

Official estimates forecast an increase of 6 per cent in the gross national product during the current year but some quarters feel that this estimate is too low. Although it is somewhat early to forecast what the GNP for the full year will be, indications point to a possible increase in industrial production of 20 to 25 per cent and harvests are expected to be up 20 per cent over last year. It would therefore be no surprise if the GNP in real terms expanded by 8 to 10 per cent.

Manufacturing Highlights

For the first time, Argentine steel producers have passed the million-ton production mark for a calendar year. This event coincides with the inauguration of the new steel works at Zapla, Jujuy, which will add a potential of 150,000 tons of steel and 120,000 tons of rolled products per year.

The figure of one million tons was achieved in 10 months and the estimated production for 1964 is 1.3 million tons. On this basis, steel production has increased by 333.3 per cent in the past five years. At the present time, the demand for steel is so great that the industry is producing at full capacity and a rise in demand during the next few months is indicated.

During the first half of 1964, production of motor vehicles by members of ADEFA, (accounting for over 80 per cent of national output) totalled 55,920 units, or 21,627 units above the corresponding period of 1963. Production of motor vehicles and chassis during the month of July, at 15,346 units, rose 90.3 per cent over July 1963. During the first half of this year, factory sales of motor vehicles (which included vehicles, spares, etc.) amounted to 35,000 million pesos on the basis of factory prices.

This turnover has naturally affected other sectors of the economy. Local purchases of raw materials, semi-manufactures and manufactures totalled over 15,500 million pesos during the first six months of 1964, just short of three times as much as during the same period of the previous year. Even allowing for a rise in prices, the increase is still a significant indication of the effect that an expanding motor industry has on other economic sectors.

Agricultural Output Good

Production of agricultural products, particularly wheat, exceeded expectations. Table I gives exports of grains from January 1 to October 18, 1963 and 1964.

Table II gives comparative exports of frozen and canned meats from January 1 to October 5 for 1963 and 1964.

Tables I and II show that, though exports of grains were considerably higher for the first ten months of this year compared with the same period in 1963, exports of frozen and canned meat have decreased substantially. Nevertheless, because agricultural exports constitute about 95 per cent of total Argentine exports and because of the large increase in exports of grains (particularly wheat, maize, oats and barley), the increased foreign exchange income from these exports has a dominant influence on the balance-of-payments position.

Although exports of agricultural products so far this year have exceeded those for the same period of 1963 and a good crop of wheat and flax is expected during 1964/65, production of these two during 1964/65 will probably not equal the current year. Estimates of the seeded area show a reduction of about 7 per cent for wheat and about 10 per cent for flax. Competent observers estimate that the coming wheat crop will be down about 15 per cent compared with the last. Because the high prices obtained during the present year may not be repeated next year (provisional estimates say down roughly 10 per cent), foreign income next season may drop significantly.

TABLE I

ARGENTINE GRAIN EXPORTS

	Jan. 1-Oct. 18 1963	Jan. 1-Oct. 18 1964
	(metric tons)	
Wheat	1,349,268	2,640,399
Maize	1,978,483	2,327,552
Rice	500,000	82,365
Oats	52,644	32,796
Barley	23,816	356,840
Linseed	16,537	558
Miscellaneous (including oils and meals)	1,150,570	1,067,116

TABLE II

ARGENTINE MEAT EXPORTS

	Jan. 1-Oct. 5 1963	Jan. 1-Oct. 5 1964
	(metric tons)	
Frozen beef	189,963	180,185
Chilled beef	204,696	124,562
Mutton and lamb	28,409	11,502
Canned meat	80,870	53,638
Offal	34,390	25,226
Total	**538,328**	**395,113**

The Argentine livestock industry is slowly recovering from the drought of 1962/63, but production of meat has not yet reached normal levels. The forecast for 1965 is for an increase in production of beef over 1964 and a big rise in poultry production. Already there is a trend towards increased local consumption of poultry and this may release more beef for export markets. An important factor in support of this forecast is a change in the price structure of cheap beef and high-cost poultry products.

Exports Are Rising

During the first eight months of 1964, Argentine exports totalled U.S.$970.5 million, compared with U.S.$901.7 million in the same period of 1963, an increase of 7.6 per cent. Imports for the same period totalled U.S.$663.6 million compared with U.S.$668 million for the first eight months of 1963, a decrease of 0.65 per cent.

The favourable balance in foreign trade for the first eight months of 1964 was U.S.$306.9 million, compared with a favourable balance of U.S.$233.7 million for the same period of 1963.

A significant change in Argentine export markets and in those of principal Argentine suppliers took place during the first eight months of 1964 compared with the same period of 1963, as Table III shows.

Automobiles, station wagons and trucks move down the assembly lines at Kaiser's, the largest motor vehicle manufacturing company in Argentina. During the first half of this year, members of ADEFA (who account for over 80 per cent of Argentina's output of motor vehicles) produced 55,920 units, 21,627 more than in the same months of 1963. Factory sales totalled 35,000 million pesos on the basis of factory prices. The upsurge in motor vehicle production has benefited other sectors of the economy—local purchases of raw materials, semi-manufactures and manufactures in the first half of 1964 were almost three times as much as in the same period of 1963.

Principal Argentine exports during the first eight months of 1964 are shown in Table IV and principal Argentine imports during the first eight months of 1964 in Table V.

Table V shows that all main categories of imports, with the exception of machinery and vehicles, increased considerably during the first eight months of 1964 over the same period of last year. One of the main reasons for the drop in imports of machinery and vehicles was smaller purchases of railway locomotives and rolling stock, road-building machinery, etc. Imports of the other commodity groupings expanded mainly because of the greater need of local industries for manufacturing purposes.

Five Year Development Plan

The Minister of Economy formally announced on September 28, 1964, that a Five Year Development Plan had been prepared and would shortly be placed before the President for his approval. Full details have not yet been made public but the objectives were outlined. The Plan is scheduled to begin on November 1, 1964, and envisages a growth in gross national product of 4 per cent a year. The industrial priorities will be given in the respective industrial promotion decrees, and a reduction of the budget deficit to a compatible figure will be a target which should be attained by the third year. One of the most important objectives of the Plan will be an efficient railway service, although the operating deficit will persist.

The Plan set out the following production objectives:

• *Agriculture and Livestock*—It is intended to increase cultivated land from 14.8 million hectares to 18.4 million, or 24.4 per cent. Land used for livestock will be reduced by 12.6 per cent but the development and intensification of animal husbandry will be promoted.

• *Dairy Products*—The Plan foresees the installation of 25 pasteurization plants, 100 plants for making cheese, 25 rural collection stations, and the purchase of 150 thermo-tank trucks to transport milk.

• *Poultry*—An increase of 50,000 tons of chicken meat is projected through additional poultry farms and better use of technology.

• *Mining*—Total anticipated investment, U.S.$168 million. Expected production—1.6 million tons annually of iron ore, 150,000 tons of magnesium, 7,000 tons of titanium, 245,000 tons of zinc, 500 tons of tungsten.

• *Iron and Steel*—Production of crude steel at the end of the five years should reach three million tons, requiring an investment over the period of U.S.$370 million.

• *Chemicals*—The heavy chemical industry is expected to turn out annually 61,000 tons of benzine, 63,000 of ethylene, 105,000 of caustic soda, 160,000 of Solvay soda, 334,000 of sulphuric acid, 115,000 of fertilizers and 45,000 of synthetic rubber. Investment will amount to U.S.$196 million.

• *Cellulose*—This industry is expected to produce 584,000 tons of paper annually and 350,000 tons of chemical and mechanical pulp. Investment expected, U.S.$57 million.

• *Textiles*—Cotton production will be increased to 140,000 tons a year, wool to 34,000 tons and artificial fibre to 25,000 tons.

• *Non-Ferrous Metals*—Indicated output is 41,400 tons of lead, 27,000 tons of zinc, 318,000 tons of aluminum, and 50,000 tons of copper.

• *Petroleum and Gas*—Production forecast for 1969 is 21 million cubic metres. The state-owned oil fields (YPF) will increase their capacity to 22 million cubic metres a year and the private sector to 700,000 cubic metres. Anticipated investment in gas is U.S.$246 million.

• *Electric Power*—An investment of U.S.$934 million in electric power is forecast, to produce a further 1.5 million kw.—1.3 million

TABLE III

WHERE ARGENTINA BUYS AND SELLS

	8 mos. 1963	8 mos. 1964
	(millions of U.S.$)	
Exports to:		
Britain	135.6	105.3
Italy	132.9	162.9
Netherlands	103.5	92.7
United States	100.8	63.7
West Germany	58.7	82.9
Brazil	51.6	64.3
Belgium	40.6	36.9
France	36.2	41.9
Japan	24.1	25.4
Imports from:		
United States	171.9	156.9
Italy	85.0	84.4
West Germany	76.0	67.9
Britain	51.7	48.7
Japan	41.0	12.7
Brazil	37.2	52.7
France	26.5	32.6

TABLE IV

WHAT ARGENTINA SELLS

	8 mos. 1964	8 mos. 1963
	(millions of U.S.$)	
Cereals and linseed	327.7	191.7
Meat	224.9	213.6
Other arable farm products	121.4	166.6
Wool	100.9	115.2
Hides	41.6	46.3
Dairy produce	20.0	21.6
Wheat flour and byproducts	17.1	14.5
Livestock on the hoof	15.0	20.8
Livestock byproducts	14.1	16.1
Forest products	10.7	8.5
Mining products	10.3	17.8

TABLE V

WHAT ARGENTINA BUYS

	8 mos. 1964	8 mos. 1963
	(millions of U.S.$)	
Machinery and vehicles	236.4	358.7
Iron and steel	74.2	65.4
Chemicals, etc.	69.2	46.0
Non-ferrous metals	54.5	35.3
Fuels and lubricants	42.5	36.6
Lumber	41.9	28.7
Food products	33.8	22.3
Textiles and manufactures	30.8	21.1
Paper and cardboard	23.5	18.3
Rubber and manufactures	20.7	12.7

90204—2½

of thermo-electric and the remainder hydro.

• *Transport and Communications*—A total investment of 175,755.5 million pesos is anticipated in railways, water transport, motor vehicles, road construction and air transport. For communications, total investment is set at 23,877.4 million pesos.

Difficulties over payments on foreign commitments will make it necessary to follow a strict financing policy towards imported equipment. Whatever policy is adopted, a limit of approximately U.S.$2,000 million of foreign financing will be set, compatible with the country's payment possibilities. It is expected to make the maximum use of foreign credit sources and direct investments, limiting average credit terms to about 12 years.

Canadian Participation Possible

Many opportunities should arise for Canadian participation in the supply of materials, engineering, etc., for projects under the Five Year Development Plan. Because, apart from the above, no specific details of the projects to be undertaken have been made public, it is not yet possible to direct Canadian firms to those responsible for the carrying out of these projects. Interested Canadian firms should, however, make themselves known either to the Department of Trade and Commerce at Ottawa, or direct to the Commercial Counsellor, Canadian Embassy, Bartolomé Mitre 478, Buenos Aires, Argentina.

Outlook Is Encouraging

Economic prospects for the future are encouraging, particularly if the Five Year Plan goes ahead as contemplated. The slow but steady economic progress of the past year is expected to continue and one can view the future with cautious optimism.

High surcharges on imports still apply and will probably continue for some time to help improve the Argentine balance-of-payments position. Imports therefore will continue to be restricted mainly to essential raw and semi-processed materials required for local manufacturing industries. •

Canada's Trade with Argentina

Import surcharges, duties, confine our exports to narrow range but they rose to a high of $37 million last year, because of demand for raw and semi-processed materials and capital equipment.

M. B. BURSEY, *Commercial Counsellor, Buenos Aires.*

IMPORTS into Argentina in recent years have been subject to high surcharges in addition to customs duties. This has restricted foreign sales to a narrowing list of items; the most important are machinery and vehicles, iron and steel, chemicals, non-ferrous metals, fuel and lubricants, textiles and manufactures, pulp and paper, and rubber and manufactures. Many of these are needed by domestic manufacturing industries or are products not made locally.

Since 1961, total annual Argentine imports have declined from U.S.$1,460.4 million in 1961 to U.S.$980.7 million in 1963. Imports for the first seven months of 1964 also were smaller than for the corresponding period of 1963—U.S. $568.1 million compared with U.S. $584 million.

In spite of this, however, Canada's sales to Argentina during 1963 reached an all-time record of Can.$37 million compared with Can.$22.5 million in 1962 and Can. $30.9 million in 1961. Some of Canada's principal exports to Argentina during 1962 and 1963 are listed in the accompanying table.

The table confirms that most of our exports to Argentina during 1962 and 1963 consisted of semi-manufactured and raw materials, and machinery and equipment.

Canada's exports to Argentina during the first six months of 1964 totalled Can.$13.1 million compared with Can.$10.9 million for the same period of 1963. It is interesting to note that although our sales to Argentina were greater for the first six months of 1964 than for the same period of 1963, they did not include capital equipment such as railway locomotives, exports of which reached Can.$2.5 million during the first six months of 1963. Sales of the following products rose in the first half of 1964 over the first half of 1963: seed potatoes, asbestos, wood pulp, newsprint, papermakers felts (textile), chemical elements, organic acids, polyethylene resins, pig iron, sheet and strip steel (mainly tinplate), aluminum ingot, miscellaneous fabricated materials, aircraft engines and

TABLE I

WHAT CANADA SELLS TO ARGENTINA

	1962	1963	Jan.-June 1963	Jan.-June 1964
	(Canadian dollars)			
Potatoes, seed	1,168,843	284,710	189,270	319,353
Asbestos milled fibres groups 4, 5	873,540	653,236	288,760	427,319
Asbestos shorts groups 6, 7, 8, 9	163,027	175,266	43,795	95,686
Wood pulp, dissolving special alpha	14,069	363,392	14,094	262,400
Wood pulp bleached sulphate	847,985	256,104	102,656	571,053
Wood pulp bleached sulphite	213,813	551,461	43,765	442,419
Wood pulp sulphate semi-bleached	882,781	281,205	193,053	119,721
Wood pulp sulphate unbleached	252,623	243,764	78,335	392,749
Wood pulp sulphite unbleached strong	100,950	980,760	387,906	646,556
Wood pulp sulphite unbleached news	92,099	188,751	26,020	....
Wood pulp mechanical unbleached	17,376	73,938	46,350	43,893
Wood pulp and similar pulp n.e.s.	18,340	42,301	13,846	33,812
Newsprint paper	3,630,115	4,780,485	1,351,074	2,948,918
Fine paper n.e.s.	276,818	380,484	166,372	105,240
Papermakers felts, wool	88,694	109,941	53,612	....
Chemical elements n.e.s.	283,290	123,657	30,202	134,919
Radioactive elements, isotopes	45,636	11,487	9,940	4,038
Alcohols and their derivatives	55,652	43,391	30,851	10,824
Organic acids and derivatives	89,009	154,408	2,200	107,892
Plastics and synthetic rubber not shaped, n.e.s.	302,843	1,799,385	1,059,547	496,218
Forgings steel n.e.s.	53,142	57,888	57,888	....
Sheet and strip steel n.e.s.	3,843,464	4,128,778	1,542,282	1,906,136
Pipes and tubes iron steel n.e.s.s	....	444,485	140,465	1,836
Aluminum pigs ingots slabs	2,191,279	1,773,359	568,404	1,180,147
Nickel anodes cathodes ingots	182,788	340,093	84,995	214,473
Refractories n.e.s.	1,487	33,422	....	44,024
Power boilers, equipment and parts	....	1,668,562	320,823	453,990
Compressors fans blowers parts	....	68,032	....	....
Machine tools, metalworking and parts n.e.s.	43,417	168,466	22,852	....
Metalworking machinery equipment, and parts n.e.s.	33,835	99,505	....	....
Construction maintenance machinery and parts	1,117,021	1,889,594	....	....
Locomotives engines and parts	....	12,571,906	2,509,416	33,473
Railway rolling stock, parts, including street	....	538,441	303,611	315,286
Trailers commercial semi-trailers	211,343	19,596	19,596	....
Engines, motor vehicle and parts	124,677	65,160	17,283	....
Road motor vehicles n.e.s.	712,120	....	....	....
Road motor vehicle parts n.e.s.	185,524	97,314	38,721	13,109
Aircraft complete with engines	114,450	....	....	....
Engines aircraft and parts	140,846	34,231	1,777	106,815
Switchgear protective equipment and parts	....	75,121	73,019	293
Card punch machinery computers and parts	618,590	609,076	457,765	107,510
Biological products for human use	201,509	51,336	36,295	76,342
Total exports, including all others	**22,546,089**	**36,992,126**	**10,907,182**	**13,091,991**

parts, industrial control equipment and parts, biological products for human use, and prefabricated building structures and parts. Total exports for 1964 will probably not be as large as in 1963, mainly because of the absence of sales of heavy capital equipment this year.

