

JUNE 26. 65

FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA



Prosperity Enhances Trade in Western Europe

FOREIGN TRADE

JUNE 26, 1965

Vol 123 No. 13

COVER: The current prosperity in Western Europe is reflected in this picture of a sidewalk café on the Königsallee in Duesseldorf. Industrial and consumer demand, supported by the business upswing, resulted in larger imports and many world traders, including Canada, benefited. See the review on page two and the detailed reports that follow.

Established 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.

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

Subscription: \$5.00 a year in Canada
\$7.00 abroad.

Single copies: 25 cents each.

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

Canada's Trade with Western Europe in 1964 2

The chief of the European Division takes a look at expansion in Europe and the movement towards integration, analyzes the effect upon the volume and pattern of Canadian trade, and discusses our trading record in the past year.

EFTA Makes Sixth Internal Tariff Reduction 6

EFTA has encountered a number of problems in the last few months, but trade among the members and with outside countries continued to increase and liberalization advanced. This brief article fills in the details.

Common Market Co-ordinates Policies 8

From the seat of the EEC Commission in Brussels comes this survey of the Community's progress, the successful evolution of an agricultural policy, the proposed institutional merger, and the progress also made in other than the commercial field.

Austria: Boom Conditions Continue 11

Belgium-Luxembourg: Economic Expansion Maintained 14

Denmark: Measures Taken to Restrain Inflation 18

Finland: GNP Rose in 1964, Prospects Promising 21

France: Canadians Are Selling More 24

Greece: Industry Makes Striking Progress 27

Ireland: GNP Rose, Trade Increased 32

Italy: Signs of Industrial Revival 34

The Netherlands: Consumer Spending Increases 36

Norway: Exports Have Gone Up 40

Portugal: Trade Deficit Larger 42

Spain: Inflation Remains a Threat 44

Sweden: Economy Expanding at Slower Rate 48

Switzerland: Outlook for Canadian Sales Bright 50

West Germany: Continues to Be Largest Market 53

European Trade Missions: Coming and Going 23

Enterprising Exporters in Europe 30

Canada Goes to European Fairs 39

Commodity Notes 56 General Notes 58

Foreign Exchange Rates 62 Question Period 64

Foreign Tariffs and Trade Regulations 60 Trade Commissioners on Tour 57

Canada's Trade with Western Europe in 1964

WORLD ECONOMIC ACTIVITY during 1964 was considerably higher than in the preceding year. Industrial production is estimated to have reached a level nearly 6 per cent above that of 1963, a figure which, in a great number of the advanced countries, was matched by a similar rise in the gross national product.

Dismantling of tariffs within EEC and EFTA and the shifting external rates of duty imposed by the EEC pose problems for Canadian exporters. But our sales to Western Europe reached \$751 million last year—almost \$90 million more than in 1963.

G. W. GREEN, *Chief, European Division, Office of Trade Relations.*

This vigorous stimulus to business was nowhere more evident than in Western Europe. It would be extremely difficult to summarize in any meaningful way the experience of the sixteen countries covered in this issue, for not only did the various forms of economic activity differ from one area to another but even the performance of the major industrial sectors tended to vary considerably. Labour was scarce or plentiful to varying degrees, wages and prices grew at rather disparate rates, and the rate and type of investment carried out in one country did not necessarily reflect the experience of another. Mild inflation in one area was matched by mild recession in its neighbour. Stabilization measures received corresponding emphasis.

Looking at Western Europe in general, however, it can be safely said that economic activity continued to expand at a satisfactory rate. Vastly improved weather proved important not only for agri-

culture but for the construction and allied industries. Labour shortages continued, but perhaps less acutely than before. Stabilization policies succeeded to some extent in restraining the previous rapid rise in prices. A corresponding decline in the growth rate of consumer incomes tended to bring about a fall in internal demand. Any deficiencies in such demand, however, were more than offset by a significant increase in the shipment of European goods to other parts of the world—an increase that not only reflected the strong business upswing in the world as a whole, but also the more competitive prices of European producers.

EEC and Its Trade

Total imports during the year by the six member countries of the European Economic Community rose by 7 per cent and their exports by 11 per cent, significantly reducing the trade deficit which has existed for the past five years. In this context, the Community's increase of 17 per cent in its purchases from Canada is particularly satisfying. Trade among the six countries themselves, of course, continued to increase more rapidly than did trade with third countries, achieving a growth during the year of some 15 per cent. Structurally, there was a significant difference between internal and external trade. Food and raw materials were among the most important items purchased from the outside world and showed the highest rates of growth. The pattern of Canadian shipments may be considered typical in this respect, although there is growing emphasis on finished products. In trade among the members themselves, the



These formidable-looking lobsters from Maritime waters have made the hop across the Atlantic by air; this Belgian chef has plans for them that the lobsters, fortunately, know nothing about. They are a colourful component of Canada's trade.

focus was on manufactured goods, with particularly large increases in machinery and vehicles, steel, chemicals and textiles.

EFTA'S Trade Picture

In the European Free Trade Association, by contrast, total imports rose by 13.5 per cent and exports by only 6 per cent. To a large extent, this resulted from particularly heavy imports by Britain, the predominant market in the group. In view of the large increase in Canada's own shipments to Britain during 1964, the relatively small growth of 2.4 per cent in our sales to the continental members of

the Association is not as unsatisfactory as might at first appear. The EFTA states carried out some 77 per cent of their external trade with outside countries, to a large degree with those of the Community. The corresponding figure for the Community nations as a group was 60 per cent. Trade among the EFTA countries themselves rose by 18.5 per cent, the largest annual increase recorded since its establishment.

The Progress of Integration

Canadian interest in individual European markets and their economic development was matched during most of 1964 and the first

part of the current year by a corresponding preoccupation with the progress of their integration, not only that being carried out within the EEC and EFTA themselves, but also the various efforts being made to bring the two groups more closely together.

The six member countries of the Community continued to make substantial progress during the year towards the ultimate objective of a single trading entity. On January 1, 1965, tariffs between the member states themselves were reduced by a further 10 per cent, bringing the total of such reductions to date to 70 per cent for industrial goods and

JUNE 26, 1965

91871-1½

50 to 55 per cent for agricultural commodities. The rates of duty applicable to goods imported from Canada and other countries outside the Community, which have already moved 60 per cent of the way towards complete alignment with the eventual common external tariff, continued unchanged. In EFTA, tariffs on industrial products moving among the member states themselves were also reduced by 10 per cent at the beginning of 1965, bringing the total of such reductions, as in the Community, to 70 per cent.

Within the Community, the most important single development was undoubtedly the agreement on harmonized grain prices which was reached on December 15, 1964, and which removed one of the long-standing obstacles to further progress in the agricultural and other fields. This harmonization is to begin on July 1, 1967. In the same sector, regulations governing market arrangements for rice under the Common Agricultural Policy were brought into force on September 1; those for beef, veal and dairy products became effective two months later.

Decision Reached

The existence of two large markets in Europe which, to an increasing extent, discriminate against each other, has provided a strong challenge to those who see advantages in wider integration and dangers in continuing division. Since the failure in early 1963 of Britain's attempt to join the Community, only one EFTA country—Austria—has taken the subsequent step of opening direct negotiations with Brussels. On May 24-25, 1965, however, a high-level meeting of the seven EFTA nations in Vienna resulted in a decision to seek closer and more continuous contacts between the two groups in order to facilitate the removal of trade barriers and the promotion of closer economic co-operation in Europe. It was agreed that meetings at ministerial level should be arranged between the two

TABLE I
CANADIAN TRADE WITH WESTERN EUROPE 1963-1964

	Exports		Imports	
	1963	1964	1963	1964
(millions of dollars)				
European Economic Community				
Belgium-Luxembourg	76.5	100.5	47.3	59.2
France	63.4	79.4	58.2	69.0
Italy	76.8	62.2	55.3	67.5
Netherlands	87.0	101.6	36.7	39.9
West Germany	171.0	211.5	144.0	170.4
Total	474.7	555.2	341.5	406.0
European Free Trade Area				
Austria	6.8	7.5	9.0	9.6
Denmark	6.8	7.5	13.2	15.7
Finland	7.3	4.5	2.5	3.2
Norway	73.4	67.6	23.5	27.3
Portugal	5.9	6.3	7.7	9.6
Sweden	20.9	29.9	33.4	38.8
Switzerland	27.2	28.5	32.5	36.9
Total	148.3	151.8	121.8	141.1
Other Europe				
Greece	7.4	8.0	1.6	1.6
Ireland	10.5	15.1	5.3	5.6
Spain	20.5	21.2	8.5	11.7
Total	38.4	44.3	15.4	18.9
Grand total	661.4	751.3	478.7	566.0

TABLE II
HOW CANADIAN TRADE WITH WESTERN EUROPE INCREASED IN 1963-1964

	Absolute increase (millions of dollars)		Percentage increase	
	Exports	Imports	Exports	Imports
European Economic Community				
Belgium-Luxembourg	24.0	11.9	31.3	2.5
France	16.0	10.8	25.2	18.5
Italy	-14.6	12.2	-19.0	22.1
Netherlands	14.6	3.2	16.8	8.7
West Germany	40.5	26.4	23.7	18.3
Total	80.5	64.5	16.9	18.9
European Free Trade Area				
Austria	0.7	0.6	11.5	6.7
Denmark	0.7	2.5	10.3	18.9
Finland	-2.8	0.7	-38.3	28.0
Norway	-5.8	3.8	-7.9	15.9
Portugal	0.4	1.9	6.8	24.7
Sweden	9.0	5.4	43.1	16.2
Switzerland	1.3	4.4	4.7	13.5
Total	3.5	19.3	2.4	15.8
Other Europe				
Greece	0.6	.....	8.1	.....
Ireland	4.6	0.3	43.8	5.7
Spain	0.7	3.2	3.4	37.6
Total	5.9	3.5	15.4	22.7
Grand total	89.9	87.3	13.6	15.4

groups at the earliest possible opportunity, preferably before the end of the year, and that a standing consultative council composed of

representatives of the two bodies should be created. Among the preliminary suggestions put forward for increasing and strengthening co-op-