Canada's principal exports to Argentina for the first six months of 1964, with comparative figures for the same period of 1963, are also given in Table I. Certain products, however, that did not appear in the statistics for 1962 and 1963 did sell in the first half of 1964. Among these were: inorganic bases, metallic oxides ($37,683); polyethylene resins, not shaped ($101,104); pig iron ($64,478); miscellaneous fabricated materials ($183,956); industrial control equipment and parts ($352,613); prefabricated buildings, structures and parts ($213,416); textile and industrial machinery and parts ($50,531); ploughs and parts ($51,498).

Future Prospects

Prospects for Canada's exports to Argentina continue bright within the list of goods that can be imported into the country under low import surcharges. These, as previously stated, consist of raw and semi-processed materials required by Argentina's agricultural and manufacturing industries and products not normally made domestically, such as newsprint and pulp, certain types of process and industrial machinery, and so on.

It should also be possible for Canadian exporters to participate in the supply of items required for Argentina's Five Year Development Plan. Information on this is given in the preceding article.

Mail from Argentina Delayed

THE Trade Commissioner in Buenos Aires has advised *Foreign Trade* that a slowdown strike in the Argentine Post Office has created a substantial backlog of undelivered mail. Although the slowdown was cancelled in the middle of October, it was resumed again on the sixth of November. Canadian exporters can thus expect that there will be delays in both their incoming and outgoing correspondence with importers in Argentina.

Bolivia: Progress Is Slow

Large amounts of foreign aid, particularly from the United States, has made gradual progress possible. Export earnings rose last year, with higher metal prices. Canadian sales doubled in 1963, but our share of market remains extremely small.

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

THE Bolivian economy made substantial progress in 1963 and 1964 and the present economic outlook is brighter than for some time.* Since the establishment in 1956 of stabilization policies aimed at arresting the serious inflation and economic decline, the momentum of economic recovery has risen steadily, if slowly. Prospects for continued improvement are good although the far-reaching social and political disturbances of late 1964 may jeopardize future progress.

Bolivia's gross domestic product in 1963 went up by a significant 6.5 per cent to U.S.$423 million (at 1958 prices) compared with $398 million in 1962. Preliminary returns for 1964 indicate that this rate of growth may be surpassed this year. Greatly increased foreign aid in the form of both grants and loans has, as in previous years, provided the primary impetus for expansion. But during the latter part of 1963 and thus far in 1964, other factors have assumed increased importance. Improvement in international prices for tin, Bolivia's prime source of foreign exchange, has resulted in more favourable trade returns and, at the same time, mineral production generally has increased. Agricultural output, which accounts for more than one-third of the value of Bolivia's total production and provides two-thirds of total employment, increased by 10 per cent during 1963 and shows signs of producing surpluses for export in the near future.

The troubled labour situation has shown some improvement in the past year; the frequency of conflict has decreased and the wage increases granted have been among the lowest in recent years. State enterprises, which occupy an important position in the Bolivian economy, have met with some success in their efforts to improve efficiency by reducing the number of excess workers. Despite the expansion of production throughout most sectors of the economy, unemployment remains high and continues to be one of the pressing problems facing the Government. Prices, notably stable throughout 1963, have tended to rise substantially in 1964. Government finances showed a reduced deficit in 1963 and are expected to achieve a near-balance in 1964 as revenues expand. Primarily as a result of more U.S. aid funds and higher earnings from tin, Central Bank reserves reached nearly U.S. $20 million by mid-1964—the highest point in several years.

Production Increases Vary

The pattern of economic recovery in Bolivia over the past eight years is clearly reflected in the figures given below. In comparison with a decline in gross domestic product of some 12 per cent between 1952-57, the three-year period 1958-60 recorded a modest increase of 8 per cent. Rates of growth in recent years have again gone up. They reached 3 per cent in 1961, 4 per cent in 1962, and a substantial 6.5 per cent in 1963. As in previous years, virtually all sectors of the economy made production gains. These ranged from 35 per cent for agriculture and 12 per cent for manufacturing down to 4 per cent for petroleum and 2 per cent for construction. For all major crops, harvests were bigger, with sugar production increasing to the point where domestic output may soon exceed consumption. Rice production in 1963 rose by over 50 per cent and yielded substantial surpluses. In addition, output of other staple foodstuffs items went up. (See Table I.)

A promising development on the Bolivian agricultural scene was the beginning of export sales of llama and alpaca wools to England and tropical fruits to Argentina. Prospects are that these sales can be expanded to provide a new source of foreign earnings. The reorganized Agricultural Bank is assuming

TABLE I

BOLIVIAN AGRICULTURAL PRODUCTION

	1960	1961	1962	1963
	(thousands of metric tons)			
Sugar cane	525	960	1,056	1,160
Potatoes	605	617	568	700
Barley	74	119	121	127
Wheat	68	67	60	78
Rice	23	24	24	40
Cotton	1	0.5	1	1

Source: Ministerio de Economia Nacional.

*This report was put in the mail just before the change in the Government and should be read with the latest developments in mind.

an increased importance in facilitating improvements in the agricultural situation. Based on approved foreign loans totalling over U.S.$10 million, farm loans are increasing rapidly and are providing a much needed source of investment capital. Increased incomes among the "campesinos" are providing an impetus for the long-depressed commercial sector, as retail sales of textiles and clothing, agricultural tools, bicycles and motorcycles, and transistor radios go up.

Mineral Sales Increase

Developments within the mining sector are of critical importance to Bolivia, because exports of minerals, dominated by tin, provide over 90 per cent of its total foreign exchange earnings. The state mining corporation, COMIBOL, formed when the mining industry was nationalized in 1962, accounts for over two-thirds of total mineral production and operates a budget larger than that of the Central Government itself. Despite only minor increases in COMIBOL's output in 1963, the value of its mineral sales increased by about 20 per cent—primarily because of improved international tin prices. Production this year is expected to expand by approximately 15 per cent and world consumption continues to exceed production, thus promising continued high prices. Additionally, COMIBOL has been able to reduce its production costs by decreasing the size of its labour force. Primarily as a result of continuing new investments facilitated by foreign aid funds, the company continues to incur sizable over-all deficits (U.S.$15 million in 1963). Operating deficits, however, were reduced from U.S.$12 million in 1962 to U.S.$6.5 million in 1963. During the first few months of this year, the company reported an operating surplus of approximately U.S.$2 million.

TABLE II

BOLIVIAN MINERAL EXPORTS

	1961	1962	1963
	(U.S.$ million)		
Tin	50.3	54.0	57.3
Silver	3.6	3.9	5.9
Lead	4.1	3.5	4.2
Antimony	2.2	2.4	2.5
Zinc	1.3	0.9	1.2
Tungsten	2.3	1.7	1.2
Petroleum	2.4	1.5	1.8
Gold and other metals	4.9	3.8	8.2
Total	**71.1**	**71.7**	**82.3**

Source: Banco Central de Bolivia.

These substantial new investments are financed primarily by U.S. cash grants, counterpart funds, and long-term loans under "Operation Triangle", a three-stage program supported jointly by AID of the U.S., the IADB, and the West German Government. In contrast to the modest production increases recorded by COMIBOL in 1963, the private mines showed substantial progress and increased their total output by more than 20 per cent. Particularly notable were the threefold increases in privately produced tonnages of gold and zinc. Petroleum output increased by over 15 per cent in 1963 and reversed the three-year trend of declining production. Exploration activities undertaken by the government entity, Yacimientos Petroliferos Fiscales Bolivianos, have located promising new oilfields and further increases in crude production are expected. Negotiations currently under way between a major international petroleum company and the YPFB could lead to an expansion of crude oil exports.

Manufacturing Lags

The Bolivian manufacturing industry continues to concentrate on the production of consumer goods such as foods, textiles and clothing, leather and shoes, and beverages. The growth of industrial output has not kept pace with that in other sectors, although some improvements have taken place. The recently established Industrial Bank is expected to offer substantial aid to a wide variety of industrial enterprises that have been suffering from a lack of working capital. The primary source of the Bank's capital and loan funds is AID of the U.S. This agency recently announced a further U.S.$2.4 million appropriation.

Foreign Aid and Investment

Foreign economic aid, provided primarily by the U.S., continues to be vital to Bolivia's balance of payments, public finances, and investment and development programs. Total U.S. aid expanded in 1963 to U.S.$42 million compared with U.S.$25 million in the preceding year; 1964 is expected to show a continuing inflow at this level. Other important sources of financial assistance include the World Bank, the Inter-American Development Bank, the West German and British Governments, loans from tin-smelting companies and, to a lesser extent, suppliers' credits. Net new foreign borrowing by the Government during 1963 is estimated at U.S.$17 million, with the result that the total external debt of the public sector reached U.S.$203 million by the end of 1963. The projects to which these funds were directed include the mining rehabilitation program, expansion of electrical generating capacity, road development and improvement, modernization of the La Paz airport, and assistance to the agricultural and industrial banks.

Inflow of private capital continues to decrease, primarily as a result of terminations or cutbacks in exploration programs undertaken by foreign-owned oil companies. Given the present unsettled political situation, foreign private capital investments are not expected to rise.

Balance of Payments

The Bolivian balance-of-payments situation is characterized by continued deficits on goods and services and sizable inflows of foreign financial assistance. This influx of loan capital has made possible a level of imports beyond Bolivia's capacity to pay and, in some instances, has brought about small surpluses in the over-all balance of payments. In considering this situation, it is necessary to bear in mind that, in addition to compensating for the export/import deficit, foreign aid has been an important factor in creating deficits on goods and services because loan funds have been used to pay for substantially higher imports. Purchases financed by grant aid and assistance programs are estimated to account for at least one third of total imports. In 1963, the deficit on goods and services declined only slightly to U.S.$44 million and as a result of increased U.S. aid and higher export earnings, the balance of payments showed an over-all surplus of U.S. $5 million. Export earnings in 1963 rose by some U.S.$10 million—an improvement that is expected to continue in 1964 as a result of higher metal prices and larger shipments.

Import Pattern

Bolivian imports exceeded U.S. $100 million in value (c.i.f.) in 1963. The composition of imports reflects an increased emphasis on capital equipment, machinery, and industrial goods and raw materials, which together make up more than one-half of the total. Manufactured consumer goods such as automobiles and parts, bicycles, pharmaceuticals, office machines, textiles, etc., have moved into second place and now account for nearly one-quarter of total overseas purchases. Foodstuff imports, though larger, are declining in relative importance but still account for over 20 per cent of imports. The United States is the leading supplier, providing one-half of total purchases. As a direct result of increased grant aid and tied loan appropriations and the closer control exercised over these funds by the partial import licensing system, the share of the U.S. has increased considerably—from one-quarter in 1961 to one-half in 1963—and this is expected to continue. Purchases from Western European countries, supplied largely by West Germany and Britain, have decreased slightly but still account for roughly one-third of the total. The share of imports provided by all Latin American countries, primarily Argentina, has declined to less than 10 per cent.

TABLE III

WHAT WE SOLD TO BOLIVIA

	1962	1963
	(Can.$'000)	
Industrial clothing	3	88
Spark plugs	14	41
Radio, T.V. and communications equipment	nil	40
Basic steel products	47	35
Mining machinery	13	34
Truck, bus and auto tires	43	27
Canned fish products	7	26
Inorganic chemicals	0	24
Pumps and parts	nil	20
Medicinal and pharmaceutical products	28	22
Electric transformers and switchgear	26	20
Hydraulic turbines and parts	nil	17
Unshaped plastics and synthetic rubber	22	16
Industrial wire and cable	1	15
Oatmeal	2	12
Total, all exports	363	628

Source: DBS.

Canada's Sales

Bolivia is a small market for Canadian goods and although our sales in 1963 doubled to over Can.$600,000 they still represent less than one-half of one per cent of total imports. This increase in our exports resulted from larger sales of industrial goods and raw materials, such as industrial clothing, radio and communications equipment, mining machinery, turbines and pumps, industrial wire and cable, and chemicals. Sales of foodstuffs, particularly canned fish products and oatmeal, also increased. Details of this trade are given in Table III.

Import Controls

The additional import controls established in 1963 have been modified slightly by the removal of some items from the list of goods that require import licences. But licences are still required on a broad range of goods that together account for a substantial portion of imports. The system of import licensing was established to ensure that U.S. aid funds are not used to finance purchases from third countries. The market for those products requiring import licences and paid for by U.S. aid funds is thus effectively closed to Canadian exporters. Foreign exchange, however, is still freely available and importers have no difficulty in obtaining convertible currencies to pay for imports.

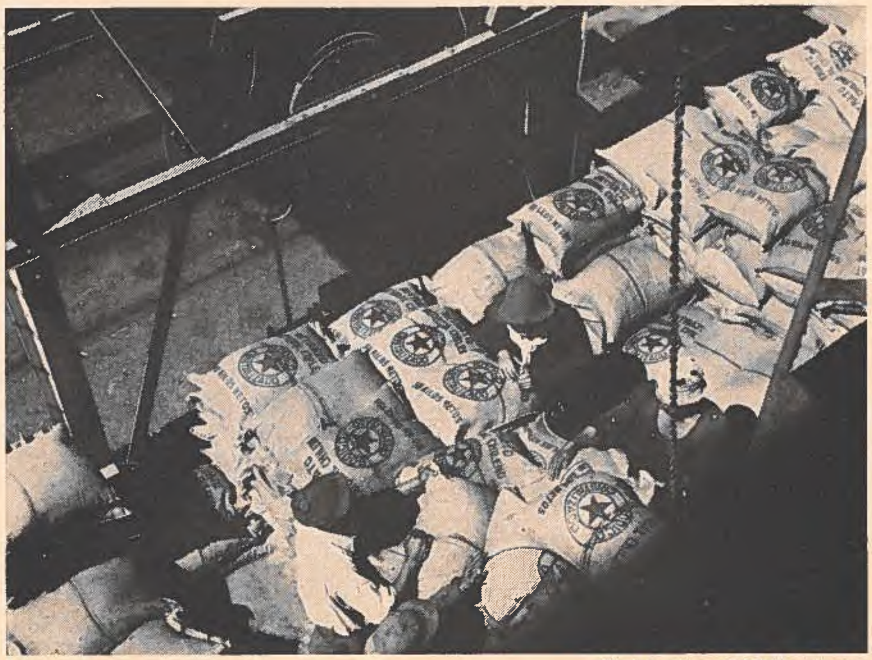
Prospects Fair

Despite recent economic improvements in Bolivia, the extent of future progress—and the size of the market for imported goods—will depend directly on the social and political climate. Canadian exporters generally regard Bolivia as a difficult, limited and remote market. This is not necessarily true. Several Canadian companies which approached the market for the first time last year have met with success. A personal visit is, of course, the most effective way to promote sales, but it is possible to establish contacts and appoint representatives by correspondence. Producers of mining machinery, electrical apparatus and supplies, industrial raw materials, simple consumer goods, and low-cost foodstuffs may well find opportunities that have been overlooked in the past. The Commercial Division of the Canadian Embassy in Lima will be pleased to assist exporters who are interested in investigating prospects in Bolivia.

BRAZIL

A report on business conditions in Brazil was prepared by our Commercial Counsellor in Rio de Janeiro, but unfortunately it was delayed in transit. We plan to publish this article in a future issue. In the meantime, we suggest you look up an earlier article, "Brazil Moves towards Recovery", published in the July 24, 1964, issue of *Foreign Trade*.

Chile Develops Resource Industries



—University of Chile photo.

Bags of nitrate are loaded aboard ship by stevedores at the port of Iquique in Chile.

Rise in exports in first half of this year put country's balance of payments in equilibrium. Continuing progress in the resource industries bodes well for future—and for many Canadian exporters.

R. E. GRAVEL,
Commercial Counsellor, Santiago.

THE Presidential elections in September helped focus renewed attention on Chile, and economic developments were somewhat overshadowed by events in the political arena. The election undoubtedly stole the spotlight from the solid gains made in recent years in diversifying the economy. Although this tempo accelerated in the closing months of the current administration, it is also true that progress was slowed down considerably by the all-pervasive inflationary spiral. Chile has had a long experience of inflation, which in the years before 1956 was rapid even by Latin American standards. Subsequent efforts aimed at maintaining stability have met with only desultory success, and even this achievement has been to some extent at the expense of economic expansion.

Yet in spite of all these difficulties, Chile did forge ahead and by mid-1964 the Minister of Economy was able to report that in the period between January 1 and July 31, its balance-of-payments position was actually in equilibrium. This was primarily because of an increase in exports of about U.S.$38 million. According to informed sources, U.S.$4 million represented an increase in industrial exports and the rest was accounted for by an upsurge in the more traditional export products. About the second half of 1964 there is guarded optimism because of the increase in world copper prices, which, it is felt, will bring in an added U.S.$15 million.

CORFO, the Chilean Government Development Corporation, has painstakingly mapped out the country's future in a number of diverse fields. For our purposes, this massive inventory can be reduced to the following highlights of interest to Canadian businessmen.

Probably the most dynamic expansion in Chile today is the development and utilization of forestry resources. Quite apart from the existing Compañia Manufacturera de Papeles y Cartones (CMPC), the largest pulp and paper complex in South America, several newcomers are entering this field. One example is Industrias Forestales, which has been largely financed by an Export Credits Insurance Corporation long-term credit of some $14 million. ECIC has also extended $5.6 million financing to CMPC for the expansion of its Laja mill.

Developing Forest Resources

Not so well known perhaps but equally significant has been the steady if unspectacular setting-up of integrated sawmills to take full advantage of what has heretofore been largely waste material for want of the necessary processing equipment. A well known Canadian manufacturer has already sold three of these mills and future sales prospects are equally bright.

A large-scale reforestation program carried out under the guidance of experienced personnel has gone hand in hand with the appearance of pulp and paper plants and sawmills. Extensive sectors from which the original growth had disappeared completely are today covered with plantations, mostly devoted to insignis pine, which provide the base for a valuable economic enterprise. Private logging operators have started reforestry schemes of their own which also augur well for the future of the timber industry, which in 1964 is expected to bring in about U.S.$1.5 million in foreign exchange from sales abroad.

Fishmeal Capacity Increased

Long considered a Cinderella among the Chilean resource industries, this type of activity has, after many years of neglect, made sudden and spectacular progress as a result of the fishmeal boom. Although the industry is still feeling its way, expansion schemes are proceeding apace and interest among overseas investors in participating in its growth has not slackened.

However, a brief review of the first eight months of this year compared with a similar period in 1963 reveals that the increased capacity now coming on stream was not reflected in a corresponding increase in fishmeal production. The three main centres in northern Chile stacked up as follows. At Arica, where processing facilities were almost doubled in this period, production was up by only some 5 per cent. At Pisagua, where there was no change in capacity, production went down by 17 per cent. More promising was the situation at Iquique, which is really the focal point of the industry. Facilities there were trebled and production increased by 130 per cent.

CORFO is currently aiming at diversification and various projects involving canning and freezing facilities are at the planning stage, with the object of lessening dependence on fishmeal production alone.

Mining Industry Plans

Apart from a firming-up in the demand for copper, there have been no spectacular break-throughs in this field of late. In the first six months of the year, producers stepped up output by 3 per cent over the comparable 1963 period.

The Government has long felt that domestic refining would substantially expand export markets, because smelter exports are at the present time tied to refining contracts. There is therefore renewed interest on the part of the authorities in discussing with the U.S. copper companies operating in Chile proposed investment in this direction. General satisfaction was voiced over the completion at mid-year of the Las Ventanas smelter, built by a German consortium on behalf of ENAMI, the Government's national mining enterprise. Las Ventanas will handle the output of the smaller independent mines. Another milestone was reached in the first half of the year with the inauguration of a copper concentrator plant in the Taltal zone. Responsible for this move is a Panamanian-registered but aggressive Canadian mining group. With the advent of another administration on November first, exploration work is expected to take a new lease on life. Proposed investments temporarily shelved by the U.S. copper companies are expected to be reactivated.

Problems for New Regime

This thumbnail sketch has of necessity been limited to a quick glance at the leading resource industries, which are likely to be of most interest to Canadians. A broader survey was not possible at a moment when all eyes are turned towards an entirely new government which took office at the beginning of November and the policies it will adopt. Even then, many questions are likely to remain unanswered until after the Congressional elections scheduled to take place in March 1965.

Even before November, the President-elect, Eduardo Frei, adopted a few measures. Chief among these has been the dispatch of two missions abroad with the object of explaining the incoming administration's plans and particularly the renegotiation of the foreign debt on easier terms. Like others, he feels that Chile will not be able even to start on the road towards progress until easier terms are arranged for the repayment of foreign loans, which represent such a heavy burden on the nation. At present, of approximately U.S.$500 million that Chile earns in foreign exchange, more than U.S.$300 million goes to service its foreign debt.

What of the future? Chile should be able to face the future with confidence as its new regime takes over and the uncertainties of the pre-election period are past. ●

For a discussion of Chile's trade, the influence of the LAFTA connection, and trade between Chile and Canada see "How Chile's Tıade Is Developing" in the September 19, 1964, issue of *Foreign Trade*.

Colombia Plans Industrial Expansion

This year may see country achieve 5.6 per cent annual increase in GNP set out in Ten Year Development Program. Large external loans and grants are hastening industrial progress. This progress promises well for Canada's sales, despite continued import control.

J. C. BRADFORD, *Assistant Commercial Secretary, Bogotá.*

DURING the first half of this year, business activity in Colombia, which had slowed down during 1963, picked up considerably. The full year should see a marked improvement, mainly because of the higher export earnings resulting from the jump in coffee prices during the first quarter. The increase in the New York price for Colombian coffee from 39 cents a pound in June 1963 to a peak of 50.4 cents in March 1964 and the fact that prices have since remained strong is important because a rise of one cent a pound in the coffee price means an increase of about $8 million a year in the country's foreign exchange earnings. Coffee, incidentally, accounted last year for 68 per cent of exports by value.

The cost of living rose rapidly in the first six months of 1964 in part because of a poor harvest and this created general discontent that threatened at times to become serious. Living costs now appear to have stabilized and food prices seem to be falling slightly. The successful campaign against banditry in the Central Cordillera has also contributed to the current atmosphere of relative optimism.

Industrial Expansion Stressed

The Ten Year Development Program (1961/1970) set an objective of a 5.6 per cent increase in gross national product per year and it seems likely that this objective will be attained in 1964. Under the Plan, industrial development receives priority and the hope is to see industry expand by 8.6 per cent per year. The economic slowdown last year made it impossible to reach this goal and present indications are that the figure is not realistic.

The industrial expansion program falls into two main divisions. One emphasizes the substitution of domestic products for imports and stresses light industry, textiles, food processing, and consumer goods production. The other concentrates on more complex manufacturing—such as the making of tires, typewriters, and more recently, petrochemicals, with a view to finding possible export markets within the Latin American Free Trade Area or in the Caribbean.

The petrochemical industry is based on the country's well developed petroleum and gas resources. Exports of petroleum accounted for 17.3 per cent of all exports in 1963, and the recent discovery of the important Putumayo field means that shipments of crude and refined products will increase in future years. The setting up of plants for the production of synthetics and plastics based on petrochemicals should also mean larger future exports.

Criticism of the industrial development program has recently come from a number of quarters. One criticism is that the import substitution program has, in some instances, made it possible for certain manufacturers to have a virtual monopoly in the consumer goods field and has resulted in substandard products being sold at high prices. In addition, the import of sub-as-

90204—3½

semblies and parts for some of the manufacturing operations has meant a more serious drain on foreign exchange than was at first expected. Local economists point out that industry has absorbed large amounts of foreign capital and assistance without increasing its rate of development and its efficiency substantially.

External Aid Forthcoming

The whole Development Program depends heavily on external financing provided by international agencies. By the end of 1963 Colombia had received from the World Bank more loans per capita than any other country in the world. Much of this money has gone to finance projects in the public sector, such as electric power development, waterworks, sanitation schemes, etc. Recently 22 per cent of an Inter-American Development Bank loan went to industrial development and some 20 per cent to housing. To direct even more money towards industrial expansion, a Private Investment Fund (FIP) has been set up with money supplied largely by international institutions. It is intended to finance industrial projects in the private sector, with the emphasis on those that diversify exports, conserve foreign exchange, or prevent shortages of products essential to the economy.

The Consultative Group set up in January 1963 and headed by the World Bank organizes joint external investment in Colombia. The schedule for repaying the large external loans that the country has received is based upon an expected substantial rise in exports by 1970. If this rise is not as great as forecast, refinancing some of these credits will have to be seriously considered.

Foreign Trade

The industrial development program makes necessary large imports of capital goods and equipment. To conserve foreign exchange to pay for these essentials, other imports continue to be severely restricted. The complex control system includes extensive import licensing, prior deposits, and other administrative measures that result in delays and complications for importers.

Table I gives figures on Colombia's foreign trade for the first six months of the last three years. Exports to the LAFTA countries in 1963 accounted for only about 2.8 per cent of total exports and imports from the LAFTA group for the same period make up only 7.5 per cent of total imports.

TABLE I

COLOMBIA'S FOREIGN TRADE

Jan.-June	Exports	Imports	Balance
	(millions of U.S.$)		
1964	220.2	235.7	−15.5
1963	152.8	237.8	−85.0
1962	174.2	217.3	−43.1

Trade with Canada

Despite the lag in business in Colombia last year following the devaluation of the peso, Canada's 1963 sales there, at Can.$23.3 million, were the largest in recent years. (See Table II.) This increase at a time when there was a business slowdown shows that our major exports were products vital to the country's development — such as pulp and paper, asbestos, aluminum, and chemicals. Sales of tinplate were up 100 per cent over 1962 because of the strong competitive position of Canadian suppliers and sales of chemicals also rose because of the expanding plastic moulding industry. (Once Colombia begins producing synthetic resins, our sales in this field will probably be affected.)

Industrial equipment, particularly boilers, was sold here last year by Canadian suppliers for use in development projects. Although competition is keen, it is in heavy equipment for such projects that future prospects are most promising, but obtaining business will depend on the financing terms that can be offered.

Canadian exports to Colombia will probably not show any spectacular increase in the months ahead but they should continue to expand slowly in step with the growth of industry.

Colombia still depends far too much on export earnings from coffee and if the economic picture is to improve over the long term, diversification of exports through the sale abroad of other agricultural and industrial products will have to become a reality.

The targets that Colombia has set itself are ambitious but, barring unforeseen political and economic setbacks, it has the ability and resources to achieve them. ●

TABLE II

MAIN CANADIAN EXPORTS TO COLOMBIA

	1962	1963	6 mos. 1964
		(Can.$'000)	
Newsprint paper	4,123	5,022	1,805
Sheet and strip steel, n.e.s.	1,537	3,061	1,550
Plastics and synthetic rubber, not shaped, n.e.s.	1,743	2,773	1,179
Aluminum pigs, ingots, slabs	1,117	1,312	824
Aluminum fabricated materials, n.e.s.	148	135	420
Combine reaper-threshers	274	213	299
Aircraft engines and parts	179	381	282
Asbestos milled fibres, grades 4, 5	2,152	2,019	262
Copper bars, rods, shapes, n.e.s.	144	335	258
Oats, n.e.s.	400	419	148
Spark plugs and parts	6	159	148
Wood pulp sulphate, unbleached	1,142	817	124
Photo film plates, unexposed, n.e.s.	187	192	113
Papermakers' felts	197	178	109
Malt	....	....	101
Total, all exports	**19,887**	**23,348**	**9,292**

Shipping Services from Canada to South America

	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
TO: ARGENTINA	Japan Line *(Westward Shipping Limited, Vancouver)* Moore-McCormack Lines *(Moore-McCormack Lines, Vancouver)* Westfal-Larsen Line *(Empire Shipping Co. Ltd., Vancouver)*	Moore-McCormack Lines *(Moore-McCormack Lines (Canada) Limited, Toronto)*	Argentine Lines *(Shipping Limited, Montreal, Toronto)* Brodin Line *(Montreal Shipping Co. Ltd., Montreal, Toronto, Halifax, Saint John)* Columbus Line *(Kerr Steamships Limited, Montreal, Toronto, Halifax, Saint John)* Moore-McCormack Lines *(Moore-McCormack Lines (Canada) Ltd., Montreal)* Uruguayan Line *(Watts Watts Shipping Agencies Ltd., Montreal, Toronto)*
BOLIVIA	*Via Antofagasta, Arica* Grace Line *(C. Gardner, Johnson Limited, Vancouver)* Westfal-Larsen Line	*Via Santos, Buenos Aires* Moore-McCormack Lines	*Via Santos, Buenos Aires* Brodin Line Columbus Line Moore-McCormack Lines Uruguayan Line *Via Antofagasta, Arica* West Coast Line *(Saguenay Shipping Ltd., Montreal, Halifax; A. O. Minshall Co., Hamilton, Toronto)*
BRAZIL	Japan Line Moore-McCormack Lines Westfal-Larsen Line	Moore-McCormack Lines	Booth Line *(March Shipping Agency Ltd., Montreal, Toronto)* Brodin Line Columbus Line Lamport and Holt Line *(March Shipping Agency Ltd., Montreal, Toronto)* Moore-McCormack Lines
CHILE	Grace Line Westfal-Larsen Line		West Coast Line
COLOMBIA	Grace Line Grancolombiana Line *(Balfour Guthrie (Canada) Limited, Vancouver)* Moore-McCormack Lines Westfal-Larsen Line	Great Lakes Transcaribbean Line *(Protos Shipping Limited, Toronto)*	Grancolombiana Line *(Swedish American Line, Montreal; Furness Withy & Co. Ltd., Toronto, Halifax, Saint John)* Great Lakes Transcaribbean Line *(Transocean Shipping and Coal Co. Inc., Montreal)* West Coast Line
ECUADOR	Grace Line Grancolombiana Line Westfal-Larsen Line		Grancolombiana Line West Coast Line
PARAGUAY	*Via ports in Argentina, Brazil and Uruguay*	*Via ports in Argentina, Brazil and Uruguay*	*Via ports in Argentina, Brazil and Uruguay*

	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
PERU	Grace Line Grancolombiana Line Westfal-Larsen Line		Grancolombiana Line West Coast Line
URUGUAY	Moore-McCormack Lines Westfal-Larsen Line	Moore-McCormack Lines	Argentina Lines Brodin Line Columbus Line Moore-McCormack Line Uruguayan Line
VENEZUELA	Fern-Ville Caribbean Line *(Dingwall Cotts and Co. Ltd., Vancouver)* "K" Line *(Johnson, Walton Steamship Co. Ltd., Vancouver)* Moore-McCormack Lines	Great Lakes Transcaribbean Line Saguenay Shipping Ltd. *(A. O. Minshall Co. Ltd., Hamilton, Toronto)*	Great Lakes Transcaribbean Line Royal Netherlands Steamship Co. *(Montreal Shipping Co. Ltd., Montreal, Toronto, Halifax; T. J. Knight & Co., Ltd., Saint John)* Saguenay Shipping Ltd. *(Saguenay Shipping Ltd., Montreal, Halifax; A. O. Minshall Co. Ltd., Hamilton)*

Import and Exchange Regulations in South America

ARGENTINA

Import Licences: not required. Imports of certain luxury and non-essential goods are prohibited.

Foreign Exchange: Foreign exchange for imports is purchased at the free market rate. The importer may have to establish proof that the exchange is to be used to cover payment of imports.

Tariff Features: Imports from Canada receive most-favoured-nation treatment. Preferences are granted to LAFTA countries.

In addition to the duties, imports are subject to exchange surcharges which vary from 5 per cent to 177 per cent of the c. & f. value. There is a statistical tax of 1½ per cent of the c.i.f. value on dutiable imports or 0.3 per cent of the c.i.f. value on duty-free imports. Imports are also taxed 5 per cent of the ocean freight charges.

BOLIVIA

Import Licences: required for a short list of items, including certain foodstuffs and other consumer goods, some chemicals, crude petroleum, earthmoving equipment and tractors.

Foreign Exchange: Free market; no restrictions.

Tariff Features: Imports from Canada receive most-favoured-nation treatment.

In addition to duties, most imports are subject to the following taxes: service tax, 2 per cent of c.i.f. value; sales tax, 5 per cent of c.i.f. value; and consular fee, payable by the importer, 6 per cent of c.i.f. value.

Tariff classifications are based on Brussels tariff nomenclature.

BRAZIL

Import Licences: Goods considered essential are classified in the General Category and do not require an import licence but the importer must obtain a certificate of exchange cover. Other goods are classified in the Special Category and do not require an import licence.

Foreign Exchange: Foreign exchange for goods in both the General Category and the Special Category may be purchased in limited amounts at the free market rate.

For General Category goods, the importer must make a prior deposit before the certificate of exchange cover is issued.

For Special Category goods, the importer must purchase a "Promise of Licence" at a public auction, which is held weekly. Since the value of Promises offered is limited, bidding is high and the cost of Promises adds between 4,000 to 5,000 cruzeiros per U.S. dollar to the cost of exchange.

A copy of the certificate of exchange cover or the import licence, as the case may be, must be presented to the Brazilian Consulate with the other export documents.

Foreign exchange transactions are subject to a tax of 3 per cent.

Prior Deposits: Prior deposits are held in the form of 180-day non-interest-bearing bonds. The amount of the prior deposit at present is 50 per cent or 90 per cent of the c.i.f. value of the import, depending on the category.

Tariff Features: Imports from Canada receive most-favoured-nation treatment. Preferences are granted to LAFTA countries.