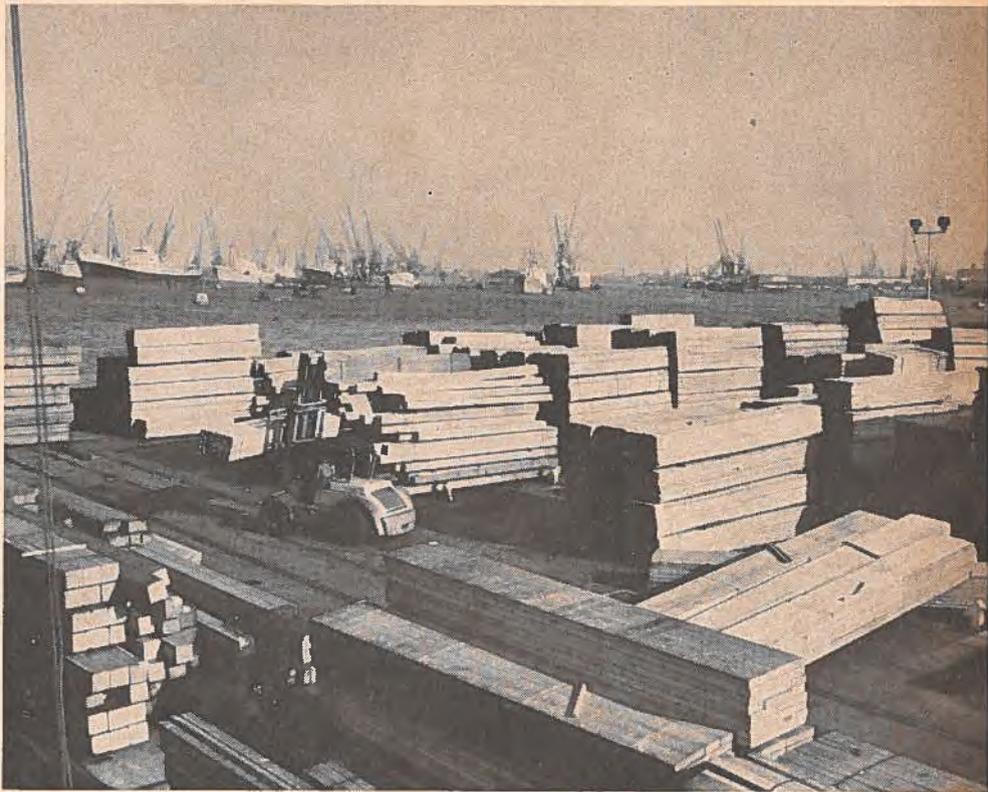
eration between the EEC and EFTA were:

- The reduction of obstacles to freer trade between the two markets.
- Functional collaboration in fields of research and development.
- The harmonization throughout Europe of regulations and standards affecting the manufacture and movement of goods.

Leaving the political aspects aside, there is an inherent difficulty in bridging the gap between a customs union and a free trade area, and between a group that includes agriculture and one that does not. The form of any eventual arrangements—whether or not they involve carrying out such proposals as the harmonization of external EFTA tariffs, the inclusion of the Community in a Europe-wide free trade area, or the establishment of sector arrangements between the two groups similar to the recent Canada-United States automobile agreement—must necessarily remain vague at the moment. It appears extremely unlikely, however, that any important steps will be taken before the conclusion of the Kennedy Round of trade negotiations in Geneva or towards the complete freeing of trade within the two blocs in 1967. Until that time, Canadian exporters will continue to be chiefly concerned with the twin problems to which they have become accustomed in recent years: the shifting external rates of duty imposed by the Community member states, and the increasing preferences against Canadian goods resulting from the dismantling of tariffs within both groups.

Pattern of Canadian Exports

Despite the factors just mentioned, our trade has continued to expand. As in the previous year, the state-trading countries of Eastern Europe accounted for the major share of the growth in Canadian exports to that continent during



This lumber has just arrived from Canada and is piled up on a Rotterdam dock. A wide range of Canadian softwood lumber species is shipped to European customers.

1964. In absolute terms, however, the bulk of Canada's European sales continued to be directed towards its Western trading partners. Purchases of Canadian goods by these countries amounted to slightly over \$750 million, or almost 10 per cent of our total exports to the world (nearly 30 per cent if we exclude our major markets in the United States and Britain).

Growing markets in the six member countries of the European Economic Community accounted for the overwhelming proportion of these purchases, amounting in value to some \$555 million. Our largest customer by a wide margin was West Germany (\$212 million), followed at a considerable distance by the Netherlands (\$102 million), Belgium-Luxembourg (\$101 million), France (\$79 million) and Italy (\$62 million). Of the six countries, Italy was unusual in that its purchases from Canada fell off

by almost one-fifth during the year; principal products affected were wheat, certain other agricultural commodities, and primary metals. Italy's own sales to Canada, however, increased by an even greater proportion but it is expected that the more usual trends will reassert themselves during the current year. Our sales to the other member states of the Community continued to expand in a most satisfactory fashion.

With the exception of Norway, which imports large quantities of Canadian nickel for smelting, none of the continental member countries of the European Free Trade Association ranks among the major purchasers of Canadian goods. Our sales of some \$68 million to Norway were matched to any significant extent only by those of \$29 million to Switzerland and \$30 million to Sweden. All six countries, plus Finland, together accounted for only \$152 million worth of sales

in 1964, or little more than one quarter of the Community figure. Although, as in the Community, general prosperity and rising prices promise a growth both in the demand for and in the competitiveness of Canadian goods, exports to the EFTA countries as a group rose by only \$3.5 million in 1964, or 2.4 per cent more than in the preceding year. This compares with the rise of \$80 million or 17 per cent in our sales to the Community. Although the contrast is naturally due to a large degree to the wide difference in population between the two groups, Canadian exports to the EFTA states have as a rule shown only minor changes from year to year and sales have tended to drop as often as rise. Our shipments to Norway and Finland last year, for example, fell off significantly although the absolute values involved were not large.

In addition to the countries already mentioned, three European countries (Greece, Ireland and Spain) fall into no specifically defined group, although Greece has been associated with the Community since 1962. None of these has traditionally accounted for a very large proportion of Canadian exports, although their combined purchases of some \$44 million during 1964 showed a satisfying advance over those of the preceding year. Both Spain and Greece have recently embarked on extensive development plans which, in the immediate future as well as in the longer term, should provide new opportunities for Canadian exporters.

Canada's relatively heavy dependence on exports of foodstuffs and industrial raw materials to Europe, both of which tend to be subject to wide fluctuations in demand, has resulted in a rather more erratic growth pattern in our sales from year to year than our purchases (which consist largely of manufactured goods) have shown. Nevertheless, the increasing variety and competitiveness of Canadian

manufactures, coupled with heavy demand and rising prices in Western Europe, have tended to increase these exports to the point where they more than compensate for any sluggishness in the demand for more basic products. This trend is expected to continue.

Future Developments

The future extent and pattern of Canadian exports to Europe will obviously depend to a large degree on the prosperity of these markets, on their requirements, and on our own ability to supply these competitively. Our sales will be equally dependent on the terms of access to these markets.

Since the signing of the Rome and Stockholm treaties, Canada has been concerned lest the EEC and EFTA groupings tend to develop inward-looking policies, to the detriment of our traditional trade with these countries. Whatever the actual effects of integration, Europe's general prosperity during these years has so far resulted in a steady increase in the value of Canadian sales to that continent and in the variety of goods we have provided. Nevertheless, every effort is being made to improve the terms of access for our exports, particularly through the reduction of tariffs and the consequent lessening of the preferences now being enjoyed by internal suppliers in both groupings. Negotiations towards this objective are now being carried out within the framework of the Kennedy Round in Geneva. The related question of agricultural access to the Community market, where tariffs have been replaced by other forms of import control, is also under study, as are the many other varieties of non-tariff barriers to international trade that affect our exports. The shape of future world trade in general and of Canadian trade in particular may depend to a large extent on the decisions taken in Geneva over the coming year. ●

EFTA Makes Member

M. O. A. KRUPKA,
*European Division,
Office of Trade Relations.*

STATISTICS for 1964 indicated continuing growth of trade among the EFTA countries at a rate considerably higher than that for the trade with the rest of the world. Intra-EFTA imports reached \$7,050 million in 1964, an increase of 18.5 per cent over 1963 and the largest annual rise recorded since EFTA's establishment in 1959. Intra-EFTA exports rose somewhat more slowly, the total of \$6,700 million representing a 17.1 per cent increase over the preceding year. Portuguese exports to other member countries, however, increased by a full 40 per cent during this period.

EFTA purchases from the Community during 1964 (\$10,300 million) increased by 13.3 per cent from the year before. Exports to the EEC showed a much smaller increase; the figure of \$7,450 million represented a growth of only 6.5 per cent. The normal trade deficit of the EFTA countries with the Six consequently increased from \$2,095 million in 1963 to \$2,860 million in 1964. Austria, Switzerland and Britain were the member countries most affected.

Imports of all EFTA countries reached a high of \$34,200 million in 1964, an increase of 14.5 per cent over 1963. The increase in exports, by contrast, was only 8.5 per cent over the year before, bringing the total value of EFTA exports in 1964 to \$27,400 million.

New Developments in 1964-1965

The steady growth of economic co-operation among the EFTA countries was put to a severe test last October by Britain's action in imposing a 15 per cent surcharge on all imports, except raw material

Sixth Internal Tariff Reduction.

Countries Continue to Liberalize Imports.

and cereals, on the grounds that the precarious balance of payments required a drastic remedy. In those EFTA countries whose exports to Britain had made excellent progress during the preceding year, there was strong dissatisfaction with this measure. The announcement in the following February that the surcharge would be reduced to 10 per cent from April 27, 1965, took off the edge of much of this criticism. Britain insisted, however, that the timing for the complete withdrawal of the surcharge was dependent on an improvement in its finances.

Another event which to some extent has appeared to threaten solidarity was the opening of official negotiations between Austria and the EEC on March 19, 1965, for an agreement that would allow Austria to join the EEC in one form or another without prejudice to the former's neutral status or to its bilateral trade agreements with the East European countries.

The meeting of EFTA Prime Ministers which took place in Vienna on May 24-25 revealed the existence of still conflicting views, although a declaration referred to the desirability of arrangements that would bring the EEC and EFTA closer together. The resignation of EFTA's Secretary General, Mr. Figgures, reflected this unsettled mood within the group.

Tariff Reductions

In accordance with the revised time-table drawn up in May 1963, a sixth internal tariff reduction came into effect among EFTA members on December 31, 1964, bringing the level of duties on industrial imports down to 30 per cent of the basic duties. A further cut of 10 per cent is foreseen for December 31, 1965, and at the end of 1966 the remaining 20 per cent is expected to be removed. There are

certain exceptions to this general rule. Finland, an associate member of EFTA, will abolish customs duties a year later, on December 31, 1967. Norway will retain reduced duties on a limited number of articles (yarn, outer garments, women's shoes, refrigerators and washing machines) until the end of 1969. Portugal is allowed an even longer schedule for the final abolition of customs duties.

Liberalization Continues

In an effort to stem the growing tide of inflation, Austria put into effect, on October 1, 1964, its own program of tariff reductions, trade liberalization and, in some instances, exemption from the import equalization tax. Under this program, involving imports from all GATT countries, duties on some 90 tariff items were reduced by an average of 20 per cent, and in some instances (food preparations, socks, stockings, wallpaper, rubber clothing, etc.) considerably more. Even more comprehensive was the list of goods freed from quantitative import restrictions. Apart from certain agricultural products and processed food items, only some twelve commodities still remain subject to import controls. All import restrictions, except those applying to certain agricultural and food products, are to end by December 31, 1966.

Denmark recently announced detailed plans for a staggered liberalization of imports providing for a final withdrawal at the end of 1966 of controls other than those on agricultural and food products. On January 1, 1965, Norway removed wood tar, wood tar oil and creosote from the list of commodities requiring an import permit. Still under control are rice, sugar and certain types of ships, plus a few agricultural products. All controls on im-

ports other than those on agricultural products will be waived at the end of 1966. Sweden went even further and for practical purposes no longer subjects industrial imports to control. The Swiss import control regime now covers only certain agricultural items, a limited number of chemicals, wood products and electronics. Only Finland and Portugal maintain controls on a fair number of industrial imports. Even so, it is expected that, by the end of 1966, controls on industrial imports will have been entirely withdrawn in all EFTA countries.

Special Treatment

To provide reasonable reciprocity to those member states whose economies depend largely on exports of agricultural and fisheries products (i.e., Denmark, Portugal and Norway) the Stockholm Convention included a number of provisions the object of which is to promote trade in such goods. Through bilateral agreements between EFTA members, specific commodities of this sort enjoy duty-free entry or other special facilities in another member country. At present, there are nine bilateral agreements of this kind, including one recently signed between Denmark and Portugal. Any tariff concessions granted in these special agreements apply, of course, to all other EFTA suppliers of the goods covered.

The EFTA Council took action also on the difficult problem of subsidized farm exports which damage other members by setting rules for the abolition of such exports. Two other problems, that of surplus agricultural production and the competition arising in EFTA markets from dumped or subsidized agricultural imports from third countries, also received thorough attention. ●

Common Market Co-ordinates Policies Continues Economic Advance

Market for Canadian goods in the European Economic Community will feel the influence of continuing integration.

D. A. HILTON,
Second Secretary, Mission to the European Communities, Brussels.

THE EUROPEAN ECONOMIC COMMUNITY entered in 1964 the second half of the transition period leading to the establishment of a six-nation Common Market in Western Europe. Since the Treaty of Rome came into force in 1958, the effects of this bold experiment have been felt not only within the borders of France, Germany, Italy, and Benelux, the six members, but through-

out the world. In particular, the rapid economic growth of the Six has led other nations to examine thoroughly their trading relationships with what has become the world's largest importer. By the end of 1963, total global imports were 83 per cent higher than in 1958, with the principal growth in imports of industrial and manufactured products. Exports expanded by 64

per cent in the period up to 1963. The formation of the Common Market has proved to be one of the main catalysts in bringing about what could become the most important trade and tariff-cutting negotiations in history. These negotiations, now under way in Geneva and known as the "Kennedy Round", mark an important milestone.

Tariff Cuts Continue

In the past year a number of important decisions have been taken in Brussels, the seat of the EEC Commission. Some of them concern the development of the eco-

—EEC Press &
Information Services

The EEC Commission is currently housed in this building on Avenue de la Joyeuse Entrée in Brussels, but a new headquarters is under construction, also in Brussels. More space is needed because next year the executives of Euratom and of the European Coal and Steel Community will be merged with that of the EEC.



economic structure within the Community, others involve more directly the EEC's relations with third countries. Although many of these decisions are not related directly to the Community's commercial policy, many of them will in the long run affect the market for imported products—a market that amounted to \$555 million for Canadian exporters in 1964 and that is surpassed only by the United States and Britain as a buyer of Canadian goods.

On January 1, 1965, a further cut of 10 per cent was made in the Community's internal tariff on industrial goods. This means that today tariffs are at only 30 per cent of their 1957 levels. Under the Treaty of Rome the Six were committed to remove the remaining tariffs by January 1, 1970. This schedule has already been accelerated, however, with the result that the tariffs may disappear entirely well before that date. The effect of this tariff-cutting has been dramatic. In the five years ended in 1963, intra-Community trade has increased by a phenomenal 130 per cent. The access to neighbouring Community markets has had a marked effect on the rationalization of industry in the countries concerned. Today, the rule rather than the exception for manufacturers in the Six is to treat the Community for sales purposes as one large domestic market of 180 million people.

There have been no general measures taken since mid-1963 affecting the alignment of national tariffs to the Community's common external tariff (CET) but a few minor changes in dutiable rates were made on products (primarily in the semi-tropical agricultural field) which were subject to trade agreements or conventions that the Community concluded with African states and certain countries in the Mediterranean area. The Community also carried out a number of classification amendments to this tariff in December of last year and January of this year.

JUNE 26, 1965

EEC: Progress and Prospects

ECONOMIC growth has continued in the EEC but the marked rate of expansion early in 1964 has over the past nine months slowed somewhat. Measured in terms of gross national product, the annual growth for 1964 was 5 per cent, higher than the 3.9 per cent of the previous year. Better weather assisted this expansion by contributing not only to increased agricultural production but also by aiding construction and allied industries.

Although the over-all rate of increase in internal demand dropped somewhat—reflecting the sharp recession in Italy and a cutback in investment in France—the rate of external expansion went up appreciably: exports were 9.5 per cent higher in value than in 1963. Imports also expanded, but less rapidly than in the previous year.

Preliminary figures indicate a net trade deficit of U.S.\$3 billion in 1964, or roughly the same as in 1963. However, changes in the capital movements balance are still incomplete and are somewhat distorted by the abnormally large movements of capital coming into the Community near the end of the year at the time of the British sterling crisis. Preliminary compilations show an increase of about U.S.\$1.6 billion in Community reserve holdings. First tabulations indicate that the Community will report a surplus of between U.S.\$200 and \$500 million for 1964.

In recent months the expansion of internal demand has slackened, partly because of the harmonized stabilization policies of the member States. Prices rose 4 per cent in 1964 but this was less than the 5 per cent of 1963 and in fact the upward pressure has eased off somewhat of late. The exception is Italy, where prices are still climbing rapidly.

Pressure on the labour market in France and Belgium has also decreased slightly but the manpower shortage in Germany and the Netherlands remains acute. In Italy, however, cyclical unemployment has gone up sharply.

The over-all economic outlook for the remainder of 1965 is moderately optimistic. Continued expansion, but probably at a slightly lower level, is forecast. Restrictive measures in Britain and other world developments could lead to relative declines in export growth. Internally, a comeback in Italy and fresh expansion in Germany and France are expected. It is now estimated that the over-all Community growth rate will reach 3.5 per cent in real terms, with industrial output rising by 4 per cent.

A continuation of strong internal demand, bringing with its continuing pressure on prices, is being predicted, and with the exception of Italy, member countries are being asked to curtail public expenditures for the rest of the year. With this stabilization program, only a moderate increase in imports is expected for this year.

Agricultural Policy

Early in 1964, the Community's common policy for dairy products, beef and rice came into force. In December, after months of negotiation, the Six agreed on a plan to introduce on July 1, 1967, a common level of prices for cereals within the Community. This was an historic decision because it represented the most significant advance to date in the attainment of a truly

common agricultural policy. Negotiations are now in progress and it is hoped that agreement will be reached so that by the same date common prices can be applied to other principal agricultural products. However, the critical problem of financing this common agricultural policy has still not been settled. Proposals for completing the system of financing will be considered this year. These arrangements will transfer to the Com-

munity full responsibility for financing such costs as price supports, export subsidies, and structural changes within the agricultural sector. They will also have a direct relationship to the Community's over-all financial position because implicit in these proposals is the notion that financial responsibility and authority will be moving from a national to a Community level. In 1963, Canada exported approximately \$175 million worth of agricultural products to the EEC and 85 per cent of these exports were made up of wheat and other grains.

External Relations

In 1964 the extension of the Convention of Association between the EEC and 18 newly independent African states signed the year before came into force for another five years. In addition to giving these countries (all of which are former French or Belgian colonies) free entry privileges within the Community, the Association provides for the establishment of a European Development Fund to aid their economic growth. On December 1, 1964, the EEC-Turkey Association Agreement also came into effect. Greece has been associated with the Common Market since 1962. The EEC also signed in 1964 a three-year trade agreement with Israel and opened negotiations with Lebanon.

At the present time, the Commission is negotiating on the basis of association with Nigeria, Tanzania, Uganda, Kenya and, under a recent mandate, with Morocco and Tunisia.

Another important negotiation is now under way with Austria. Although both the EEC and Austria are in favour of concluding an economic agreement in the broadest possible sense, Austria is precluded from turning over its economic policy to a supranational authority because of its constitutional position of neutrality. At the same time, Austria will have to consider association with the Common Market in relation to its present member-

ship in the European Free Trade Association (EFTA).

Harmonizing Economic Policy

The effects of the cuts in the internal tariff barriers have tended to overshadow the progress made by the Community in other fields not related to commercial policy. The European Economic Community was conceived as more than a customs union, but only in recent months has substantive progress been made on a Community level in these wider economic fields. In April of last year for the first time the Community moved to co-ordinate budgetary policy within the member states. On the basis of Commission proposals, the Council of the EEC agreed last year to pursue national policies designed to stabilize prices and counter inflation. Member governments were asked to restrain their spending in the current fiscal year. The Commission reviewed the effects of this directive late last year and this spring, on the basis of its studies, a further directive for the fiscal year 1965 was passed and sent to member governments. Machinery has also been set up in the Community for a joint discussion at a preliminary stage of the yearly economic budget of each member state.

The Community also organized in 1964 a Medium-Term Economic Policy Committee. By the end of this year this group will submit its first report, setting out on a broad basis Community economic policy over a five-year program. The Community has previously organized committees on a continuing basis to co-ordinate EEC thinking on monetary policy. The Commission has now prepared a scheme for the extension of a regional economic development program, which would be financed to a large degree on a Community basis through application of the European Social Fund.

Institutional Merger

In March of this year, the six governments took a major step in

economic integration when they adopted a program to merge the executives of the EEC, the European Atomic Energy Community (Euratom) and the European Coal and Steel Community, which will report to a single Council. This merger will take place in 1966. For an interim period the new Commission executive will be made up of 14 members. By 1969, this will be reduced to nine and the hope is that by that time an accord will have been reached on completing the merger by fusing the three institutions into one central organization. This streamlining of the executives will have an effect on the day-to-day work of the Communities and will necessitate the moving to Brussels of the staff of the ECSC, now located in Luxembourg. It will also have an effect on the Commission's policy-making role, because a unified executive will be able to consider other aspects of economic policy, which until now have been the shared responsibility of more than one organization.

It appears that more and more decisions are being taken in Brussels that affect the sale of Canadian products in one or more of the Community's national markets. In the over-all picture, the EEC market is becoming more and more homogeneous, and though tariff structures and entry regulations may at present vary from country to country, the day is not too far off when the term Common Market will be not only a title but a fact.