In addition to the duties and the exchange tax, imports are subject to import taxes amounting to 6 per cent of the c.i.f. value and a tax of 5 per cent of the ocean freight charges.

Tariff classifications are based on Brussels tariff nomenclature.

CHILE

Import Licences: All permissible imports must be registered in advance. There is a prohibition against entry of many non-essentials and types of goods produced in Chile.

Foreign Exchange: Exchange at the free bank rate may not be provided until 120 days after the date of the bill of lading.

Tariff Features: Imports from Canada receive most-favoured-nation treatment. Preferences are granted to LAFTA countries.

In addition to the duties, most imports are subject to surcharges of from 1/10 of 1 per cent to 200 per cent of the c.i.f. value. Other import taxes are: consular fee, payable by the importer, 2½ per cent of f.o.b. value and a tax of 3 per cent of the ocean freight charges.

Prior Deposits: Imports are subject to prior deposits ranging from 5 per cent to 10,000 per cent of the c.i.f. value. The deposit is returned to the importer after 90 days, provided goods have been cleared through Customs.

COLOMBIA

Import Licences: All imports require prior registration and this must be accompanied by proof that the applicable advance deposit has been made. Goods are classified into three categories: prohibited imports, those requiring a specific licence, and freely permitted imports. A copy of the imports registration certificate must be presented to the Colombian Consul with the other export documents at the time of legalization.

Foreign Exchange: Exchange at the "certificate" rate is applicable to the f.o.b. value of the import and to 80 per cent of the freight charges. Exchange at the "free" rate is used to pay the insurance charges connected with the import and the remaining 20 per cent of the freight charges.

Prior Deposits: Prior deposits range from 1 per cent to 500 per cent of the c.i.f. value; most items fall in the 120 per cent range. Deposit is made before import registration. Deposits will be returned 45 days after Customs clearance if used to purchase exchange in the certificate market for payment of the respective import. Otherwise, deposits are held for 90 days after Customs clearance.

Tariff Features: Imports from Canada receive most-favoured-nation treatment. Preferences are granted to LAFTA countries.

In addition to the duties, imports are subject to a tax of 2 per cent of the f.o.b. value.

ECUADOR

Import Licences: Required.

Foreign Exchange: Purchased at the official rate.

Prior Deposits: All permissible imports are classified under two headings: essential and non-essential. Essential imports are subject to a prior deposit of 15 per cent of the c.i.f. value; non-essential imports to either 30 per cent or 80 per cent.

Tariff Features: Imports from Canada receive most-favoured-nation treatment. Preferences are granted to LAFTA countries.

Essential imports are subject to additional duty of 5 per cent of the c.i.f. value and non-essential imports to 15 per cent.

Other import taxes are: import tax of 4 per cent of f.o.b. value, special tax of 2½ per cent of c.i.f. value, and consular fee, payable by the importer, 10½ per cent of f.o.b. value.

PARAGUAY

Import Licences: Not required. A small number of items are prohibited entry.

Foreign Exchange: Freely available but subject to a tax of 24 per cent.

Tariff Features: Imports from Canada receive most-favoured-nation treatment. Preferences are granted to LAFTA countries.

Ad valorem duties and import taxes are assessed on an arbitrary c.i.f. value which is arrived at by adding 20 per cent to the f.o.b. value, port of export; for imports from contiguous countries only, 10 per cent is added to the f.o.b. value.

In addition to the duty and the exchange tax, imports are subject to an import tax of 15 per cent of the Paraguayan c.i.f. value and a consular fee of 5 per cent payable by the importer.

PERU

Import Licences: Not required.

Foreign Exchange: Free market; no restrictions.

Tariff Features: Imports from Canada receive most-favoured-nation treatment. Preferences are granted to LAFTA countries.

Ad valorem duties and import taxes are assessed on an arbitrary c.i.f. value which is arrived at by adding 20 per cent to the f.o.b. value, port of export; however, in the case of precious stones, semi-precious stones, pearls, fine jewellery, and gold or platinum watches, the f.o.b. value is increased by only 5 per cent.

In addition to the duties, most imports are subject to a tax of 4 per cent of the ocean freight charges.

URUGUAY

Import Licences: Importer must file import declaration with Banco de la Republica.

Foreign Exchange: Purchased at free market rate.

Tariff Features: Imports from Canada receive most-favoured-nation treatment. Preferences are granted to LAFTA countries.

Ad valorem duties are assessed on an official value or on the c.i.f. value, whichever is higher.

In addition to the duty, practically all items are subject to surcharges which range from 20 per cent to 300 per cent of the c.i.f. value; for many items an official c.i.f. value is set.

Additional import taxes: most imports are subject to a tax of 2¼ per cent of the c.i.f. value; a few items, including most raw materials, pay only 1¼ per cent, and there is also a list of exemptions from this tax. Some items are charged an analysis fee. There is a surtax of 1 per cent of the sum of the import taxes, analysis fee and the port handling charges.

Prior Deposits: Items which are subject to surcharge of 150 per cent ad valorem or more also require a prior deposit of 200 per cent of the c.i.f. value. Prior deposits are held for a minimum of nine months, and in some cases for twelve months.

VENEZUELA

Import Licences: Licences are not generally required, but a number of items require a prior import licence from the Ministries of Development or Agriculture.

Foreign Exchange: No restrictions. Available for imports at a fixed rate of 4.50 bolivars to the U.S. dollar.

An exchange subsidy of 1.15 bolivars per U.S. dollar is available to importers for a list of about twenty items. To qualify for this subsidy the importer must meet certain licensing requirements.

Tariff Features: No preferential column. Imports from Canada receive most-favoured-nation treatment. ●

Foreign Tariffs and Trade Regulations

Ghana

FOREIGN EXCHANGE DIFFICULTIES—Exporters of goods to Ghana are advised to exercise caution in their credit arrangements in view of Ghana's present shortage of foreign exchange. It is reported that the difficulties Ghana is now encountering are of a short-term nature and that conditions should improve upon the resumption of cocoa sales, now suspended in accordance with the cocoa marketing agreement among producing countries. Further information may be obtained from the Commonwealth Division, Office of Trade Relations, Department of Trade and Commerce.

India

IMPORT RESTRICTIONS EASED SLIGHTLY—The Government of India has automatically validated established importers' annual licences for use during the second half of the period April 1, 1964 to March 1, 1965. Previously, importers could use only half of their import licences during the first six months, and had to reapply for the remaining half during the second six months—in effect, a new licence. The relaxation gives established importers slightly more freedom of action—New Delhi.

New Zealand

IMPORT LICENSING—Effective October 16, 1964, the following goods have been exempted from import licensing:

Molasses

Mustard flour packed other than for retail sale

Crude rubber, including synthetic and reclaimed, other than chicle gum

Crude gypsum; limestone flux and calcareous stone

Raw vegetable materials (except turmeric) of a kind used primarily in dyeing or tanning; synthetic organic dyestuffs, etc., and natural indigo; colour lakes; synthetic tanning substances, whether or not mixed with natural tanning materials; tanning extracts of vegetable origin; tannins; colouring matter of vegetable origin, etc.

Mineral oil specially suited for medicinal purposes, as approved

Timber preserving preparations

Uncompounded plates, sheets and strips of unvulcanized natural or synthetic rubber

Match splints

Meat wraps, cotton, of knitted or crocheted fabrics; cheese bandages and caps.

Quota allocations have been increased for a wide range of commodities including western red cedar and Douglas fir timber, vegetable oils, zinc oxide, machine-made paper and paperboard, and certain synthetic fibre yarns and threads.

Details may be obtained from the Commonwealth Division, Office of Trade Relations, Department of Trade and Commerce.

Paraguay Increases Its Exports

Exports rose 65 per cent last year, with good crops bringing good prices in foreign markets. Shortage of foreign exchange has kept down imports but large shipments of sheet and strip steel have increased the value of Canada's sales this year.

H. E. RYAN,
Assistant Commercial Secretary (Agriculture), Buenos Aires.

PARAGUAY is basically an agricultural country and its prosperity depends on that sector. With good crops, strong prices and a healthy export demand, current indications are for a continuation of the expansion which began in early 1962 after the doldrums of 1960 and 1961. During the first half of this year there was a trade surplus of $8.3 million, mainly the result of larger exports.

Exchange problems continue to be serious, however, and for this reason imports dropped to $15.4 million during the first half of the current year. Exchange remains difficult to obtain and importers must apply for and await their turn in obtaining foreign funds. Prior deposits are required at times, (occasionally up to 100 per cent) and for certain items funds are not made available. The deficit in the balance of payments during the past three years continues, although the 1964 deficit will likely be less than the approximate $1.5 million of last year.

Internally, prices have remained relatively stable over the past year and wage increases have been resisted. In May 1962 there was a general increase of 15 per cent in the minimum wage and this was maintained until April 1964, when a further 5 per cent increase was approved. Government salaries, up 10 per cent in 1962 and 1963, were restricted to a 5 per cent rise in 1964. Credit, previously controlled fairly rigidly, was eased early this year and this, coupled with a probable budget deficit, will result in greater inflationary pressure. Although no recent data are available, it is estimated that the cost of living in 1964 will go up about 2 per cent, about the same as in 1963. Recent statistics released by the Central Bank estimated per capita gross national product in 1962 at $193, with a rise of approximately 4 per cent last year and again this year.

Cotton, Sugar, Coffee

Agricultural conditions during the past year have been good. The cotton crop was down 10 per cent at 36,000 metric tons, but was the second largest harvest in the past decade. The quality of the 1964 cotton was excellent, which will help in marketing it abroad, and prices are expected to improve, both for producers and exporters. A record 45,000 tons of sugar is expected, some 20 per cent more than last year. Although exports during the first half of the year were down, it is expected they will improve during the remaining months and surpass last year's. Sugar prices were recently increased, with cane producers receiving 720 guaranis per ton, up from 680 guaranis. The 250,000-ton corn harvest was the largest ever, about 3 per cent greater than in 1963.

Coffee production is estimated at 30,000 bags, down substantially from 1963's 50,000 bags. But because of the strong international price, exchange earnings should be less than proportionally affected. Tobacco had a poor year with only 12,000 tons produced, only about half the output of the previous year. Prices paid to producers have been strong, with the top grade selling at 40 guaranis per kilo, and the strengthening of the price has resulted in a 50 per cent increase in acreage for the coming year. Output of tung oil dropped slightly to 6,000 tons, mainly because late frosts affected harvesting.

Industries Growing

Industrial production continued to rise during late 1963 and 1964, because of stable prices, improved transportation facilities, more credit, and other factors. The most spectacular upsurge was in the canned meat industry; in the second quarter of 1964, it doubled output of the same quarter in the previous year. The meat packing industry also achieved record production, processing some 8,600 tons during the second quarter and operating at much higher levels than during the first half of 1963. However, the depletion of herds was feared and on August 6 the Government ordered the temporary closing of meat packing operations. This could have a marked effect upon output if the shutdown is allowed to continue any great length of time. It is hoped that producers will take steps to build up their herds during the period packers are closed.

The textile industry expanded, with production during the first half of 1964 reaching 3.8 million metres of yarn. The lumber industry, rather depressed during most of 1963, recovered somewhat and 1964 exports are expected to exceed those of 1963.

This general increase in business activity was reflected in many quarters. There was a resurgence in construction, with materials selling strongly; power consumption, investment, and retail trade all increased.

Foreign Aid and Loans

During the 1960's, Paraguay has been receiving increased assistance from foreign lending institutions. This has been used for roadbuilding, improving agricultural technology, studying land colonization, increasing hydroelectric output and developing industry.

This year foreign aid has continued, with loans made for several projects. German interests lent 12 million marks for building a $10 million sugar refinery in the Mennonite area of Vollendam. Plant capacity is to be 18,000 tons, largest in the country. The National Development Bank has received a credit of $3 million as the first instalment of an IDA loan of U.S. $5.14 million to assist in financing agricultural and livestock improvement programs. The Bank will give supervised credit to producers as follows: $3.75 million for agriculture and forestry development, $400,000 for dairy producers, $550,000 to co-operatives and marketing societies, and $440,000 to the Servicio Tecnico Interamericano de Cooperacion Agricola for machinery imports. The Development Bank is providing an additional 111 million guaranis for the program.

A large IADB loan of $14.2 million was negotiated to cover the feasibility study, civil work, and 10 per cent of equipment required for a hydroelectric project. A further $10 million covering the purchase of necessary equipment is now being negotiated, with the tender released October 15. The IADB has also extended a loan of $3.4 million for a housing project and another of $4.0 million for industrial development. Finally, the United States has negotiated a Title 1, PL 480 agreement with Paraguay, covering 40,000 tons of wheat for delivery in 1964 valued at $3 million.

These loans will mean a greater burden on Paraguayan exchange during the next few years, but according to most observers the new agreements have not over-strained payment potential nor jeopardized the financial position. New projects are still being considered, particu-

TABLE I

WHAT PARAGUAY EXPORTS

	1961	1962	1963	First half 1963	First half 1964
	(millions of dollars)				
Cotton fibre	1.6	2.5	3.2	1.9	2.0
Coffee	1.0	2.8	3.3	1.4	1.3
Tobacco	1.5	3.1	3.2	0.6	1.7
Fruits	0.2	0.3	0.3	0.2	0.2
Sugar	0.3	....	1.8	0.3	0.1
Corn	0.3	0.2	0.1	....	....
Oilseeds	0.7	0.8	0.8	0.3	0.2
Vegetable oils	1.9	2.3	4.4	0.7	2.2
Meat	8.6	7.5	10.5	3.5	7.8
Byproducts	0.1	0.2	0.2	....	0.2
Hides	2.1	1.7	1.5	0.4	0.4
Sawn lumber	1.9	1.8	1.0	0.6	0.6
Logs	4.6	4.8	3.7	2.1	2.5
Yerba maté	1.5	0.9	0.9	0.3	0.7
Essential oils	1.1	1.1	1.3	0.6	0.8
Tannin	2.6	2.5	2.8	1.1	1.9
Others	0.7	1.0	1.2	0.4	1.1
Total	**30.7**	**33.5**	**40.2**	**14.4**	**23.7**

Source: Central Bank of Paraguay monthly bulletin of statistics.

TABLE II

WHAT PARAGUAY BUYS

	1961	1962	1963	First half 1963	First half 1964
	(millions of dollars)				
Wheat	4.7	5.3	4.9	2.5	2.2
Other foods, beverages, tobacco	2.7	2.2	2.8	1.2	1.0
Textile and manufactures	2.7	3.1	2.3	1.2	1.5
Chemicals and drugs	1.5	1.6	1.7	0.9	1.0
Paper and cardboard	0.9	0.8	1.0	0.5	0.6
Fuel and lubricants	3.5	3.5	4.0	1.8	1.7
Transportation and accessories	8.1	5.0	3.7	2.0	1.9
Agricultural implements	0.4	0.3	0.3	0.2	0.2
Iron and manufactures	1.6	1.6	1.5	0.8	1.0
Other metals	1.1	1.0	1.7	1.0	1.7
Machinery and motors	3.9	5.5	4.1	2.1	1.9
Others	3.6	4.4	4.6	2.3	0.7
Total	**34.7**	**34.3**	**32.6**	**16.5**	**15.4**

Source: Central Bank of Paraguay monthly bulletin of statistics.

larly in railroad renovation and road construction.

Foreign Trade

Partly because of strengthening international prices for agricultural products, particularly meat, and partly because of an increase in volume, Paraguayan exports have risen considerably during 1964. For the first six months, as Table I shows, exports were 65 per cent greater than during the same period last year. Canada's share of this trade fell from Can.$295,672 to Can.$220,770 during January-May. The leading markets for Paraguayan produce continue to be Argentina, the United States, Britain and the Netherlands. Meat continues to be the major export, with vegetable oils, logs, cotton fibres, coffee and tobacco also exported in substantial quantities. Trade in almost all the items Paraguay exports has risen this year, the exceptions being coffee, sugar and oilseeds.

Paraguayan imports have been hampered during past months by foreign exchange problems. Although officially exchange is not controlled, it is increasingly difficult to obtain and the Central Bank appears to be limiting the amounts made available for international transactions. Importers who apply to their commercial banks are placed on a list in chronological order and are given exchange as it becomes available; the waiting period is becoming longer all the time. Another complication has been the very low level of the Paraguay River, which fell at times as much as six feet below normal levels, thus greatly restricting the type of vessel which can enter Asunción. In many instances transportation costs have increased because cargo has had to be discharged at the Argentine port of Corrientes and shipped overland. Together, these problems have meant a decrease in imports during the first half of 1964 of approximately 6 per cent.

Wheat remains the single largest commodity entering Paraguay, with some of this movement occurring under the U.S. aid program. Imports in most commodity groups have declined as indicated in Table II. Argentina remains the largest supplier, with other major participants including the United States, West Germany, Britain and the Netherlands. Canadian trade during the first six months of 1964 rose considerably—from Can.$168,161 to Can.$477,309.