Trade with France

IN an address on March 26, 1965, to the French Chamber of Commerce in Montreal, the Parliamentary Secretary to the Minister of Trade & Commerce predicted that investment opportunities in Canada for French capital will open the door to more extensive trade between Canada and France. He noted that in 1964, Franco-Canadian trade reached an all-time high, with Canadian exports to France running at \$79.4 million and Canadian imports from France totalling \$62.8 million.

A VIGOROUS cyclical upswing that is continuing undiminished carried Austria's gross national product to a total of Can.\$9.2 billion in 1964, a rise of 9.9 per cent over 1963 at current prices. The real increase, based on 1954 prices, amounted to 6 per cent and this has been exceeded only in the boom years of 1955 and 1960. According to available data, Austria still has the second highest rate of growth in Western Europe.

Boom conditions continue in Austria; more Canadians should study this market

bring the relationship between production of consumer goods and capital goods into somewhat better balance. Growth in this sector was concentrated in durables, non-durables (excluding food, beverages and tobacco) and clothing.

Agricultural production, valued at Can.\$1.0 billion last year, gained 5 per cent over 1963. Returns from livestock and field crops ran at a ratio of two to one, and agriculture and forestry together accounted for 9.3 per cent of Austria's GNP compared with 9.5 per cent in 1963.

Private consumption, having reached a fairly high rate, levelled out to an increase of 3.6 per cent over the previous year. Retail sales rose by 3 per cent. Demand for services has taken on even greater importance in the consumer spending pattern. The above-average increase in purchases of consumer durables (such as TV sets, cars, jewellery and furniture) reflects not only a change in the demand structure but also a shift toward non-essential goods.

Maintenance of price stability has once again become one of the more urgent aims of Austria's economic policy. Recent wage increases awarded to large groups have exerted new pressure on prices, which in 1964 jumped by an average of 5 per cent at the retail level.

Gross capital investment reached Can.\$2.24 billion, a healthy increase of 12.2 per cent over 1963 at current prices (9 per cent, allowing for price increases). This investment represented about one quarter of the value of all goods and services available, compared with 61 per cent credited to private consumption. Capital investment was almost equally divided between expenditures on industrial equipment, particularly heavy electrical equipment, and on construction projects. At year's end the investment boom had not reached its peak and it has continued to develop this year.

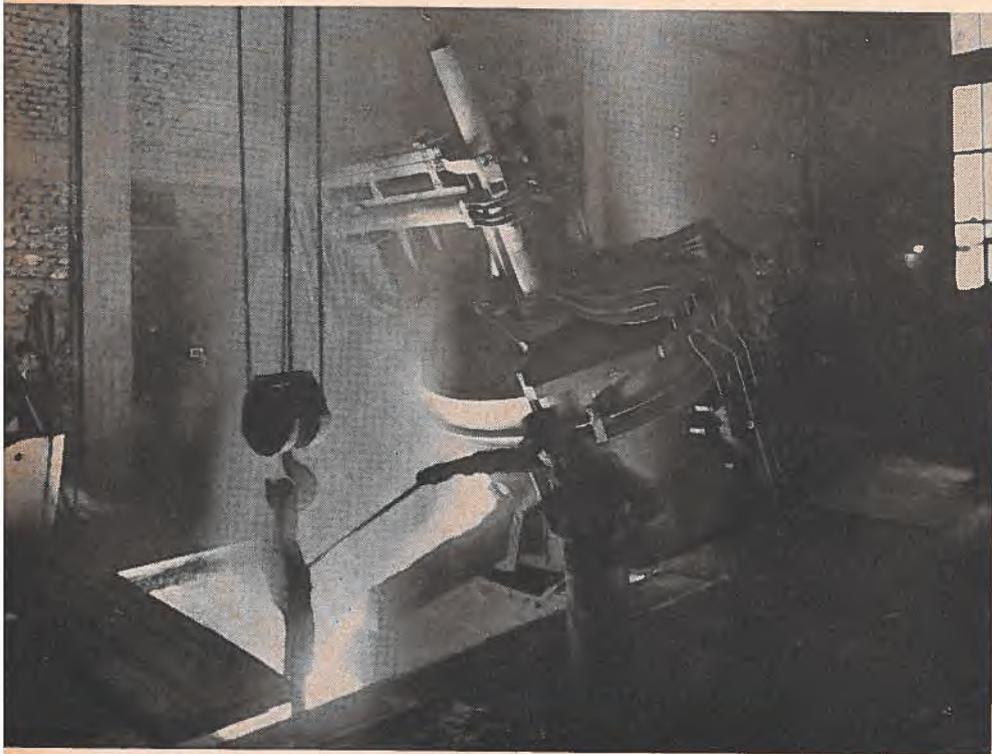
Prospects for a sustained growth of the national product in 1965 are

What has generated this expansion? In 1963 private consumers powered the boom. Last year, inventories were replenished and investment in capital goods was stepped up. At the same time domestic demand was steady, tourist traffic expanded, and export activity was high (exports account for about one quarter of the GNP).

Production and Consumption

Industrial production increased by 8 per cent during 1964, the largest annual upsurge since output advanced nearly 11 per cent in 1960. This rise in output was made possible mainly through the use of existing reserve capacities and increased productivity—the latter often as a result of greater overtime worked because of the persistent labour shortage. The new upswing, which continued throughout the year, gave a strong impetus to increased production of basic and construction materials (up by 13.2 per cent) as well as of primary capital goods. The slight drop in the growth rate (6 per cent) of the consumer goods industry helped to

W. J. COLLETT,
Commercial Secretary, Vienna.



Industrial output went up 8 per cent in Austria last year, the biggest gain since 1960. This picture of an electric-arc furnace illustrates its vital iron and steel industry.

good. Internal demand remains buoyant and investments are expected to equal last year's although businessmen will undoubtedly exercise more caution than in 1964. This optimistic forecast is further justified by the international economic situation which is considered favourable to a further expansion of Austrian exports. Any uncertainties felt by the business community stem from Austria's future position vis-à-vis the EEC.

Austria and the EEC

After years of informal discussions between Austria and Common Market authorities, the EEC Commission early this year received a mandate from the Ministerial Council to open official discussions. These were initiated in April and have not yet gone beyond preliminary contacts and procedural matters with regard to tariff reductions. Full membership in the EEC with its political implications cannot be countenanced because of Austria's military neutrality and the

terms of the State Treaty of 1955 that re-established Austria as a free and sovereign nation but forbade political union with Germany. For these reasons, the term "special arrangement" is frequently used about Austria's goal in the EEC talks.

Certainly, trade statistics underscore the argument in favour of accommodating Austria within the future plans of the EEC, which purchased 47.5 per cent of Austrian exports and supplied 58.8 per cent of its imports in 1964. Austria is of course a member of EFTA and any "arrangement" negotiated with the EEC would probably preclude continuing EFTA membership.

Agricultural circles have been consistently in favour of accession to the Common Market to ward off isolation from their best customers for agricultural and lumber products. But it is the profound and over-all importance of international trade to the Austrian economy and the concentration of this trade with the EEC that strengthens the argument for some alliance that

will minimize tariff discrimination against a traditional trading partner and neighbour.

Balance of Payments

Austria's balance of payments last year closed with a surplus of Can.\$27 million against Can.\$171.3 million in 1963. Reserves, sufficient to cover eight months of imports, stood at about Can.\$1.35 billion, of which 47.9 per cent was held in gold bullion and the rest in foreign exchange. Capital movements to foreign countries were liberalized last year. Aside from relatively large payments to international financial institutions, a deficit on capital account is attributed to increased loans to foreign countries, to a decrease in foreign investment in Austrian securities, and to a self-imposed restraint on floating loans abroad. For some years Austria has achieved a surplus on current account and 1964 was no exception, despite a trade deficit that rose to about Can.\$455 million. Almost 92 per cent of this deficit was covered by record earnings from tourism, with net receipts of Can.\$419 million. The tourist industry ranks second to steel as a contributor to Austria's foreign exchange reserves.

Foreign Trade Increases

Austria's foreign trade in 1964 was marked by a faster rise in commodity imports because of continuing prosperity, tariff cuts and liberalization. Imports reached Can.\$-2.027 billion, a rise of 11.2 per cent over 1963; exports rose by only 8.9 per cent to a total of Can.-\$1.57 billion.

The increase in exports to EFTA partners in the course of 1964 represented a marked shift in trade. EFTA members reduced tariffs by a further 10 per cent on January 1, 1965, to 30 per cent of the original tariff. The next cut of 10 per cent is slated for January 1966, and the last 20 per cent is to be removed by July 1, 1967. There is no doubt

AUSTRIA'S FOREIGN TRADE

	Imports from				Exports to			
	1963		1964		1963		1964	
	Millions A. Sch.	Per cent	Millions A. Sch.	Per cent	Millions A. Sch.	Per cent	Millions A. Sch.	Per cent
EFTA	6,071.9	13.9	7,057.2	14.6	5,719.5	16.6	7,188.6	19.1
EEC	25,391.0	58.3	28,492.7	58.8	17,218.0	49.9	17,851.6	47.5
Bloc countries	6,022.2	13.8	5,844.9	12.1	6,019.6	17.5	6,569.3	17.5
United States	2,063.7	4.7	2,500.3	5.2	1,311.0	3.8	1,493.2	4.0
Canada	266.0	0.6	254.0	0.5	216.0	0.6	237.0	0.6
Other countries	3,742.5	8.7	4,298.3	8.8	3,990.9	11.6	4,214.9	11.3

that Austria's trade with the EFTA group will continue to expand, although the EEC countries probably need not fear that they will lose their dominant position in Austria's total trade. As it stands, imports from the EEC are four times those from EFTA countries, and two and a half times more exports go to the EEC.

Trade with Bloc countries has not shown a uniform development. Exports to the Bloc rose by only 9 per cent, chiefly because the "swing limit" had been reached within the bilateral clearing account maintained for trade with the U.S.S.R. As a result, the U.S.S.R. purchased 7 per cent less than in the previous year. Austrian trade with each Bloc country is governed by bilateral trade and payments agreements. Imports from all Bloc countries and Yugoslavia decreased by 3 per cent because of smaller purchases from Yugoslavia, Hungary, Romania and Poland. Since October 1964, trade with Yugoslavia has been financed in freely convertible currencies.

New liberalization measures became effective in Austria on October 1, 1964, (see *Foreign Trade*, October 31, 1964). Apart from 12 commodities, all industrial goods can now be imported free of quantitative restrictions. The twelve still restricted represented 1.2 per cent of Austria's total imports in 1964 and include brown coal, furniture, antibiotics, matches, cinema films, certain types of blankets and rugs, and brushes and whisks of all types. The liberalization of the majority of these products is planned for the end of 1966.

There are a number of hard-core items, most of them agricultural products—meal, meat and dairy products, cereals, fresh fruit and vegetables, fruit juices—which are not expected to be liberalized in the foreseeable future.