Trade with Canada

Canadian-Paraguayan trade has, for many years, resulted in a favourable balance for Paraguay, which sells us substantial quantities of corned beef, quebracho extract, chinawood oil and green coffee. These four items account for almost the entire trade.

Recently, Canadian exports to Paraguay have risen, largely because of increased shipments of sheet and strip steel. This has more than compensated for a reduction in the number of commodities entering the country. So far in 1964, steel imports have accounted for over 90 per cent of Canadian shipments, with newsprint, spark plugs and card punching equipment providing the remaining trade. During the previous year, over 30 commodities — including pharmaceuticals, tires, brake linings, various metals and certain types of machinery—were shipped into Paraguay, but because of the tightening of the exchange position, much of this trade has ceased temporarily. There are, however, many opportunities for Canadian businessmen, particularly in large capital expansion programs covering hydroelectric, railway and roadbuilding equipment. Any Canadian businessmen interested in this market are invited to write to the Commercial Counsellor, Canadian Embassy, Buenos Aires.

TABLE III

CANADA'S TRADE WITH PARAGUAY

	Canadian Exports to	Canadian Imports from
	(Canadian dollars)	
1959	113,824	745,996
1960	120,257	759,782
1961	68,670	874,437
1962	40,695	377,618
1963	210,503	830,538
1963	168,161*	295,672†
1964	477,309*	220,770†

Source: Dominion Bureau of Statistics.

*January to August.

†January to May.

For Further Information . . .

We suggest you read these articles published in recent issues of *Foreign Trade.*

Argentina

LAFTA Membership and Argentina's Trade—August 8, 1964.

Bolivia

How's Business in Bolivia?—January 11, 1964.

Brazil

Brazil Combines Business with Beauty—August 22, 1964.

Brazil Imports Non-Ferrous Metals—Sept. 5, 1964.

Chile

Chile Develops Its Fisheries—Feb. 8, 1964.

How Chile's Trade Is Developing—Sept. 19, 1964.

Colombia

Colombia Pushes Development—August 8, 1964.

Colombia Plans Fisheries Program—August 22, 1964.

Colombia's Ten-Year Development Program—October 3, 1964.

Peru

LAFTA Membership and Peru's Trade —October 5, 1963.

Competing in the Peruvian Market—January 25, 1964.

Peru—Progress and Problems—January 25, 1964.

Try Personal Selling in Peru—July 25, 1964.

Market for Domestic Appliance Components—September 19, 1964.

Venezuela

Venezuela Revalues the Bolivar—February 22, 1964.

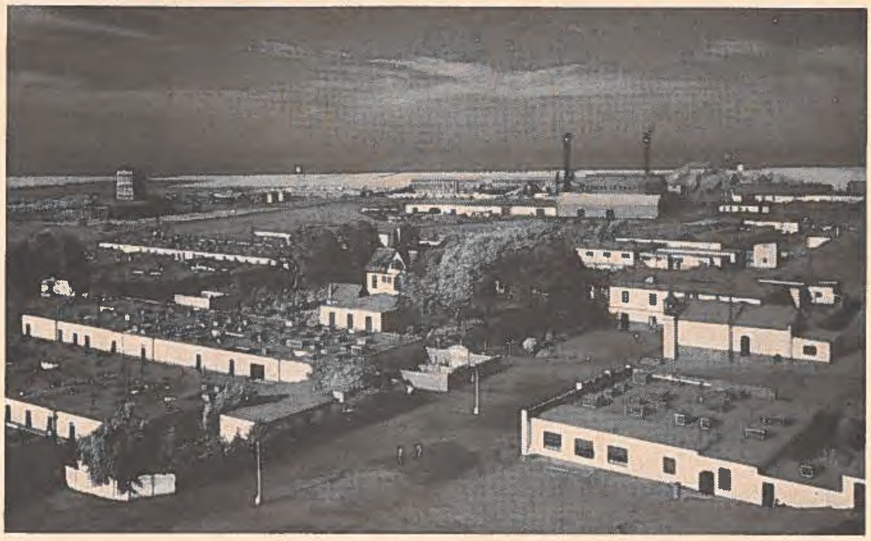
Market for Apples—March 21, 1964.

Venezuela Regulates Seed Potato Imports —September 19, 1964.

Market for Domestic Appliances and Components—September 19, 1964.

This sugar plantation at the coastal town of Paramonga (about 120 miles north of Lima) is also an industrial centre where such products as paper, caustic soda and chlorine, muriatic acid and alcohol are produced, as well as raw and refined sugar. Sugar is one of Peru's main exports; sales in 1963 rose to a value of U.S.$67 million.

—Photo by W. R. Grace & Co.



Peru Makes Continued Progress

Gross national product rose by over 5 per cent last year, foreign capital flowed in, and imports rose; in the first half of 1964, exports rose also. Canadians should be trying for larger share of this expanding market, particularly for capital goods and equipment.

D. J. McEACHRAN,
Acting Commercial Secretary, Lima.

THE substantial progress that the Peruvian economy recorded in 1963 has continued throughout 1964. Commenting on this situation at an October meeting of the Inter-American Commission of the Alliance for Progress, the International Monetary Fund observed that "the economic progress of Peru in recent years has been truly extraordinary". The primary impetus to this growth has been the high level of public investment, financed largely by loans from abroad, reinforced by increased private investment activity and continued growth in the export sector. The rise of more than 5 per cent in the gross national product has been accompanied by a favourable balance-of-payments position and continued exchange stability.

Gross national income rose by 7 per cent in 1963 and industrial production again recorded substantial increases. Indications are that this broad-based progress can be expected to continue, modified perhaps by domestic inflation that could result from heavy deficit government financing, continuing labour disputes, and pressure for wage increases.

The gross national product for 1963 is estimated at soles 72.5 billion at current prices, equal to about U.S.$2.7 billion. This reflects a growth rate of 5.5 per cent in real terms over 1962 in which all sectors of the economy participated. The agriculture and fisheries sector continued dominant and contributed 25 per cent of the total GNP, followed by commerce and finance 21 per cent, industry 18 per cent, mining 14 per cent, and government and services both at 11 per cent.

The most notable increase took place in industry, where output increased by over 8 per cent.

Agrarian Reform Begun

The agricultural sector, although faced with drought and social unrest in the countryside, held total agricultural production at relatively constant levels. There were no overall gains in crops for domestic consumption in 1963 but output of the export crops was much better—primarily as a result of higher prices for sugar, cotton and, to a lesser extent, coffee. The most noteworthy event in Peruvian agriculture was the introduction of the agrarian reform program. Under this program, agricultural lands are subject to expropriation by the State on varying scales depending on the size of the landholding, its location and intensity of use. In view of their importance to foreign exchange earnings, the highly industrialized coastal sugar estates have been made exempt from expropriation.

Fisheries Has Problems

Fishing activity in 1963 did not maintain the previous growth rates. The total catch increased by only 2 per cent and exports of fishmeal, which had doubled between 1961 and 1962 to reach U.S.$100 million in value, increased by only 3 per cent. This somewhat disappointing growth is attributed largely to a prolonged strike early in 1963 and to the closing of several fish reduction plants because of financial difficulties. Although 1964 has not seen the end of financial troubles in the fishmeal industry, production and exports are again reaching new peaks as well-established producers consolidate their position and increase their efficiency.

Minerals and Petroleum

The year 1963 proved to be a good one for the mining industry, which made substantial gains in production of all major minerals. Labour disruptions were not as frequent as in previous years. Favourable price movements in world markets for several of Peru's mineral exports increased earnings and hold promise of higher returns in the future. Petroleum production, on the other hand, has remained relatively unchanged and higher domestic consumption has reduced export earnings. Construction of a new state-owned 10,000-barrel per day refinery is scheduled to begin in 1965. Export shipments of the five principal minerals—copper, silver, iron ore, lead and zinc—together with petroleum sales reached a value of U.S.$215 million in 1963, or almost 40 per cent of total export earnings.

Industrial Production Broadens

Industrial production reached new highs in 1963 and continued to

TABLE I

MINERAL PRODUCTION

	Copper	Lead	Zinc	Silver	Iron Ore	Petroleum (million barrels)
			(metric tons '000)			
1952	31	96	128	0.57	0	16.4
1962	166	125	161	1.02	3,339	21.1
1963	180	142	192	1.25	3,423	21.4

Source: Banco Central de Reserva del Peru.

TABLE II

GROSS VALUE OF INDUSTRIAL PRODUCTION 1963 (ESTIMATED)

Industry	Value of Production (millions of 1960 soles)	Composition (per cent)
Foodstuffs	9,933	29.6
Beverages	1,831	5.3
Tobacco	186	0.5
Textiles	3,869	11.1
Clothing and shoes	2,165	6.2
Lumber	1,104	3.2
Paper	584	1.7
Printing and publishing	857	2.5
Leather	652	1.9
Rubber	698	2.0
Chemicals	2,667	7.7
Petroleum and coal	2,068	6.0
Non-metallic mineral manufacture	1,257	3.6
Base metals	3,886	11.2
Mechanical fabricating	2,085	6.0
Miscellaneous manufacturing	871	2.5
Total	**34,714**	**100.0**

Source: Instituto Nacional de Promocion Industrial.
Banco Industrial del Peru.

TABLE III

INTERNATIONAL LOANS APPROVED FOR PERU JULY 1963-APRIL 1964

Purpose	Source	Amounts (U.S.$ million)
Industrial development bank	IADB	5.0
Public health	IADB	1.65
Hydroelectric development	AID	2.2
" "	Ex-Im	4.0
" "	AID	2.0
" "	World Bank	15.0
Highway development	AID	27.2
" "	Ex-Im	14.3
" "	Japan	10.0
Irrigation	AID	3.63
"	IADB	3.11
"	Italy	1.32
Port development	Ex-Im	1.5
Housing	AID	9.1
Educational facilities	AID	4.5
" "	IADB	2.0
Small business loans	IADB	.75
Railways	AID	.56
Cattle	Ex-Im	1.7
Sewage water distribution	AID	.6
Total		**110.0**

reflect increased diversification. Total value of industrial production in 1963 is given as soles 24.7 billion (1960 prices) or equivalent to roughly U.S.$1.3 billion. This output is said to provide nearly two-thirds of all products consumed locally. Foodstuffs (Peruvian statistics still include fishmeal in this category) and textiles and clothing remain the most important industries in terms of value of production but as output in other industrial undertakings broadens, their position is becoming less prominent. In 1963, well over 400 new manufacturing enterprises were established in Peru, with new investments totalling nearly U.S.$13 million and providing employment for nearly 9,000 workers. Rapidly expanding sectors include chemicals, paper and wood products, printing and publishing, transportation equipment, and machinery and equipment fabrication.

This rapid growth in industrialization is expected to continue in response to such factors as the growing and protected domestic market, the continued availability of foreign investment and loans, and the attractive features of the local industrial promotion law. As an example of future expansion, plans are well advanced for greater production of hydro-electric energy, petroleum, steel, cement, lumber, machinery, fertilizers and automobiles. The present breakdown of Peruvian industrial production is given in Table II.

Foreign Investment Large

New investment, both public and private, continues to play an important part in all phases of development in Peru. The inflow of foreign capital has contributed to a great extent towards the realization of a wide variety of development projects, both public and private. Expanded public investment has been particularly notable in the development of transportation facilities, irrigation and land reclamation, hydro-electric power, housing, sanitation, and education. Within the framework of the Ten Year Development Plan, the National Planning Institute has drawn up a public investment program for 1964/65 that has been presented to the Alliance for Progress, the World Bank and the IADB as the basis for future loan applications. New long-term public investment based on foreign loans of roughly U.S.$252 million is called for over the two-year period. Over the period 1964-1970 total new public investment of U.S.$1,900,000,000 is envisaged of which U.S.$950,000,000 is to be financed by external sources. This program is based on assuring the optimum use of available resources for enhancing development in the public sector in pace with financial stability and the country's ability to service the debt. In addition to the two-year program, the Institute is working on an intermediate five-year program, again within the Ten Year Plan, to establish targets for both public and private investment.

New drawings on official loans from abroad during 1963 were equivalent to U.S.$115 million—equal to over one-half of the total new investment in the public sector. The net inflow of private long-term capital during 1963 reached U.S.$6 million and contributed directly to expansion in export industries, manufacturing and service facilities. The figures for both public and private long-term capital inflows in 1964 are expected to be considerably higher. The growing importance of foreign funds is apparent from the fact that between July 1960 and April 1964 such organizations as the World Bank, the Eximbank, U.S. AID and the IADB have granted Peru loans totalling over U.S.$300 million. Of this, over U.S.$100 million was made available between July 1963 and April 1964. The diversity of these recent loans is apparent from Table III.

Export Surplus Achieved

In 1963 for the first time since 1958 Peru had a merchandise trade deficit of some U.S.$15 million. Exports, at U.S.$541 million, increased only slightly over 1962 and did not match the ever-rising import bill, which totalled more than U.S. $556 million. This trade deficit was, however, amply covered by the inflow of foreign capital and did not

TABLE IV

PERU'S PRINCIPAL EXPORTS

	1962	1963	Composition 1963
	(U.S.$ million)		(per cent)
Fish products (primarily fishmeal)	122	122	23
Cotton	97	92	17
Copper	92	87	16
Sugar	54	67	12
Iron ore	33	37	7
Silver	33	38	7
Coffee	23	26	5
Lead	17	16	3
Zinc	16	16	3
Petroleum	13	9	2
Others	39	31	5
Total, all exports	**540**	**541**	**100**

Source: Banco Central de Reserva del Peru.

TABLE V

PERU'S PRINCIPAL IMPORTS

	1962	1963	Composition 1963
	(U.S.$ million)		(per cent)
Machinery and apparatus	160	159	29
Food, beverages and tobacco	72	84	15
Vehicles and equipment	70	79	14
Metals and manufactures	57	53	10
Chemicals and pharmaceuticals	53	54	10
Textiles and clothing	33	40	7
Fuels and lubricants	18	17	3
Paper and manufactures	13	13	2
Animal and vegetable oils and fats	13	5	1
Non metallic minerals and manufactures	8	8	1
Lumber and manufactures	6	6	1
Rubber and manufactures	6	6	1
Others	29	32	6
Total, all imports	**538**	**556**	**100**

Source: Estadistica del Comercio Exterior.

TABLE VI
PRINCIPAL CANADIAN SALES TO PERU

	1962	1963	(6 mos.) 1964
	(Can.$'000)		
Basic steel products	540	773	973
Mining machinery and parts	709	637	288
Woodpulp	901	813	277
Newsprint and other papers	794	489	270
Television receiving sets	nil	38	235
Boiler equipment and parts	nil	208	194
Card punching machines, computers and parts	562	648	174
Aluminum and materials	339	350	148
Aircraft engines and parts	148	130	146
Ammonium nitrate	nil	191	128
Synthetic rubber and plastics	219	238	116
Barley	174	148	106
Asbestos fibres	256	337	93
Milk powder	122	191	81
Malt	226	569	57
Domestic electric washers and parts	88	111	55
Synthetic fibres and waste	98	211	49
Fishnets	624	273	46
Chemicals	172	154	44
Sound recording equipments and parts	203	290	34
Photo film plates	84	101	34
Cordage	150	95	25
Insulated wire and cable	210	88	17
Wheat	nil	2,475	nil
Total, all exports	**8,140**	**11,641**	**4,567**

Source: DBS.

cause concern. The merchandise deficit itself was partly the result of temporary factors that held export growth down and partly of large imports of capital goods and equipment representing expenditures under foreign loans and credits. Preliminary figures for 1964 reflect a much more favourable trade situation: exports for the first six months burgeoned to U.S.$306 million—up 23 per cent over the same period of 1963—and imports reached U.S.$285 million, to yield a mid-year trade surplus of over U.S.$20 million. This satisfactory performance is expected to continue throughout 1964 and into 1965 as the volume of merchandise exported continues to rise and world prices remain favourable. The better prices received in 1964 for certain export commodities may not continue indefinitely, but the diversity of Peru's exports assures reliable foreign exchange returns. This export diversity provides Peru with a stability in export earnings that few other South American countries (many of which are dependent on exports of one or two commodities) enjoy.

Imports Still Expanding

Peruvian imports continue to expand and this means a greater market for Canadian exporters in certain fields. Imports in 1963 reached an all-time high of U.S.$556 million. On the basis of imports during the first six months of 1964 at U.S. $285 million, total purchases this year will again surpass previous records. This growth is expected to continue as further local manufacturing facilities are established, government expenditures climb, standards of living improve, and foreign-financed development projects expand.