Trade with Canada

Canadian exports to Austria, according to DBS statistics, jumped by 9.5 per cent in 1964 to a total of Can.\$7,474,667. The value of Canadian imports from Austria rose even more rapidly—by 12.4 per cent for a total of Can.\$9,597,201, leaving a balance in Austria's favour of over \$2 million. It is interesting to note that Austrian statistics show the balance to be favourable to Canada. This is largely attributable to Austria's valuation of imports on a free Austrian border basis, which incorporates relatively high transportation charges. In addition, Austrian import statistics include goods of Canadian origin purchased in third countries, particularly in Britain, the Netherlands and West Germany.

The variety of Austrian goods on the Canadian market has not changed significantly over the past year: lace, embroideries and textile fabrics, skis, machine tools and parts, specialty steels and steel products, ferro alloys, and gasoline engines are our major purchases. Fully fashioned and semi-manufactured goods continue to play a bigger role in Austrian exports to Canada than in Canadian sales to Austria.

Asbestos, wheat and nickel lead Canadian exports to Austria. Last year, it purchased over \$2.4 million

worth of asbestos, \$1.8 million of wheat, and almost \$1 million of nickel ingot and oxide. A lower-quality wheat crop in Austria last year should boost our wheat shipments in 1965. The commodity list continues to broaden and in 1964 covered about 140 statistical items, ranging from lobster, sheepskins, and laboratory equipment to camera and projection lenses. More regular exports to Austria include sardines, ballpoint pens, ice skates, wood pulp, a variety of chemicals including synthetic rubber, specialty machines, computer equipment and punch cards. Sales in 1963 of skim milk powder, copper scrap and hardwood veneer did not recur last year. A healthy boost to Canadian export figures in 1965 will come from passenger cars, particularly Chevrolets, all exports of which to Austria are now coming from the Canadian plant.

Canadian Successes

Austria's liberalization of imports and its rising internal demand are creating opportunities for the development of Canadian exports. An example of what can be done is Brook Airway's success with its resuscitation equipment. Austrians, like everyone, respond to ingenious devices and novel equipment that can be offered competitively. Another example of Canadian success through perseverance is that of Sicard Inc., two of whose airport sweepers now operate at the Vienna airport. Naturally, there is still competition, particularly from West Germany and members of EFTA which have a tariff preference. Frequently, however, Canada's greatest disadvantage in developing any volume of exports to Austria is the higher transportation charges and greater delay in delivery because of distance. Nevertheless, the success demonstrated by the two firms mentioned could be shared by many Canadian firms which have proved their ability to compete in other European markets but have not yet seriously considered Austria. ●

Belgium-Luxembourg maintained economic expansion; traded mainly with EEC partners.

THE BELGIAN ECONOMY AT A GLANCE

	1964	Comparison with 1963
Gross national product	\$15,300,000,000 (provisional)	\$13,900,000,000
Production		
Over-all index (as at December)	188	182
Coal	21,290,030 metric tons	down 0.6 per cent
Steel	25,585,000 metric tons	up 15.8 per cent
Chemicals	\$798,000,000	up 8 per cent
Agriculture:		
wheat	3,113,537 metric tons	up 40 per cent
potatoes	1,754,692 metric tons	up 13 per cent
Labour		
Unemployment	2 per cent of the population	down 0.4 per cent
Trade Exchanges with the world		
Exports	\$5,586,000,000 (provisional)	up 15 per cent
Imports	\$5,906,000,000 (provisional)	up 15 per cent
Financial		
Bank rate	4.75 per cent	up 0.5 per cent
Gold reserves (\$'000,000)	1,452	1,372
Currency reserves (\$'000,000)	534	432

H. T. F. PETTERSON,
Commercial Assistant, Brussels.

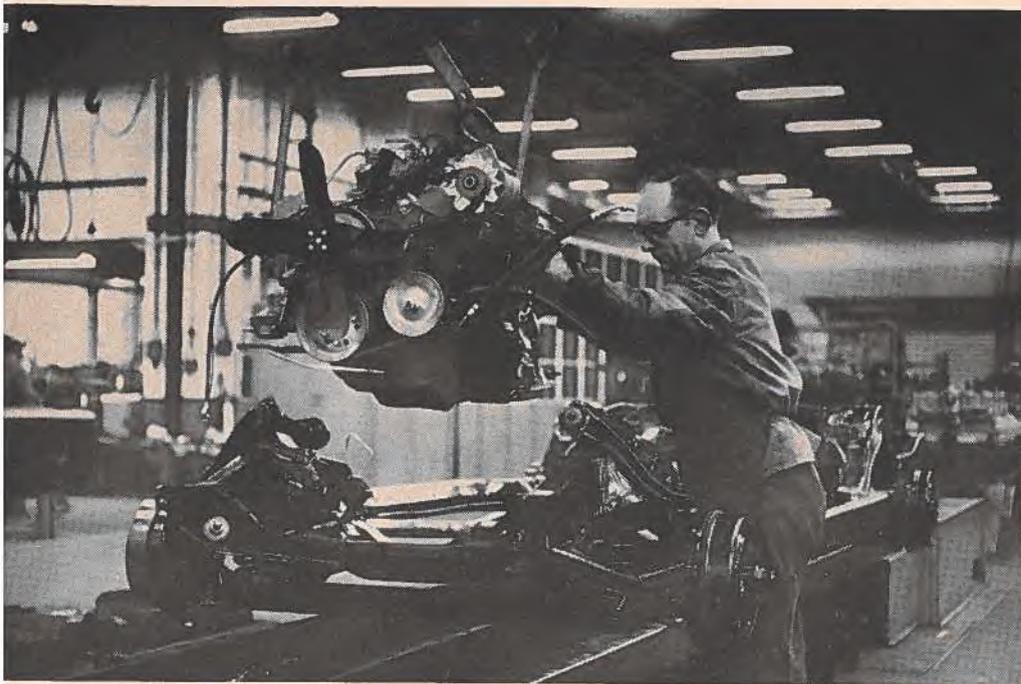
THE Belgo-Luxembourg Economic Union, a compact, highly populated area of 11,775 square miles with 9.7 million inhabitants, reached this year the final lap of the first four-year economic program (1962-1965), and looked back with a certain amount of pride on its achievements during 1964.

Competent observers, however, maintain that this area cannot continue this rate of industrial activity and economic growth. In August 1964 the unemployment figure fell to 1.4 per cent of the working population and this in itself was a brake on expansion. The high level of employment has led to shortages of labour, particularly skilled labour, in some sectors of industry and commerce but this is offset by some uncertainty and levelling-off of production, notably in textiles and coal-mining.

Industrial Activity Slackens

The expansion in industrial activity, which increased 7.5 per cent over 1963, was most marked in the first nine months of the year and then tended to slacken off.

Production of coal during the year showed little change compared with 1963 and the 21.3 million metric tons mined were approximately 128,000 metric tons less than in the previous year. This reflects increasing competition from petroleum products. A similar situation exists throughout the EEC, with production stationary and consumption down. BLEU is unable to



—General Motors Continental

In a Belgian automobile assembly plant, a worker drops a Canadian-made V8 engine into a Pontiac chassis, also made in Canada. In fact, practically all the parts being put together here are Canadian; only a few components, such as batteries, glass, and rugs, are produced in Belgium.

restrict imports of coal from member states of EEC but mounting stocks may lead to action against imports from third countries.

Steel production, after a period of relative stagnation in 1963, increased by 15.8 per cent to 25.5 million metric tons, compared with 22 million in 1963. This general increase is the result partly of stockpiling in North America against the possibility of a strike in United States plants. Coincident with the increased output, prices weakened in the third quarter of the year and this led the EEC authorities to raise the duty from 6 to 9 per cent and restrict imports from the Soviet

Bloc. The non-ferrous metals industry maintained a generally satisfactory growth although the metal fabricating industries exhibited mixed trends.

The chemical sector reported an 8 per cent over-all increase in output over 1963, compared with 10 per cent in 1963 and 15 per cent in 1962. Strikes in the industry at the beginning of 1964 slowed down production and the final figures showed a rate of growth just below that of 1963. Exports were up 3 per cent to over 3 million metric tons but increased 13 per cent in value to \$447 million. Forty-five per cent of these exports went to Common Market partners. Imports increased 16 per cent over 1963 and 70 per cent of them came from the EEC. During 1964 investment in the industry totalled \$80 million, including a research expenditure of approximately \$25 million, or 3.5 per cent of turnover.

Electricity producers hope to increase the net capacity of 3,728 megawatts in 1963 to 5,320 by 1968, according to investment plans. These plans also call for fitting or changing over to oil- and gas-fired boilers in the steam plants.

The textile industry has been completely reorganized during the past 10 years and it is now second in importance in the Belgian economy. In spite of much higher costs, wholesale prices at the mills have remained comparatively stable. Belgium has always exported textiles and in 1964 achieved record overseas sales of \$913 million. At the same time, imports rose to a record \$783 million and the industry is facing increasing competition both at home and abroad.

Agriculture Had Good Year

Last year was generally a profitable one for the Belgian and Luxembourg farmer. Per acre yields were up for both grains and other feed crops because of favourable growing conditions. Wheat output was the highest since 1960 (3.1 million metric tons compared with 2.2 million in 1963). Potato production increased in spite of a reduction in the area sown and it is estimated that the apple and pear harvests were 50 per cent greater than in 1963. Beef cattle decreased by just over 1 per cent to 2.6 million head but the dairy herd remained constant at one million. The slaughter of beef

TABLE I

INDUSTRIAL GROWTH IN BLEU AND OTHER COUNTRIES

	1953=100			
	1955	1960	1963	1964
Belgium	117	143	172	182
Luxembourg	116	139	137	.....
France	120	174	186	.....
West Germany	129	180	213	.....
Italy	120	182	241	242
Netherlands	118	157	172	.....
Britain	111	127	134	.....
United States	106	119	135	144

Source: Agefi.

cattle and hogs was lower during the year, prices were higher, and exports consequently decreased. Production of hens and of eggs increased and prices remained firm but fewer eggs were exported to the neighbouring countries that are

normally customers because their own output was large.

EEC Leading Customer

Exports in the first ten months of 1964 totalled \$4.6 billion compared with \$4.8 billion for the full 12

months of 1963. In 1961 and 1962 they totalled \$3.9 billion and \$4.3 billion.

Although only provisional figures are available for the calendar year 1964, certain definite trends emerge. With 62 per cent of its exports go-

Canada's Trade with BLEU

IN 1964 Canadian exports to BLEU rose by \$24 million or 31 per cent to more than \$100 million. BLEU now ranks eighth in importance as a foreign market for Canadian products. The growth of this market during recent years is shown in Table I.

Generally the gains were made in products of primary industry. The biggest increase in 1964 came in sales of lead and zinc. Shipments of these base metals from New Brunswick were valued at \$22.5 million compared with \$3.2 million in 1963, a rise of \$19.3 million, and larger shipments are expected in the future.

The products of secondary manufacturing still play only a minor part in total exports to BLEU but the recent decision to assemble Canadian-made automobiles in Belgium should

result in greater sales. Assembly has already started and exports of vehicles, engines and parts, valued at \$2.7 million in 1964, should rise considerably in 1965. They totalled \$703,196 in 1963. Table II lists the values of the various Canadian exports to BLEU.

Although primary materials will undoubtedly continue to figure prominently in Canadian exports to this area there should be increasing opportunities for sales of manufactured products. The standard of living is high and consumer tastes are changing. Frozen foods are now accepted and there is a growing demand for them.

Prospects for selling clothing, furniture and toys of special or novel design are promising and the market for machinery and appliances of all kinds continues to be good. Canadian manufacturers may find it profitable to visit the lively market in Belgium and the Grand Duchy of Luxembourg.

—H. T. F. PETERSON,
Commercial Assistant, Brussels.

TABLE I

CANADA'S TRADE WITH BLEU

	Exports to	Imports from
1958	\$ 69,702,155	\$36,021,877
1959	56,211,811	45,086,084
1960	69,131,880	41,400,922
1961	76,054,596	44,779,618
1962	68,168,982	48,682,009
1963	76,474,245	47,341,864
1964	100,535,163	59,188,072

TABLE II

CANADIAN EXPORTS TO BLEU

	1963	1964		1963	1964		1963	1964
Total	\$76,493,335	\$100,535,163	Iron ore	1,678,462	2,381,048	Hides, skins and furs	257,231	897,309
of which:			Aluminum	1,659,514	2,083,855	Office equipment	912,629	874,227
Wheat	35,416,681	23,201,728	Copper and brass	1,743,302	2,054,583	Plastic and synthetic rubber	909,067	827,264
Lead and zinc	3,188,212	22,579,975	Nickel	816,426	1,792,604	Textiles, fibres and clothing	379,643	694,704
Lumber, pulp and paper	4,610,506	6,418,054	Silver ores and concentrates	434,346	1,723,320	Electric and electronic equipment	384,577	514,026
Asbestos	5,748,435	6,413,608	Seeds	1,891,287	1,663,211	Other cereals	2,386,390	497,559
Dairy products	204,234	6,032,794	Chemicals and plastics	657,368	1,542,764	Iron, steel and alloys	370,020	497,251
Fish	2,390,879	2,924,973	Other non-metallic minerals	626,337	1,524,244	Meat	267,339	409,073
Industrial machinery and equipment	1,252,054	2,778,903	Biological, pharmaceutical and medical products	1,113,351	1,151,505	Wheat flour	393,814	362,750
Vehicles, engines and parts	703,196	2,720,893	Whisky	417,428	1,095,194	Vessels, engines and parts	432,352	348,427
Aircraft engines and parts	3,152,932	2,409,215				Tobacco	254,579	328,165

TABLE II
BLEU'S EXPORT TRADE

	1961	1962	1963	1964 (Jan.- Oct.)
	(\$million)			
EEC	2,090	1,678	2,942	2,858
EFTA	634	620	675	597
of which				
Britain	206	216	277	227
United States	362	414	411	383
CANADA	44	43	44	43
Latin America	154	139	112	121
Other areas	640	1,429	655	592
Total exports	3,924	4,323	4,839	4,594

Source: Institut National Belge de Statistiques.

TABLE III
BLEU'S IMPORT TRADE

	1961	1962	1963	1964 (Jan.- Oct.)
	(\$million)			
EEC	2,134	2,324	2,685	2,610
EFTA	586	634	712	676
of which				
Britain	318	367	421	378
United States	374	451	472	427
CANADA	54	52	54	60
Latin America	173	203	221	197
Other areas	915	892	968	917
Total imports	4,236	4,556	5,112	4,887

Source: Institut National Belge Statistiques

ing to member states of the Community, BLEU maintained the favourable trade balance of 1963. This stemmed from transactions with the Netherlands; the trade balances with France, West Germany and Italy were unfavourable.

Outside EEC the most important customer is the United States which accounts for 8 per cent of total exports. Growth of trade is satisfactory but the deficit on this BLEU-U.S. trade may become sensitive for BLEU. The first 10 months of 1964 show an unfavourable balance of \$44 million.

Exports to EFTA countries appear to be losing momentum but imports, including those from Britain, are maintaining the rate of growth established during the past three years. Britain and Sweden both had an unfavourable trade balance with BLEU during the year.

In general, trade with Latin America has expanded satisfactorily but this is partly because of shipments to Mexico, which increased threefold over 1963.

Trade with the rest of the world, although growing, leaves room for improvement, particularly with the less developed states in Africa and the Far East. There are large unfavourable balances with Eastern Europe, (\$30 million), Africa (\$200 million), Asia (\$100 million) and Oceania (\$70 million).

The value of exports from BLEU over the years 1954 to 1961 rose,

on a average, 8.7 per cent a year. Since 1961, this rate of growth has accelerated: 1962—10.2 per cent; 1963—11.9 per cent; 1964—15.0 per cent.

The leading exports in order of importance during 1964 were base metals and articles of base metal; textiles and textile products; machinery and mechanical appliances; vehicles, aircraft and parts thereof; products of the chemical and allied industries; mineral products; articles of stone, ceramic, glass; foodstuffs; vegetable products; paper and paperboard articles; plastic articles; rubber; animal products.

The leading imports in order of importance were mineral products; machinery and mechanical appliances; textiles and textile products; base metals and articles of base metal; vehicles, aircraft and parts thereof; vegetable products; products of the chemical and allied industries; precious stones; foodstuff products; paper and paperboard articles; plastic articles, rubber, animal products.

Foreign Investment Encouraged

Belgium continues to welcome and encourage foreign investment. The latest figures available show that in 1963 there were some 56 industrial plants, 165 commercial projects and 90 other services set up. Total investment from 1959 to 1963 amounted to approximately \$500 million with new employment for 25,040 planned. The U.S. was

the leading investor with \$75 million, covering a wide range of industrial and commercial projects. France was second with some \$17 million of which the bulk was for a plastics plant and participation in one of the large Belgian glass factories. Britain was third with \$10 million covering several sectors of industry, including food, scientific instruments and wool. Among the other investors were the Netherlands, Sweden, West Germany, Switzerland and Japan.

Future Growth Slower

In the present economic climate, there are indications that BLEU industrial production has reached a levelling-off period. The satisfactory increase in productivity during 1964 has not been sufficient to counteract the pressures that have been building up since 1963. This has resulted in a continuing increase in prices, wages and interest rates. Restrictive measures, including in April 1964 a rise in the bank rate from 4.25 to 4.75 per cent and the imposition of a 1 per cent coefficient on the reserves of joint-stock banks, made themselves felt in the credit sector during the latter part of the year.

Earnings in BLEU

THE white-collar worker in BLEU earns from \$167 to \$300 a month, according to a survey of wages in 1963, and about 25 per cent earned the maximum \$300. Male workers in industry took home \$131 to \$180 a month. Female office workers earned from \$108 to \$165 a month and about 25 per cent of them were at the maximum. Salaries for female industrial employees varied from \$75 to \$108 a month. In the period under review per capita income reached \$1,389, an increase of 8 per cent over 1962.

In 1964 the average BLEU wage earner spent 40 per cent of his income on food, 20 per cent on clothing, 9 per cent on housing, 6 per cent on heat and light, 15 per cent on household expenses and 10 per cent on recreation and entertainment.

DENMARK

—Royal Danish Ministry of Foreign Affairs

The cattle fattening on good Danish grass are Red Danish, the leading cattle breed since the 1840's. From herds like this one come the quality dairy products that have built up Denmark's reputation in export markets.



Measures taken to restrain inflation; Canadian sales up 10 per cent last year

K. NYENHUIS, *Commercial Counsellor, Copenhagen.*

DENMARK is the perfect example of what a small country can achieve through the excellence of its products and the ingrained honesty of its citizens. These qualities, aided by clever world-wide advertising, cannot help but produce a world-wide reputation and good foreign sales. Danish agricultural products, despite the fact that neither the climate nor soil fertility are exceptionally favourable, are nevertheless excellent and the Danes' advanced knowledge of animal husbandry has made them famous for livestock products. On the industrial side, although the country has practically no industrial raw materials and its manufacturing depends on importing these, the quality of its ship-building, machinery and secondary industries attracts foreign buyers.

These assets do not guarantee freedom from problems but Denmark is gradually getting a clearer

picture of itself and of its place in the economy of Western Europe. Torn between the EFTA (of which it is a member) and the EEC (of which many think it should be a member), Denmark is steadfastly holding to the first association while trying to maintain its position as supplier of agricultural products to the second.

Boom Still Continues

After somewhat slow growth in the early 1950's, the Danish economy expanded in the late fifties and early sixties at a rate comparable to that in neighbouring EFTA and EEC countries. Boom conditions which prevailed in 1963 continued in 1964 and have been maintained to the present, despite the credit squeeze by the banks and various government measures to absorb surplus consumer funds. Unem-

ployment has never been as low as it is today (below 1 per cent last August) and there is an acute shortage of skilled workers. Production and employment cannot keep pace with the sharp increase in private consumption and the large investment in production plant. Exports are increasing but so are imports. At the end of 1964, the deficit on the current items in the balance of payments had increased to about 1,300 million D.Kr. as against a surplus of 150 million D.Kr. in 1963. However, through a number of public, semi-public and private loans and credits abroad, the foreign currency reserves of Denmark's National Bank and the commercial banks increased by about 800 million D.Kr. to about 3,200 million D.Kr. at the year's end.

To reduce inflationary tendencies, the interest rate was raised by 1 per cent (from 5½ per cent to

6½ per cent) and private banks co-operated in exercising restraint in the granting of credits.

These measures, with the Government's action in the field of wages, prices, profits and savings since 1962, have done much to arrest inflation. In spite of this, however, the consumer price index rose by about 5 per cent during 1964.

The construction of homes goes on at an unprecedented rate. Industrial construction and investment in machinery and equipment for industrial and farm purposes are at a peak. The Government recognizes that it would hardly be good policy to curb the heavy investment in industry and agriculture because this would endanger greater productivity in these fields, which in 1964 rose by more than 10 per cent with a labour force not much greater than in 1963. The increase in production per worker is essential in farming because of the continuous drain of workers going to industry and because the acreage under cultivation is gradually being reduced by urban and suburban housing requirements, road extensions and conversion of land to other uses.

Economic Outlook Uncertain

The present outlook is not unclouded, however, because considerable wage increases through the new labour agreements, standard cost-of-living bonuses, a new value-added tax and an increase in state-controlled housing rents are having an effect. Controls on construction since 1962 will probably have to be eased, putting additional strain on the limited labour force.