The composition of Peru's imports shows a heavy emphasis on capital goods—particularly machinery and equipment—and raw materials, thus indicating the nature of the import market. Imports of luxury and consumer goods and simple products that can be made locally (if only behind tariff barriers), are expected to continue declining in importance. The Peruvian market is still unrestricted by import licensing or exchange control but by means of tariff increases, imports not considered necessary to the development of the economy are effectively restricted. (See *Foreign Trade* of September 19, 1964, for a description of the newly introduced Peruvian tariff.)

Canadian Sales Static

Canada, once Peru's third most important supplier, has now slipped to tenth place and despite rapidly growing imports—which have doubled in the past ten years —we are barely maintaining our sales. Our primary competition comes from the United States whose share of this market is gradually decreasing, though it is not likely to lose its predominant position. In 1963, some 38 per cent of Peru's imports came from the United States; West Germany, the second supplier, accounted for only 13 per cent. Argentina, Britain and Japan followed, each supplying between 6 per cent and 9 per cent. On those items where imports—and, it should be noted, our competitors' shares—are growing most rapidly, such as machinery, equipment and apparatus, and metal manufactures, Canadian performance is discouraging. These items together account for over one-half of Peru's total imports and thus if we are to increase our share of the market, we shall have to investigate the opportunities in these lines. The opportunities are there, but they must be pursued by exporters who can offer prices, quality, service facilities, credit terms and sales techniques that match or improve upon those of our competitors. The demand for imported goods means attractive possibilities for increased Canadian exports. Whether 1965 will show any great improvement in our sales will, however, depend more on the attitude and effort of Canadian exporters than it will on conditions in Peru.

The Post Office Says . . .

Customs declaration forms on parcels to the U.S.S.R. are still being completed inaccurately. Parcels are arriving in the Soviet Union from Canada with customs declarations that do not list the contents, or that show a different content on form 91B to that listed on form 15B. Also, some customs declarations have been corrected. The U.S.S.R. Postal Administration points out that these errors retard customs treatment and delivery and result in complaints and inquiries from addressees, particularly when the number of articles listed does not agree with the number received. The Canadian Post Office Department reminds mailers that the accurate filling-in of customs forms is solely their responsibility.

Uruguay: Obstacles and Achievements

Problem of finding markets for traditional exports causing some concern, but trade surplus up this year. Canadian sales also increased during the first six months of 1964.

G. TYRRELL, *Commercial Division, Canadian Embassy, Montevideo.*

ECONOMIC conditions generally improved during the first half of 1964 compared with the early months of 1963. At the end of August, Uruguay had a favourable trade balance of over U.S.$25 million, compared with U.S.$6 million at the same time last year, as the figures show:

	Jan. 1-Aug. 31 1964	1963
	(U.S. dollars)	
Exports	126,079,429	116,310,000
Imports	100,197,624	109,543,000
Favourable balance	25,881,805	6,767,000

Export Markets a Problem

Retail sales of textiles and other consumer goods were higher during the first half of the year but this improvement was not maintained during the third quarter. Capital goods industries in general have not revived to the extent expected after last year's devaluation of the Uruguayan peso.

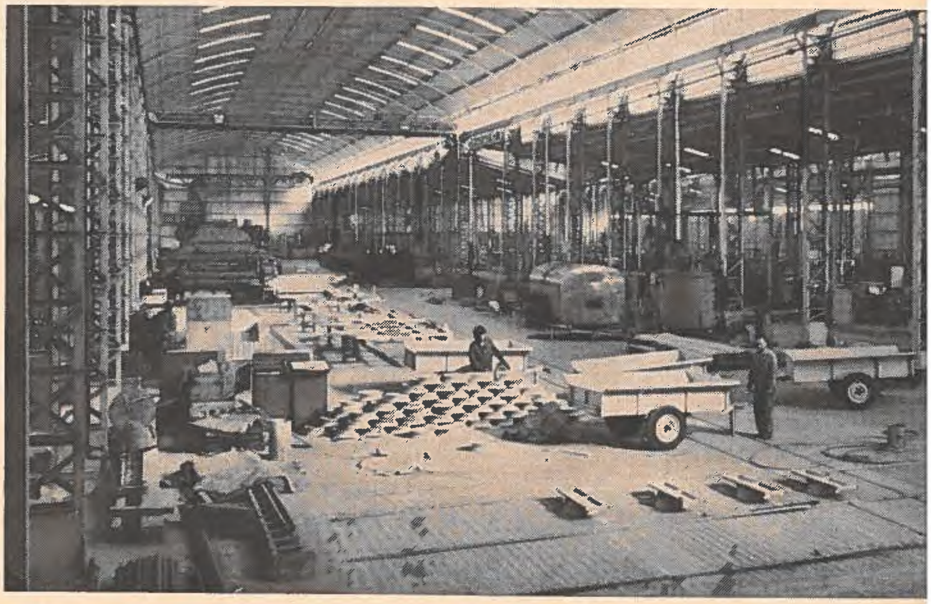
The Government's commercial policies appear to reflect serious concern about the long-run deterioration in trade with industrial countries and the major problem of finding markets for and increasing the volume of the country's exports.

A significant event in the banking and finance sector was the passing of a law last February to revise the charter of the Bank of the Republic and give it considerably more central banking power. The Bank can now exercise control over private bank credit and vary reserve requirements. It can also require private banks to hold their reserves as deposits in the Bank of the Republic itself, and can use these deposits as a basis for loans. Generally, there seems to be more money available for lending than there was last year. Bank interest rates on loans vary from 18 to 35 per cent, depending on the risk involved.

Strikes continue to plague government departments, banks, business and industry. The current labour trouble affects all government departments and organizations owned by the Government, such as the state power and telephone company, the state petroleum company, the national airline, and the Post Office.

Exchange Problems

The fixing of a new parity for the Uruguayan peso is being seriously considered; this was not done when the peso was devalued in May 1963. The possibility of this step is causing speculation and rapid fluctuations in exchange. In one week the value of the U.S. dollar rose from pesos 19.50 to pesos 24.90, but it decreased again almost at once and now stands at about pesos 21.60. It is intended to use the funds result-



Aluminum continues to be one of the principal products in Canada's traditional export trade with Uruguay. In this photograph, taken at the CIR S.A. plant in Montevideo (the capital city), you can see stacks of aluminum ingots from Canada.

ing from the new value to help pay the wages of government employees who are currently demanding an increase of pesos 450 per month; they refused an offer of pesos 250. The cost of living is said to have risen by 45 per cent since September 1963.

Industrial Progress Slow

Activity in the construction industry and its numerous subdivisions, which has a strong impact on the general economy, continued to be comparatively slow while waiting for government measures to provide credits to finance new projects. The Bank of the Republic called for quotations for the supply of new copper-nickel coins to the value of U.S.$210 million in September. The decree authorizing this minting stipulated that a substantial part of the profits realized because of the difference between the actual cost and the market value of the coins is to be used for public works, such as building hospitals and schools.

ANCAP, the national alcohol, petroleum and portland cement organization, has called tenders for an asphalt plant and for the needed equipment. This project is expected to cost about U.S.$600,000. ANCAP has received an offer from the Italian State Petroleum Institute to explore for petroleum in the province of Cerro Largo, but terms have not yet been decided.

In the first months of this year, the textile industry appeared to be maintaining the momentum resulting from the devaluation of the peso in May 1963. Textile sales were riding the crest of a small wave of increased retail buying for several months, as were other consumer soft goods. Appliance sales improved slightly early in the year, although retailers were finding it necessary to grant easier payment terms. The surplus of several types of household equipment, such as electric stoves and refrigerators, was exported to neighbouring countries, mainly Chile, Paraguay, Bolivia and Peru. Consequently, appliance manufacturers were able to run their plants at capacity.

This improvement has not been maintained in the last few months and a number of factories are now endeavouring to reorganize or amalgamate to reduce costs. However, it is expensive to reduce labour forces because government regulations provide for large payments to workers who are dismissed.

SOYP, the government-subsidized fishing concern which has a virtual monopoly of fishing rights along the Uruguayan coasts, still shows a heavy deficit, in spite of the two new boats added to its fleet. It is reported that a Japanese company has offered to sell SOYP 20 tuna fishing boats and all necessary machinery for a fish-processing plant for U.S.$5 million.

Small industries producing such products as steel wire, seamless pipe, tubing and tires continue to make fair progress. However, the over-all industrial picture is not encouraging.

Development Programs

UTE, the state power and telephone organization, is proceeding slowly with its eight year plan formulated in 1962. In spite of intermittent discussions with Argentine delegates, no concrete plans have yet been made for the Salto Grande hydroelectric plant on the Rio Uruguay near Ayui. The cost of this project is estimated at U.S. $408 million, of which 57 per cent will be in United States dollars, 17 per cent in Uruguayan pesos, and 26 per cent in Argentine pesos. A Swiss consortium has won the contract to supply and install a fifth generator at the Central Batlle y Ordoñez plant, which will cost pesos 235 million and will be financed by a loan from the World Bank. UTE also has recently called tenders for the supply of large quantities of cable and equipment for a projected addition of 120,000 lines to the telephone network.

Plans are going forward to provide drinking water supply to various centres in the interior and to extend the pipelines in Montevideo. A proposal to extend the sewerage network to the suburbs has been approved, although house owners are protesting strongly because they consider their share of the cost excessive. The public share would total approximately pesos 108 million.

Definite progress is being made in highway improvement projects; some have already been started, financed in part by a loan of U.S. $18.5 million from the World Bank.

Merchant Fleet

The creation of an intrazonal merchant fleet has been approved and Uruguay has called public tenders for two to six additional freighters for the Port Administration. The Ministry of Agriculture and Livestock has called for offers on two freighters with refrigerated holds.

To protect and expand the operations of the merchant fleet, a decree was issued that reduced freight rates for goods conveyed in Uruguayan vessels, always providing that the normal surcharges on such goods did not exceed 20 per cent. A number of maritime nations, including the United States, are critical of this measure, and it is reported that the United States is considering imposing a special import duty on Uruguayan goods entering that country.

Foreign Trade

Exports of wool, on which Uruguay depends heavily for foreign exchange, have decreased—more from domestic reasons than from any marked slackening in demand. Domestic speculation raised wool prices on the local market above world prices and many dealers, reluctant to sell for export at current prices, are holding large stocks in the hope that either world prices will rise or export taxes will be reduced. These taxes have now been fixed at the following rates per 10 kilos: wool in the grease pesos 50.46, washed wool 77.63, combed wool 83.51. Some 30 million kilos

TABLE I

URUGUAY'S FOREIGN TRADE

	1963 Jan.-June Imports	1963 Jan.-June Exports	1964 Jan.-June Imports	1964 Jan.-June Exports
	(U.S. dollars)			
LAFTA countries	12,636,300	6,694,800	17,760,000	6,159,600
United States	13,664,900	13,783,100	13,816,500	5,709,300
Canada	889,300	335,400	1,382,500	238,500

TABLE II

CANADA'S TRADE WITH URUGUAY

	1962	1963	Jan.-June 1964
		(Can. dollars)	
Exports to:			
Newsprint paper	602,255	707,907	393,391
Seed potatoes	533,823	602,493	257,248
Aluminum ingots, etc.	498,521	405,964	94,433
Sheet and strip steel	142,843	187,044	138,836
Asbestos fibre	129,909	170,480	65,250
Imports from:			
Wool	271,915	613,473	
Skins and hides	209,495	63,615	
Worsteds	15,835	9,777	
Orange juice concentrate	....	35,559	

from the last clip remain unsold. The new clip, now coming on the market, is reported to total about 90 million kilos. It has been estimated that if all the available wool were sold at present international prices the earnings, calculated at U.S.$180 million, would more than provide the foreign exchange required for imports (U.S.$177 million in 1963).

In the first half of the year meat continued to find ready markets at considerably better prices. New packing plants have been established with the authorization of the Ministry of Livestock and Agriculture at several centres in the interior where labour and overhead costs are cheaper, and they have been able to reduce the export cost of meat. The meat industry's exports to Britain, its leading market, totalled 19,345 tons in the first six months of 1964 (15,000 tons in the same period in 1963). Germany, the next most important buyer, took 15,194 tons in the first half of this year.

Hides and skins, both salted and dried, are still exported in considerable quantities and are Uruguay's third most important dollar-earning commodity.

A comparatively new export of growing importance is orange concentrate; substantial shipments have gone to Canada, the United States and European countries. Exports of citrus fruit are also increasing steadily.

Petroleum leads Uruguay's imports and is purchased chiefly from Kuwait and Venezuela. Wood from Brazil and hardwoods from Paraguay are gaining ground, and large quantities of wood pulp come from Canada and Scandinavia. Chile supplies a high percentage of the newsprint requirements. Metals, alloys and metal products are bought mainly from Argentina, Chile, Mexico and Belgium. These are the chief imports. Motor vehicles, assembled and unassembled, and parts stood high in the list of imports until the higher surcharge of 300 per cent curtailed them radically. The United States, Germany, Italy, France and Britain are Uruguay's chief suppliers, but imports from LAFTA countries are growing.

A serious shortage of wheat because of bad weather in the second half of 1963 necessitated the import of large quantities from Argentina. Uruguay normally has a substantial surplus of wheat for export.

The export and import figures in Table I illustrate the extent of Uruguay's increasing trade with members of LAFTA.

Valuation for Customs

By a decree dated August 14, 1964, the official values (aforos) placed on some imports for the calculation of import levies have been raised by 100 per cent to bring them in line with current market prices. However, these aforos will only be used when such valuations are higher than those calculated on the relevant c.i.f. figures. Where the import price proves to be lower than ruling international prices, surcharges and deposits will be based on the average of actual market prices in the exporting country. It is anticipated that these alternative calculations will eliminate any inclination that importers may have to reduce the face value of invoices in order to obtain a lower customs assessment. These aforos in no way increase the exchange tax on imports; they remain the same.

Trade with Canada

Canada's trade with Uruguay has followed its traditional pattern. Our sales reached a total of $2.9 million in 1963 compared with $3.2 million in 1962, and in the first eight months of 1964 totalled $2.2 million compared with $1.6 million in the same period in 1963. Table II shows the chief products in this trade.

Canadian suppliers have again been awarded the whole of the annual tender call by the Uruguayan Ministry of Agriculture for 150,000 bags of seed potatoes. Our exports of newsprint increased in 1963 after a few lean years and improved further in the first quarter of this year, although Chile is proving a keen competitor.

Canada's imports from Uruguay totalled $867,929 in 1963 compared with $792,682 in 1962. During the first quarter of 1964 they reached $316,896 compared with $151,857 in 1963. Our principal purchases are shown in Table II.

Prospects appear good for a continuation of Canada's traditional exports to Uruguay, and sales of other lines could be increased if exporters are willing to make serious exploratory and promotion efforts. They must pay particular attention to the importance of granting payment terms that can compete with those offered by such countries as Japan and Germany. Selling to Uruguay may be difficult for firms not prepared to meet competition by extending favourable credit terms (especially in length of time rather than rate of interest) and by assuming a greater degree of commercial risk. ●

Venezuela's Economy Expands

Oil and iron ore output and foreign exchange reserves are up; campaign to diversify industry is continuing. Canadian exports increased last year and are still rising, but raw materials and semi-finished products are assuming greater importance in this trade.

W. D. WALLACE,
Commercial Counsellor, Caracas.

THE economy of Venezuela continued to operate at a high level during the first nine months of 1964 and reflected the optimism that followed the elections last December. Business has been good, with wholesale and retail trade and collections above the figures of a year ago. Petroleum production was greater than in the same period of 1963, and iron ore production and exports recorded gains. Industrial activity has remained strong, reflecting the increased demand for a number of consumer goods, and numerous plans have been announced for the manufacture of various products. There has been a marked improvement in the building and construction industry and the real estate market has been active. Unemployment, estimated at well over 10 per cent of the labour force, has declined slightly but continues to constitute a major problem. On the financial side, the Government's treasury balance, gold and foreign exchange reserves and international reserves have improved and the public debt has gone down. The bolivar was revalued and the system of multiple foreign exchange rates simplified.