Although prices for animal products have been generally higher, the volume of output has changed little in the last three years. The value of livestock production rose from 6,643 million D.Kr. in 1962 to 7,315 million D.Kr. in 1963 and to 8,028 million D.Kr. in 1964. As a result, farmers' incomes are no longer as far below the general index of earnings as they were.

JUNE 26, 1965

91871-31

TABLE I
PRINCIPAL DANISH IMPORTS

	1963	1964
	(million D.Kr.)	
Fish and fish products	126.2	165.8
Grain and grain products	282.9	429.4
Fruits and vegetables	281.2	296.2
Feedstuffs	512.4	619.5
Tobacco	217.0	237.3
Oil seeds and oil nuts	355.7	361.1
Wood, lumber and cork	409.8	522.9
Spinning materials	218.4	230.3
Fertilizers and raw materials	410.0	416.3
Coal, coke and briquettes	499.8	452.6
Liquid fuel and lubricants, etc.	1,365.2	1,567.4
Chemical raw materials and compounds	345.0	417.4
Pharmaceutical preparations	119.2	144.2
Raw and semi-finished plastic	297.7	363.7
Rubber products	190.2	242.9
Paper, cardboard and products thereof	443.8	536.0
Yarns, piecegoods and finished textile products	1,032.9	1,234.9
Products of non-metallic minerals	205.3	271.1
Iron and steel	861.0	1,203.0
Other metals	310.3	423.0
Semi-finished metal products	334.9	398.3
Non-electrical machinery	1,597.8	1,943.2
Electrical machinery and apparatus	688.6	863.3
Means of transport	1,209.7	1,700.3
Wearing apparel	232.7	299.0
Instruments, watches, etc.	266.0	310.0
Total imports	14,645.1	17,990.6

Trade Pattern

Denmark's foreign trade in 1964 repeated the pattern of previous years. Its imports from the EEC exceeded those from its EFTA partners and its exports to the EFTA countries exceeded those to the EEC.

Constantly growing industry calls for ever-larger imports of raw materials, semi-manufactures, and machinery and equipment. In addition, the general prosperity means that consumer spending is high, with durable consumer goods and automobiles profiting most. Imports last year reached 17,990.6 million

TABLE II
SOME DANISH IMPORTS FROM CANADA AND FROM THE UNITED STATES

Commodity Group	United States	
	Canada	(million D.Kr.)
Skim milk powder	0.7	2.2
Grain and grain products	4.5	176.4
Feedstuffs	0.04	104.0
Tobacco	0.4	105.6
Wood and lumber	0.9	11.1
Raw minerals	7.2	7.1
Animal and vegetable raw material	2.0	7.3
Spinning materials	0.01	16.8
Chemical raw materials and compounds	1.4	37.0
Pharmaceutical preparations	0.5	16.8
Raw and semi-finished plastics	0.7	54.4
Textiles excluding wearing apparel	1.4	35.3
Iron and steel	0.6	7.3
Non-electrical machinery	5.6	226.1
Electrical machinery and apparatus	0.7	77.8
Wearing apparel	0.25	11.7
Rubber	1.4	5.4
Fish	2.03	4.2
Fruits and vegetables	0.2	45.7
Sugar and sugar products	0.3	0.9
Raw hides and skins	0.7	5.7
Paints and tanning materials	0.1	5.5
Other metals	14.1	7.7
Instruments, watches	0.14	31.2
Other consumer goods	6.4	27.5

Analysis of Canadian and U.S. export figures to Denmark show that, except for exceptional U.S. export potential, Canadian performance is well above the one to ten ratio. The large discrepancy in grain and feedstuffs chiefly reflects price and also the fact that the Danes buy in small quantities of 100 to 500 tons through Rotterdam and Hamburg. Another reason is the purchase of a certain grade of barley produced by the U.S., as well as milo and maize. Sale of feedstuffs is entirely a matter of price.

D.Kr., 22.8 per cent over 1963, and this increase was most marked in grain and grain products, feedstuffs, fuel, chemical products, textiles, iron and steel, non-electrical machinery, and means of transport (mainly motor cars). Imports from the EFTA countries went up 20.1 per cent to 5,994.8 million D.Kr., or 33.3 per cent of total imports,

TABLE III
PRINCIPAL CANADIAN EXPORTS
TO DENMARK

Commodity	(Can. dollars)	
	1963	1964
Total export value	6,811,069	7,483,625
Frozen whole whitefish	.....	82,766
Canned pink salmon	99,512	81,006
Fresh or frozen shellfish	.....	92,512
Skim milk powder	390,968	5,312
Milk cream powdered by-products	19,108	87,760
Cereal and farinaceous products	16,465	57,294
Pickles and relishes	104,860	9,633
Maple sugar	33,010	93,037
Whisky	86,819	56,162
Bright flue-cured Virginia tobacco	363,089	697,457
Red clover seed single cut	60,173	28,814
Grass seed creeping red fescue	71,254	101,462
Sea grasses and sea plants	32,588	114,642
Asbestos milled fibres grades 4 and 5	560,146	633,320
Asbestos shorts groups 6, 7, 8 and 9	357,476	282,597
Western red cedar lumber	19,065	59,695
Douglas fir lumber	63,754	4,796
Hemlock lumber	177,646	.....
Hardwood veneer	.....	69,893
Yarn and thread of one synthetic fibre	56,064	65,280
Phenols	72,835	74,398
Plastic and synthetic rubber	181,073	150,376
Plastic film and sheet	42,485	183,270
Steel sheet and strip	.....	162,793
Aluminum pigs, ingots, slabs	30,963	652,845
Copper bars, rods, shapes	1,590,775	1,353,425
Passenger automobiles and chassis	.....	332,726
Road motor vehicle parts	16,546	70,765
Communication related equipment, components	59,197	21,681
Spark plugs and parts	73,026	124,854
Card punch machines computers and parts	223,258	184,909
Office machines and parts	126,747	57,678
Vitamins and pharmaceutical preparations	236,032	196,754
Photographic equipment and supplies	1,120	52,186
Contractors equipment and tools	110,523	.....

Statistics do not give the whole picture with the establishment of European branch plants and centrally located stockpiles and delivery points. As an example, Canadian exports to Denmark of "steel sheet and strip" are shown as \$162,793 but sales and delivery of stainless steel sheet by one Canadian company alone amounted to about \$350,000.

and those from the EEC countries rose to 6,371.2 million, or 21.1 per cent, and made up 35.4 per cent of total imports. (See Table I.)

Exports last year rose by only 11.1 per cent to a total of 14,382.0 million D.Kr. Shipments to EFTA countries went up 14.8 per cent to 6,467.3 million D.Kr. (43.6 per cent of total exports) and exports to the EEC rose by 7.5 per cent to 4,031.4 million D.Kr. (27.2 per cent of total exports). Britain, West Germany, Sweden and the United States continued to be Denmark's largest individual trading partners.

Trade with Canada

Statistics show that Canada buys from Denmark twice as much as she sells to her, and this is not too surprising because it has only one quarter the population of Canada. None the less, Canadian exports to Denmark went up by 10 per cent last year and have increased by 50 per cent since 1960. Many Canadian manufacturers are not fully aware of the possibilities of trade with the Danes. The present industrial development makes this a favourable market for Canadian machinery and equipment, chemicals, plastic raw materials, electronic components, semi-manufactures, and producer goods.

The Danish businessman, long accustomed to looking mainly to European sources of supply, visits European trade fairs regularly and these are an excellent means of bringing Canadian products to his attention.

Other important factors in selling manufactured products to Denmark are:

- Good presentation of the merchandise under favourable conditions; this covers trade fair exhibits and also advertising.
- Competitive prices.
- Keeping in constant touch with an agent or distributor, making regular visits to him, and calling with him on customers.

- Immediate attention to correspondence.

The Danish market is comparatively small and highly competitive but it is a profitable one for the exporter whose products make an appeal and whose prices are right. The Commercial Division of the Canadian Embassy in Copenhagen is prepared to undertake initial market surveys for any Canadian exporter and to suggest to him the best method of obtaining the widest possible distribution of his products. It hardly needs to be added that the exporter should himself visit this territory.

Danes Import More Textiles

Danish imports of textiles, particularly hosiery, stockings, wearing apparel and yarns, increased substantially during 1964. Total exports jumped from 1,441.4 million D.Kr. in 1963 to 1,721.7 million D.Kr. in 1964, an increase of 19.4 per cent. It is significant that in the last year textiles comprised approximately 8.5 per cent of all Danish imports.

It is apparent that the countries which have benefitted most from this increase are those belonging to EFTA. Since 1960 this group has increased its percentage share of the Danish textile market from 28.9 to 36.8 per cent. During the same period the share of the EEC countries has dropped from 51.5 to 41.6 per cent. If this trend continues, the difference in imports from those two market areas may be eliminated during 1965.

There has been a relatively small increase in imports from other countries, although this has varied from country to country. Canadian companies sold 26 per cent more in 1964, with exports of textiles valued at approximately \$178,000, according to Canadian statistics. The greater part of our textile exports to Denmark consists of yarn and thread made of synthetic fibre, and broad woven cotton fabrics. It is of interest that these textiles are included in the two groups of Danish imports which had the most significant increase during 1964. ●

GNP rose in 1964, prospects promising. Imports up 25 per cent, raw materials in lead.

G. A. BROWNE, *Commercial Counsellor, Stockholm.*

THE improvement in the Finnish economy that began early in 1964 became more apparent in the last two quarters of the year. The gross national product increased 5 per cent and the outlook for greater economic development is bright.

The volume of production of textiles, wood, paper, leather and leather goods, rubber, chemicals, basic metalworking, and transport vehicles rose more than 5 per cent. Percentage increases over 1963 by

category were: consumer goods 4 per cent; capital goods about 3 per cent; other producer goods about 10 per cent. The prospects in the first quarter of 1965 for industrial growth appeared satisfactory, notwithstanding the substantial 1964 increase in prices and wages.

Crops were good in 1964 and agricultural production increased slightly in all sectors. Export prospects for 1965 seem promising. In forestry, although fellings and em-

ployment were somewhat slack, production as a whole increased about 8 per cent and this stimulated the whole economy. However, this rate of growth is not expected to continue in 1965.

Domestic Trade

Domestic trade in 1964 moved rather slowly and the volume of retail sales was 3 per cent under 1963. Wholesale trade increased in volume by about 3 per cent, largely because of increased purchases of automobiles. On the other hand, the volume of technical goods sold by wholesale firms increased more than 25 per cent. Department store sales reached 224 (1954=100) and sales of general stores 204.

Retail and wholesale prices rose in 1964; there were several contributing factors. Among these were the January and March wage increases that were linked to the cost-of-living index and the turnover tax reform early in the year.