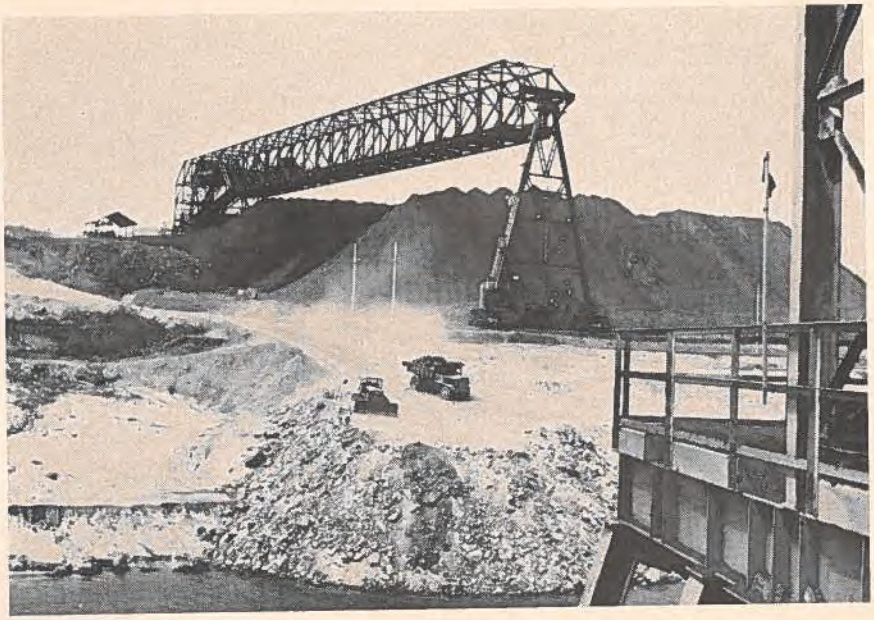
In May, President Leoni submitted to Congress a Bs.3.816 billion spending program. The plan would be spread over three years with Bs.1.036 million earmarked for 1964. Its purpose is to consolidate the economic gains of the past year and also to provide 20,000 new jobs.

According to the annual report of the Central Bank of Venezuela for 1963, the gross national income at Bs.21,274 million was 6.6 per cent above that of 1962; the gross national product reached Bs.29,765 million, an increase of 4.1 per cent. The National Treasury had a surplus of Bs.575.7 million for the year compared with Bs.637.2 million in 1962. The balance-of-payments surplus for 1963 reached U.S.$279.7 million, and this included a surplus of U.S.$157.5 million from the purchase and sale of foreign exchange. The favourable balance is significant in view of the adverse balances that, from 1958 through 1961, totalled U.S.$1,173 million. Total investment for the year increased by 9 per cent to Bs.4,178 million.

Exchange Reserves Increase

A significant increase in the gold and foreign exchange holdings has developed. The Central Bank of Venezuela reports that as of July 31, 1964, gold and foreign exchange

Venezuela's production and exports of iron ore are rising; output in the first nine months of 1964 increased by 24 per cent to 11 million metric tons. Exports totalled 11.1 million metric tons compared with 9.9 million in 1963. This scene was photographed at the iron mine at Bolivar Mountain, near Puerto Ordaz.
—Photo by Tourist Department, Ministry of Development, Caracas.



reserves amounted to Bs.3,095.4 million compared with Bs.2,181.6 million in July 1963 and Bs. 2,277 million at the end of December 1963. International reserves amounted to U.S.$768 million in July of this year, an increase of U.S.$131.5 million over July of a year ago. The national debt in July amounted to Bs.1,741 million, consisting of Bs.772 million external debt and Bs.969 million internal debt—a decline of Bs.292 million from a year ago.

Record 1965 Budget

The proposed Venezuelan budget for 1965 recently submitted to Congress clearly shows the dependence on revenues from the oil industry and the vulnerability of an income that fluctuates with the volume and prices of a product in markets beyond Venezuela. The budget is placed at Bs.7,260 million, an increase of Bs.74 million over 1964 and the largest on record. Approximately Bs.6,973 million is to be provided through ordinary revenues, of which 70 per cent (or Bs.4,959 million) will come from oil revenues. The balance of Bs.287 million not covered by regular income will be financed from extraordinary resources. The budget makes ample provision for long-term credits to industry, further development of the Guayana area (particularly electric power and the steel industry), expansion of the Venezuelan Petroleum Corporation and the Venezuela Petrochemical Institute, and extensive public works improvements.

Foreign Exchange Control

In January, Venezuela simplified its complex system of multiple rates of foreign exchange by introducing two new rates of exchange: Bs.4.40 and Bs.4.50 to the U.S. dollar. In addition, a system of subsidies was provided for some 23 essential products. Although the new regulations have eliminated the need for foreign exchange control permits, it will mean an estimated loss of Bs.1 billion a year in profits from exchange trading. On the other hand, the Government will gain considerably more from higher income taxes and royalties from the petroleum companies, which previously paid them at the low rate of exchange. The net gain to the Government may be close to Bs.500 million a year.

Foreign Loans

Venezuela continues to negotiate foreign loans under the Alliance for Progress program, in order to carry out development in housing, waterworks, agrarian reform, highways, bridges, electrical power, and chemical projects. Many of the individual projects have been completed or are well on their way, while others will take considerable time to finish. It is estimated that during the past four years Venezuela has applied for loans totalling $635.1 million, of which $474.4 million has been approved: actual disbursements have amounted to $157.5 million. The following is a summary of the loans approved and the amounts disbursed to the end of August 1964:

Agency	Amount of loan (millions of dollars)	Disbursed (millions of dollars)
AID	55	13.7
Eximbank	123.8	80.9
IADB		
Social Progress Trust Fund	53	20.5
Ordinary and special operations	23.9	7.4
World Bank	174	8.2
Foreign banks	44.7	26.7

The most recent loan to be approved was from the World Bank —$44 million, of which $30 million is to be used for new highways and $14 million by CADAFE to build 370 miles of transmission lines from the Macagua power plant on the Caroni River to Caracas.

Industrial Development

Industrial development has gone on at a good pace during the current year, with the Government following a policy of assisting new industry through tariff and trade controls and financial aid. On the other hand, the Creole Investment Corporation and C.A. Venezuela de Desarrollo report that their investment activities have been limited by a lack of realistic projects. The Venezuelan Development Corporation announced that, with financial aid from the Inter-American Development Bank and its own funds, more than Bs.118 million had been invested in the development of 55 industrial plants. These funds plus another Bs.72 million from the beneficiaries have been used to finance plants for turning out dairy products, processed seafoods, milk processing equipment, various foodstuffs, shoes, furniture, paper, glassware and pharmaceutical products. J. & P. Coats de Venezuela has opened a new Bs.12 million plant to produce thread. General Electric de Venezuela is now producing electric light bulbs and a number of household appliances. The Venezuelan Petrochemical Institute is constructing a chemical and explosives plant at a cost of Bs.84 million and at the same time is increasing production of caustic soda and fertilizers. In addition, it is studying plans for making synthetic rubber, detergents and plastics. The Government has contracted for a munitions factory.

Electric Energy

Electrical energy production for 1963 was estimated at 6,748 million kilowatt hours, or almost three times the 1958 output of 2,250 million. The construction of the Guri dam was begun in February, with the first stage of 1.75 million kilowatts to be completed by 1967. When the project is finished, it will have a capacity of 6 million kilowatts. The C.A. Energía Eléctrica (a subsidiary of Canadian International Power) operating in Maracaibo and Barquisimeto has plans to electrify the outlying areas of these cities at a cost of Bs.4.2 million. In addition, the company plans to build a new power unit costing about Bs.37 million.

Petroleum Industry

There has been little or no change in the Government's present petroleum policy but it expects to accelerate the development of service contracts by the Venezuelan Petroleum Corporation as a substitute for the "irrevocably discontinued" system of concessions. However, private investment will retain the rights previously granted and can participate in future development under the new conditions established by the Government. The two largest producers, Creole Petroleum Corporation and the Shell Company, have submitted proposals which are now under study. During the current year the Texas Oil Company purchased the Superior Oil Company of Venezuela and Continental Oil Company purchased the San Jacinto Oil and Gas Company.

Oil production for 1963 was placed at 3.3 million barrels per day, a slight increase over the 1962 output of 3.2 million barrels per day but well below the Government's goal of a 4 per cent annual increase. For the first nine months of 1964, production averaged 3.4 million barrels per day, or 3.43 per cent over the like period of 1963.

According to the Ministry of Mines and Hydrocarbons, income from oil production in 1963 amounted to Bs.7,902 million, slightly below the 1962 total of Bs. 7,915 million. On the other hand, the Government's share in profits, including royalties, increased from Bs.3,038 million to Bs.3,419 million in 1963 and stands at a ratio of 67/33 for the year. Net profits to the industry, at Bs.1,677 million were slightly below the 1962 total of Bs.1,693 million. This represents a return of 19.5 per cent on average capital in the industry of Bs.8,845 million ($2,862.5 million). Capital expenditures by the industry increased to Bs.503 million. The outlook for 1964 is promising, with the Government expecting a substantial increase in its oil revenues and the industry a moderate rise in net income. Capital expenditures for 1964 are estimated at over Bs.600 million, reflecting larger outlays by some of the major companies. These companies have also stepped up their purchasing of requirements from local sources.

Iron Ore Industry

Increased demand for Venezuelan iron ore from the United States, Britain and Europe has reversed the downward trend of the past few years in iron ore production and exports. Output for the first nine months of 1964 amounted to 11 million metric tons as against 8.9 million in late 1963, an increase of 24 per cent. Exports totalled 11.1 million metric tons compared with 9.9 million in 1963, a gain of 11.4 per cent. The local steel mill has increased the demand for iron ore and in the nine-month period took 394,000 metric tons, compared with 352,000 in the corresponding period of 1963. The improvement in total demand will lead to a substantial increase in operating profits for the iron producers and in revenue to the Government.

Agriculture

In the agricultural sector, the carrying out of the agrarian reform program remains the chief objective and further progress was expected in 1964 as a result of appropriating about Bs.114 million for the purchase of additional land. During the next five years, the Government hopes to settle 200,000 more families on farms. By the end of 1963 approximately 57,000 families had been allotted 3.8 million acres of land in 649 settlements. It is estimated that of the above acreage, 35 per cent was public land and the remainder purchased from private owners.

TABLE I

VENEZUELA'S FOREIGN TRADE

(millions of bolivars)

IMPORTS

	1959	% of total	1960	% of total	1961	% of total	1962	% of total	1963	% of total
United States	2,510	52	1,845	54	1,933	54	2,049	52	1,997	54.6
West Germany	443	9.3	316	9.4	308	8.6	340	8.7	292	8.0
Britain	338	7.1	215	6.3	192	5.3	237	6.0	223	6.1
Canada	157	3.2	131	3.9	148	4.1	176	4.5	183	5.0
Italy	279	5.8	224	6.7	203	5.7	209	5.3	148	4.0
France	114	2.3	81	2.4	117	3.2	116	3.0	94	2.6
Netherlands	126	2.6	88	2.6	81	2.2	92	2.3	92	2.5
Japan	123	2.5	127	3.7	133	3.7	161	4.1	91	2.5
Total imports	**4,742**	**100**	**3,571**	**100**	**3,581**	**100**	**3,871**	**100**	**3,655**	**100**

EXPORTS

	1959	% of total	1960	% of total	1961	% of total	1962	% of total	1963	% of total
United States	3,024	38	3,456	35	2,860	35	2,665	37	2,580	29.3
Netherlands Antilles	1,916	24	1,966	25	2,049	25	2,073	23	1,989	22.5
Canada	227	2.8	259	3.0	312	3.8	742	8.5	787	8.0
Britain	556	7.0	641	7.5	650	8.4	687	7.9	704	7.9
Puerto Rico	286	3.6	276	3.2	288	3.2	324	3.7	366	4.2
Holland	125	1.6	136	1.5	233	2.6	252	2.9	296	3.3
Brazil	285	3.5	284	3.3	274	3.3	330	3.7	285	3.2
Trinidad	204	2.6	241	2.8	238	2.9	215	2.4	244	2.7
Total exports	**7,938**	**100**	**8,500**	**100**	**8,092**	**100**	**8,688**	**100**	**8,806**	**100**

Agricultural production for 1963 was valued at Bs.2,084 million, or 5.3 per cent over 1962, and accounted for 7 per cent of the gross national product. Production of rice, beans, cotton, sisal, cacao, coffee and sugar increased. Output of corn and potatoes declined, necessitating imports of these products to meet domestic requirements. The output of domestic flour reached a record in 1963 at 259,204 metric tons. The livestock and animal products sector improved over 1962, with the number of head of cattle and hogs up. There was a small decline in chicken and egg production. Milk production continued to increase and amounted to 521 million litres in 1963 compared with 481 million in the previous year. The Ministry of Agriculture anticipates an 8 per cent increase in agricultural production for 1964.

Foreign Trade

In an effort to expand trade with its South American neighbours, Venezuela is considering seriously joining the Latin America Free Trade Area. Last June at the annual meeting of the Federation of Chambers of Commerce, President Leoni announced the Government's decision to join LAFTA. It is expected that a submission will be made to Congress for approval early in the new year and this will enable Venezuela to begin negotiations with the LAFTA members in 1965. Although it is not possible to forecast the outcome, should Venezuela become a member of LAFTA it may be necessary for the country to revise its existing commercial treaties with other countries.

Venezuela's foreign trade for 1963 showed an increase in exports and a decline in imports, resulting in a small increase in the favourable balance of trade. Exports, at Bs. 7,934 million, increased by 1.1 per cent over 1962, because of larger exports of petroleum. Imports, after rising in 1962, declined in 1963 and totalled Bs.3,655 million compared with Bs.3,871 million in the previous year. The favourable balance of trade amounted to Bs.4,279 million, the largest ever.

TABLE II

CANADA-VENEZUELA TRADE

Year	Exports	Imports	Balance in favour Venezuela
	(Can.$'000)		
1959	45,833	204,582	158,749
1960	35,345	195,189	159,844
1961	34,978	216,640	181,622
1962	42,328	224,275	181,947
1963	46,328	243,495	199,167
1963	30,603*	94,033†	....
1964	39,727*	104,089†	....

*Eight months.
†Five months.

Table I shows that imports from all major countries, with the exception of Canada, declined in 1963 from 1962. Canada became the fourth ranking supplier, accounting for 5 per cent of imports compared with 4.5 per cent in 1962. The United States was in first place with 54.6 per cent (52 per cent), followed by West Germany with 8 per cent (8.7), and Britain 6.1 per cent (6). Italy dropped to fifth place, with 4 per cent (5.3).

Statistics for 1964 are not yet available but imports are expected to remain at about the same level as in 1963. Exports too are expected to rise, with larger shipments of petroleum and iron ore.

Trade with Canada

Venezuela is one of Canada's leading customers in South America and 1964 should be a record year for exports to this country. In turn, Canada is an important market for Venezuela's petroleum and products. The balance of trade, however, is heavily in favour of Venezuela. For 1963, Canada's exports to Venezuela totalled $46.3 million compared with $42.3 million in 1962, a gain of 19.2 per cent. Imports into Canada from Venezuela amounted to $243 million against $224 million in 1962.

This trend continued in 1964 (see Table II) with exports for January-August totalling $39.72 million, compared with $30.6 million in the corresponding period of 1963. On this basis, it appears that Canada's

TABLE III

CHIEF CANADIAN EXPORTS TO VENEZUELA

	1959	1960	1961	1962	1963	Jan.-Aug. 1963	Jan.-Aug. 1964
				(Can.$'000)			
Wheat	5,304	4,980	4,574	11,802	14,199	11,070	12,500
Whole milk powder	7,685	7,821	9,057	8,708	6,918	4,930	5,023
Sheet and strip steel	526	223	401	1,630	2,526	931	3,002
Newsprint paper	2,358	2,320	2,449	2,701	2,396	1,453	1,739
Plastics and synthetic rubber not shaped, n.e.s.	N.A.	N.A.	1,542	1,537	1,931	1,217	1,475
Motor vehicles	1,624	863	1,324	667	1,859	1,125	3,205
Copper and products	1,189	318	538	853	1,535	871	1,211
Wood pulp	1,685	673	1,816	2,155	1,473	929	635
Seed potatoes	749	686	1,227	662	926	510	522
Aluminum and products	898	669	724	1,015	743	275	531
Malt	377	505	463	583	677	404	417
Washing machines	406	280	322	308	551	374	423
Oats	466	....	334	407	538	431	274
Oatmeal and rolled oats	161	102	463	327	520	378	....
Bond and writing paper	725	593	908	745	473	314	421
Asbestos fibres	383	475	616	531	369	269	278
Insulated wire and cable	606	286	212	244	283	129	269
Skim milk powder	216	431	204	229	238	137	173
Marine engines	526	170	332	200	200	280	68
Pharmaceuticals and drugs	925	612	212	216	136	118	86

exports to Venezuela in 1964 will establish a high record value.

Although Canada exports a wide range of products to Venezuela, agricultural commodities dominate, though there is a definite shift towards raw materials and semi-finished products. The twenty products shown in Table III accounted for 73.7 per cent of total shipments in 1959, 62.3 per cent in 1960, 79 per cent in 1961, 83.7 per cent in 1962, and 83 per cent in 1963. For the first eight months of 1964 these products constituted 81 per cent of the total value of shipments. Substantial gains have been made in sales of automobiles, sheet and strip steel, copper and products, with smaller increases in wheat, powdered milk, newsprint paper, plastic and synthetic rubber, aluminum and products, and washing machines. On the other hand, exports of wood pulp, oats, oatmeal and rolled oats, marine engines and pharmaceuticals declined.

Canada ranked third among Venezuela's foreign markets in 1963. Crude oil and products are our chief imports and in the past year totalled $242 million, followed by green coffee $463,326, carbon steel bars $227,000, and cocoa beans $95,748. For the first five months of 1964 petroleum imports totalled $103.6 million, green coffee $301,826, and cocoa beans $58,983.

Outlook Is Good

All indicators point to a continuation in 1965 of the present wave of prosperity in Venezuela. All sectors of the economy are expected to expand as both government and private industry are planning additional spending. This will mean additional trade opportunities for Canadian exporters, but they must be able to offer competitive prices and terms and meet the severe competition from European and Japanese sources of supply. ●

TRADE COMMISSIONERS ON TOUR

In Territory

Costa Rica—H. E. Lemieux, Commercial Counsellor in Guatemala City, will visit San José January 13-15.

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

Honduras—J. H. Nelson, Commercial Secretary in Guatemala City, will visit San Pedro Sula and Tegucigalpa January 25-29.

Indo-Chinese States—R. G. Woolham, Assistant Trade Commissioner in Hong Kong, will visit Saigon, South Vietnam, Phnompenh, Cambodia, and Vientiane, Laos, December 6-18.

Nicaragua—H. E. Lemieux, Commercial Counsellor in Guatemala City, will visit Managua January 10-12.

Pakistan—R. D. Sirrs, Commercial Secretary in Karachi, will visit East Pakistan November 30-December 4.

R. D. Lee, Assistant Commercial Secretary in Karachi, will visit Lahore and Rawalpindi December 8-12.

Panama—H. E. Lemieux, Commercial Counsellor in Guatemala City, will visit Panama January 17-22.

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

Documentation for South America

THE chief characteristic of South American documentation is the consular invoice, which is required in seven of the ten countries. Chile's regulations call for a combined commercial invoice and certificate of origin.

Fees for legalization of documents vary greatly and are often substantial. Consular fees are usually based on the value of the shipment as shown in the invoice, going as high as 10½ per cent ad valorem in some cases. Some fees are collected by the Consul who processes the documents, others are paid by the importer at the port of entry.

Leaflets on *Shipping Documents and Customs Regulations,* giving details of the requirements, have been compiled by the Office of Trade Relations for all countries listed in the table below, except Paraguay, and are available free. Information on other countries can also be provided.

The need for care in the preparation of shipping documents, particularly when exporting to Latin America, cannot be too strongly emphasized. The following table is intended merely as a guide to the kind and number of documents each country requires and indicates the principal basic regulations. Most of the countries in this area specify in detail the data that must be included in the shipping documents and deviation from the requirements, even if unintentional, may result in the importer being fined.

When completing shipping documents, exporters should follow explicitly any instructions received from their agents in the importing country.

Some countries specify the time limits within which documents must be presented to the Consulate for legalization. These limits are given in note 12 below and must, of course, be strictly observed. Even if no time limit is specified in the regulations of a particular country, there should be no undue delay in preparing the documents. They should be posted promptly, by airmail, so that they will be in the hands of the importer at least by the time of arrival of the shipment at the port of destination.

Health and pure food regulations often call for the production of documents not dealt with in the following table. Many countries require sanitary or health certificates, issued by the agricultural or health authorities in the country of origin, for animals, plants and their products, and processed foodstuffs. Details of these requirements are given in the leaflets referred to at the beginning of this article.

The procedures for shipments by parcel post and by air cargo usually differ in some respects from those for freight shipments as outlined below. In most countries, the requirements are not quite as strict or exacting but must nevertheles be followed precisely to avoid difficulties. The leaflets on shipping documents deal in detail with these methods of shipment.

The following table indicates the documents required for freight shipments to countries in South America and indicates briefly the main requirements in preparing the documents. The notes following the table give further explanations.

The number of copies of each document is that specified in the regulations of the country. Frequently exporters, Chambers of Commerce (when required to sign documents), or transportation companies will need extra copies for their own records.

Abbreviations: C.I.—Consular Invoice; Com. I.—Commercial Invoice; C.O.—Certificate of Origin; B/L—Bill of Lading.

Country	Documents Required	No. of Copies	Consular Fees	Price of Forms per Set	Notes (see below)
Argentina	Com. I. & C.O.	4	1½ per cent c.i.f. value*		1, 4, 7, 11, 14
	B/L	3			2
Bolivia	C.I.	5	$5.00 for first $1,000; $10.00 if over $1,000*	$2.00	1, 3, 5, 8, 9, 12
	Com. I.	5			14
	B/L	6	1 per cent of shipping expenses (minimum $1.00)		1, 12, 15
	Invoice or statement of port charges	1			
	Insurance policy	4			
Brazil	Com. I. & C.O.	5	$12.00 up to $1,000, plus $2.00 for each additional $500 or fraction*		1, 3, 8, 10, 12
	B/L	5	gratis		
Chile	Combined C.I. & C.O.	4	2½ per cent f.a.s. value‡		2, 8
	B/L	3	$5.00 for each 200 tons‡		2
	Supplier's certificate	2			

Country	Documents Required	No. of Copies	Consular Fees	Price of Forms per Set	Notes (see below)
Colombia	C.I.	4	1 per cent f.o.b. value‡ and $5.00*		1, 4, 6, 9, 10, 12
	Com. I.	4	gratis		1, 5, 8, 11
	B/L	4	$5.00		1, 12
	Certificate of registration	1			
Ecuador	C.I.	6	$1.00 per $1,000 or fraction* 10½ per cent f.o.b. value plus $2.00‡ to $10.00*	$3.00	1, 4, 6, 9, 10, 12, 14
	Com. I.	5			
	C.O.	2			1, 8, 3
	B/L	4			1, 5, 11
Paraguay	Com. I.	4	5 per cent and $5.00‡		3, 4, 8
	B/L	4	$5.50‡		
Peru	C.I.	4	$2.00 to $10.00*	$0.80	1, 4, 6, 13, 14
	Com. I.	1			1, 8, 13
	B/L	5	$5.00 up to 200 tons, plus $5.00 for each additional 200 tons*		1, 4, 13
Uruguay	Combined C.I. & C.O.	4	$10.50 plus $2.10 for each 1,000 pesos* if Consul at port of export, otherwise‡,		1, 4, 6, 9, 12
	Com. I.	4	if requested, $21.00*		1, 8, 12, 16
	B/L	4	$6.30 for first 15 lines plus $5.25 for each additional 15 lines or fraction		1, 5, 12
Venezuela	C.I.	7	2 per cent to 3½ per cent f.o.b. value‡		1, 4, 6, 12, 14
	Com. I.	3			2, 8
	B/L	4			1, 5, 12

*Fee collected from exporter by Consul.

‡Fee payable by importer at port of entry.

NOTES

1. Requires consular legalization or must be presented to Consul with documents.

2. Does not require presentation to Consul. (For Chile, the number and date of prior deposit receipt must be shown on Com. I. and B/L.)

3. Requires certification by Chamber of Commerce or similar organization. (For Bolivia, the Com. I. requires this only if c.i.f. value is $50 or more.)

4. Must be in Spanish.

5. Certain details must be in Spanish.

6. Forms obtained from Consul.

7. Forms obtained from commercial stationers.

8. Exporter's own form may be used, provided it contains all the information the regulations require.

9. The document specified is not required for freight shipments valued at less than the following amounts: Bolivia $50, Colombia 100 pesos, Ecuador $40, Paraguay $70, Uruguay $8.60. For all other countries, documents are required for freight shipments regardless of value.

10. Consuls will not legalize documents unless a copy of the import permit or analogous document or evidence of its issuance to the importer is produced. (There are some exceptions to this rule; exporters should assure themselves that a permit, if required, has been obtained before shipment is made.)

11. Documents must be legalized by Consul located in Canada.

12. Documents must be legalized by Consul at port of export (in Canada or the United States).

13. Documents may be legalized either by Consul in Canada or Consul at port of export.

14. Time limits within which documents must be presented to Consulate for legalization are: Argentina, before sailing; Bolivia, within five working days after sailing; Brazil, within 30 days after sailing; Ecuador, at least 48 hours before sailing; Peru, at least 24 hours before sailing; Venezuela, within six days after sailing.

15. Bolivia requires three original and three non-negotiable bills of lading.

16. One copy of the commercial invoice must be presented to the Uruguayan Consul for checking purposes and will be retained by the Consul. Shipments of machinery and spare parts for industrial installations, industrial raw materials, and agricultural machinery, implements and supplies must be certified by a Chamber of Commerce, the Canadian Manufacturers' Association or a similar organization as to price and origin. When requested to do so, the Consul will visa these invoices for a fee of U.S.$21.

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 .9310.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Nov. 16	Units per Canadian dollar	Notes (see below)
Algeria	Dinar		.2192	4.56	
Argentina	Peso	Free	.007196	138.97	†
Australia	Pound		2.3914	.4182	
Austria	Schilling		.04159	24.04	
Bahamas	Pound		2.9892	.3345	
Belgium and Luxemburg	Franc		.02165	46.19	
Bermuda	Pound		2.9892	.3345	
Bolivia	Peso		.09052	11.05	
Brazil	Cruzeiro	Official Free	.0006798	1,471.02	
Britain	Pound		2.9892	.3345	
British Guiana	Dollar		.6227	1.61	
British Honduras	Dollar		.7473	1.34	
Burma	Kyat		.2255	4.43	
Ceylon	Rupee		.2242	4.46	
Chile	Escudo	Bank rate	.4288	2.33	
		Free	.3330	3.00	
Colombia	Peso	Free	.08408	11.89	
		Certificate	.1193	8.38	
Congo, Republic of	Franc		.007160	139.66	(1)
Costa Rica	Colon		.1621	6.17	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1492	6.70	
Denmark	Krone		.1549	6.46	
Dominican Republic	Peso		1.07406	.9310	
Ecuador	Sucre	Official	.05967	16.76	
		Free	.05800	17.24	
El Salvador	Colon		.4296	2.33	
Fiji	Pound		2.6930	.3713	
Finland	Markka		.3356	2.98	
France-Monaco, etc.	Franc		.2192	4.56	(2)
Franco-African Republics, etc.	Franc		.004384	228.10	(3)
French Pacific	Franc		.01206	82.92	(4)
Germany	D Mark		.2700	3.70	
Ghana	Pound		2.9892	.3345	
Greece	Drachma		.03580	27.93	
Guatemala	Quetzal		1.07406	.9310	
Haiti	Gourde		.2148	4.66	
Honduras	Lempira		.5370	1.86	
Hong Kong	Dollar	Free	.1866	5.36	*Nov. 6
		Official	.1868	5.35	

*Latest available date.

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

†Devaluation from 144.60 per U.S. dollar to 149.50 per U.S. dollar, November 9, 1964.

Country	Unit	Type of Exchange	Can. dollar equivalent Nov. 16	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02498	40.03	(1)
India	Rupee		.2242	4.46	
Indonesia	Rupiah		.004296	232.77	(1)
Iran	Rial		.01418	70.52	
Iraq	Dinar		3.0074	.3325	
Ireland	Pound		2.9892	.3345	
Israel	Pound		.3580	2.79	
Italy	Lira		.001719	581.73	
Japan	Yen		.002984	335.12	
Lebanon	Pound	Free	.3410	2.93	
Malaysia	Dollar		.3509	2.85	
Mexico	Peso		.08593	11.64	
Morocco	Dirham		.2148	4.66	
Netherlands	Florin		.2990	3.34	
Netherlands Antilles	Florin		.5695	1.76	
New Zealand	Pound		2.9688	.3368	
Nicaragua	Cordoba		.1534	6.52	
Nigeria	Pound		2.9892	.3345	
Norway	Krone		.1499	6.67	
Pakistan	Rupee		.2242	4.46	
Panama	Balboa		1.07406	.9310	
Paraguay	Guarani	Free	.008490	117.79	
Peru	Sol	Free	.04004	24.98	
Philippines	Peso	Free	.2756	3.63	
Portugal & Colonies	Escudo		.03736	26.77	(5)
Sierra Leone	Leones		1.5037	.6650	
South Africa	Rand		1.4946	.6691	
Spain and Dependencies	Peseta		.01794	55.74	
Sweden	Krona		.2084	4.80	
Switzerland	Franc		.2489	4.02	
Syria	Pound	Free	.2812	3.56	
Thailand	Baht	Free	.05095	19.63	(1)
Tunisia	Dinar		2.0622	.4849	
Turkey	Lira		.1193	8.38	(1)
United Arab Republic	Pound	Official	2.4703	.4048	
United States	Dollar		1.07406	.9310	
Uruguay	Peso	Free	.04551	21.97	
Venezuela	Bolivar	Official Free	.23901	4.18	
West Indies	Dollar		.6227	1.61	(6)
	Pound		2.9892	.3345	(7)
Yugoslavia	Dinar	Official	.001432	698.32	

Notes

1. Additional rates are in effect.
2. Franc is also used in French Guiana, Guadeloupe and Martinique.
3. 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.
4. New Caledonia, New Hebrides, French Polynesia.
5. Portugal: approximately same rate for Portuguese territories in Africa.
6. Barbados, Trinidad and Tobago, Leeward and Windward Islands.
7. Jamaica.

COMMODITY NOTES

Agricultural Machinery

ARGENTINA—During the past year production and sales of agricultural machinery and equipment have increased sharply. This rise in sales is due largely to increased funds available to producers, because of recent bumper crops, especially wheat, and to new farm credits being granted in accordance with a recent agreement between the Argentine National Bank and the IADB.

Since last October, almost 10 billion pesos have been granted to producers to buy this equipment, especially forage harvesting and processing equipment, and grain silos. Stocks of these items are depleted and farmers must wait several months for delivery.

The 1964 production forecasts are for 2,958 traction tractor ploughs with three to six furrows, and 5,917 tractor-mounted ploughs with one to three furrows. In the area of harvesting, these forecasts indicate 275 forage harvesters and shredders with elevators, 390 grain combines for P.T.O., 2,373 self-propelled combines, 1,460 swathers for P.T.O., and 314 self-propelled swathers.

More information about the whole range of agricultural machinery and equipment is available from the Argentine Chamber of Agricultural Machinery Manufacturers—Buenos Aires.

Cattle

COLOMBIA—It is estimated that the cattle population has increased from 15 million head in 1958 to the present 20 million. The industry has been stimulated by colonization of new areas and the adaptation of the "Zebu" breed to areas of the country with a tropical climate—Bogotá.

Paper

CHILE—Crown Zellerbach Corporation and the Chilean pulp and paper producer, Compañia Manufacturera de Papeles y Cartones S.A., (CMPC), have revealed their intention to make tabulating card stock in Chile. Planning has been under way for some time and the two companies have now applied for permission to import U.S.$4.6 million capital for a new jointly-owned entity known as Laja Crown S.A.

Laja Crown will install a 100-ton-per-day paper machine for tabulating card stock and other special papers at Laja, where CMPC is already expanding its kraft pulp mill with extensive participation by Canadian engineers and equipment manufacturers, partly financed by an Export Credits Insurance Corporation long-term loan.

Establishment of Laja Crown results from the first so-called sectorial agreement under the Latin American Free Trade Association; in this case, between Brazil, Argentina, Uruguay and Chile. The new machine when it goes into operation next year is expected to meet all the LAFTA countries' requirements for tabulating card stock—Santiago.

Sheep

COLOMBIA—Some 2,500 Corriedale sheep have been imported under government auspices from Australia. Because Colombia produces only 10 per cent of the wool used in its local textile industry, a substantial program to provide good wool-bearing breeding stock has been put in motion. Under the government program for agrarian reform and the Livestock Bank, these sheep will be used as breeding stock for future flocks producing high-quality wool in the provinces of Caldas, Santander and Antioquia—Bogotá.

Telex Services

URUGUAY—UTE, the state power and telephone organization, has inaugurated Telex service between Montevideo and all other countries using the Telex communication system.

The tariffs fixed by Telex International will apply to calls from Montevideo. A three-minute communication with Canada would cost about Can.$7.30, plus Can. $2.44 for each additional minute—Montevideo.

Tin Cans

VENEZUELA—A new factory in the industrial zone of Maracaibo recently started producing tin cans to supply the demand for Zulia State industries. The plant, costing ten million bolivars, covers ten acres. The company is Envases Venezolanos del Zulia, a subsidiary of Envases Venezolanos C.A. of Maracay, which has been producing cans for several years—Caracas.

Tractors

BRAZIL—From its initiation in 1960 to the end of 1963, the Brazilian tractor industry produced 19,209 units. In the first six months of this year 6,234 units were turned out and the industry forecasts production of nearly 13,000 tractors of all sizes by the end of 1964. In 1963, of the 11,018 tractors produced in Brazil 5,100 were lightweight, 4,179 medium, and 1,739 heavyweight. Although the present tariff structure permits the relatively free entry of agricultural equipment, few tractors are being imported because the Government offers substantial financing for the acquisition of domestically made types—Rio de Janeiro.

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

CANADA
POSTAGE PAID
PORT PAYÉ