It is possible that the upward spiral of prices this year will be less pronounced than in 1964. If Finnish export hopes are fulfilled, foreign exchange reserves may increase and help ease the present tight credit situation.

Exports Rose

Finland's exports last year rose 12 per cent to total Can.\$1.38 billion, and imports rose more than 25 per cent to reach Can.\$1.6 billion.



Finland has many modern factories—and not all of them turn out wood or paper products. This one makes lighting fixtures, equipment, and fittings, some for export.

The latter was brought about by automobile imports which more than doubled—to 106,914 compared with 57,957 in 1963. The increase in exports was more than offset by the increase in imports and a balance-of-trade deficit of Can.\$228 million resulted.

The EFTA countries were collectively Finland's best market, taking Can.\$487.5 million worth of Finnish exports, or 35.4 per cent of the \$1,377.3 million total, a 22 per cent rise over 1963. Britain was not only the largest buyer among the EFTA group but also the biggest single customer, purchasing 23 per cent of exports (\$316.9 million). Among

the EFTA group Sweden ranked second (\$88.7 million), followed by Denmark (\$51.5 million). The EEC group bought \$421.9 million worth of Finnish goods (up 15 per cent), with West Germany in first place with \$159.1 million, followed by the Netherlands (\$93.8 million) and France (\$80.1 million). The Eastern European Bloc accounted for \$240.4 million (Soviet Union \$166 million). The United States purchased \$79.3 million worth of Finnish goods.

The biggest foreign exchange earner was the forest products industry. Paper contributed almost 50 per cent, or Can.\$584 million to the

total, the lumber industry was second (\$271 million), followed by round timber (\$30 million). After forest products came metalworking (\$203 million) and agricultural produce (\$77 million).

Finland turned to the EFTA group for 35.8 per cent of its imports, or Can.\$574.3 million worth. Britain was the leading supplier in the group (\$237.1 million), followed by Sweden (\$203.9 million) and Denmark (\$48.8 million). The EEC sold Finland \$490.3 million worth of products; West Germany was the leading supplier (\$276.9 million), followed by France (\$87.5 million), the Netherlands (\$64.5 million), and BLEU (\$31.9 million). The U.S.S.R. was the main supplier in the Eastern European Bloc (\$282 million out of a total of \$360.3 million) and the largest single source of Finnish imports.

About 44 per cent of Finland's imports consisted of raw materials (Can.\$704 million). The other leading imports were capital goods (\$465 million), consumer goods (\$267 million), and fuels and lubricants (\$169 million). Table I gives the details of the main Finnish imports and exports.

Trade with Canada

Canadian exports to Finland in 1964 were valued at Can.\$4,458,000 compared with Can.\$7,276,000 in 1963. This decrease in sales resulted mainly from the \$2.5 million drop in exports of wheat, normally the biggest single item in Canadian sales to Finland. Table II lists the chief commodities that Canada sells to Finland.

The Finnish market holds a number of opportunities, too few of which are really exploited by Canadian exporters. Almost without exception, those who have budgeted their time to spend a few days in Helsinki—only one hour by air from Stockholm—have booked orders. Why not consider Finland the next time you plan a Scandinavian trip? The Stockholm office will be pleased to help you arrange it. ●

TABLE I
STRUCTURE OF FOREIGN TRADE
(Can.\$'000,000)

Product Group				Share %	
	1963	1964	Change %	1963	1964
Exports					
Paper industry	584	673	+15	47.6	48.9
Wood industry	271	299	+10	22.1	21.7
Round timber	38	30	-20	3.1	2.2
Metal working industry	204	203	-1	16.7	14.8
Agricultural produce	55	77	+39	4.5	5.5
Others	74	95	+29	6.0	6.9
Total	1,226	1,377	+12	100.0	100.0
Imports					
Raw materials	609	704	+16	47.2	43.9
Capital goods	335	465	+39	26.1	29.0
Consumer goods	221	267	+21	17.1	16.6
Fuels and lubricants	124	169	+36	9.6	10.5
Total	1,289	1,605	+25	100.0	100.0

TABLE II
WHAT CANADA SELLS TO FINLAND

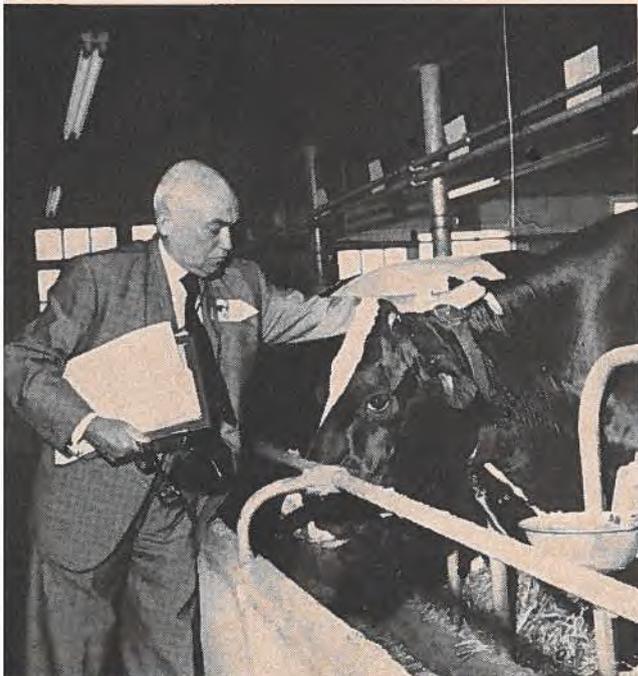
Main items	1963 1964		Main items	1963 1964	
	(Can.\$'000)			(Can.\$'000)	
Food (mainly wheat Class 6169)	4,800	1,539	Other means of transport and parts	6	7
Drink and tobacco	45	44	Radio, TV and communications equipment	1	17
Raw materials (incl. seeds)	682	655	Heating equipment	24	0
Asbestos	72	165	Electrical equipment	5	22
Forest products, pulp, paper	100	169	Measuring instruments	14	51
Fibres and textiles	42	120	Card punch machines, computers and office machines	185	136
Chemical products	237	339	Clothing and footwear	2	12
Lubricating oils and greases	22	26	Hockey sticks	31	9
Iron and steel	8	....	Ice skates	24	35
Non-ferrous metals	283	296	Veterinary medicines and feeds	9	50
Fire bricks	27	35	Firearms—non-military	9	17
Industrial machinery and parts	322	289	Sports equipment, toys and games	7	31
Passenger autos and chassis	....	7	Miscellaneous products	144	110
Road motor vehicle parts	17	15			
Road motor vehicles n.e.s.	11	34			
Engines marine and parts	....	15			
Engines aircraft and parts	147	231	Total exports	7,276	4,458

European Trade Missions . . .



Members of a Gas Mission from eight European countries watch as technicians test Canadian gas appliances in the laboratories of the Canadian Gas Association in Toronto. The mission spent a week in Canada in May, chiefly in the Toronto area.

Coming and Going



Andre Barat, of France, member of a French Dairy Cattle Mission that came to Canada in the spring of 1964, inspects a Holstein-Friesian at the Ontario Agricultural College in Guelph. The mission was sponsored by the Department and the Holstein-Friesian Assoc.



This nine-man Canadian Building Supplies Trade Mission spent three weeks in March-April touring the Netherlands, West Germany, France and Britain to explore and exploit the market for non-wood building supplies. Seven of the members were drawn from the Canadian construction materials industry, one from the construction equipment industry, and one from the Department of Trade and Commerce, who acted as secretary to this mission.

Canadians are selling more in this active market but many opportunities still waiting to be exploited.

R. CAMPBELL SMITH, *Minister-Counsellor, (Economic/Commercial), Paris.*

CANADA'S EXPORTS to France—up 25 per cent in 1964—are beginning to prove that the French market can be developed in scope and in depth. During five years of practically unrestricted access, particularly for non-agricultural products, the market has offered a variety of new opportunities for steady sales growth. (See Table I.) But although our exports have doubled in the last ten years, they still fall far short of the potential that the French market offers. (Table II.)

Let us compare our last year's exports to France with what is in effect a base year, 1961. In that year we had the full benefit of the removal of the last major French controls on imports.

How Exports Have Increased

Since 1961 our traditional exports have gone up sharply. Shipments of the following have at least doubled: pulpwood, lumber, plywood, wood pulp, cotton waste, synthetic fibre scrap and waste, synthetic fibre yarns and threads,

papermakers' felts, radioactive isotopes, zinc ores and concentrates, metal ores and concentrates, asbestos shorts, dressed furs, hot-rolled steel wire rod, magnesium, pulp and paper making machinery, chain saws, textile machinery, automobiles, aircraft parts, and skates. These increases were primarily in response to a 40 per cent rise in industrial output since 1961. (See Table III.)

Agricultural and fisheries products have exhibited the biggest change over the last four years. Since 1961, non-wheat exports have doubled. Sales of frozen salmon have shot up and are likely to continue, although current heavy stocks may slow down orders this year. Canned salmon is not selling at the same rate because high sales taxes tend to favour locally canned tuna.

The market for Canadian beef and edible offals is developing slowly but surely. French demand continues to rise more rapidly than production at home or in other principal sources of supply. A

French buyer placed an order for \$70,000 on a recent four-day visit to Canada. The Canadian meat industry can expect to receive an increasing number of inquiries from France.

Sales of clover and grass seed have developed since 1961 but to share more fully in future growth in this market, Canadian exporters will need to take account of new French regulations which now require seed varieties to be officially tested and listed before sales.

In summary, there are encouraging prospects for sales to France of beef and edible offals, salmon, fresh lobsters, freshwater fish, and live animals for breeding purposes. Freshwater fish are becoming established along with seafood. There is a marked demand for scallops although the French prefer scallops with roe in. The green light has now been given to imports of high quality Canadian Holstein Friesian cattle.

The over-all decline in our agricultural exports since 1961 has re-

TABLE I
CANADIAN TRADE WITH FRANCE

	Exports to	Imports from
	(Can.\$'000,000)	
1958	45.1	41.0
1959	43.1	58.2
1960	72.9	50.1
1961	71.9	54.3
1962	57.5	56.1
1963	63.4	58.1
1964	79.4	69.0

DBS statistics

TABLE II
TRADE OF FRANCE AND ITS EEC PARTNERS

Imports from	World		EEC Partners		Canada	
	1963	1964 (6 mos.)	1963	1964 (6 mos.)	1963	1964 (6 mos.)
Into:	(U.S.\$'000,000)					
Germany	13,019	6,812	4,342	2,285	186	80
France	8,730	5,256	3,127	1,911	79	50
Italy	7,580	4,004	2,488	1,315	85	37
Netherlands	5,967	3,536	3,082	1,854	47	21
Belgium/Luxembourg	5,112	2,971	2,688	1,594	54	26
Total EEC	40,409	22,581	15,727	8,960	451	214

sulted mainly from a major fall-off in wheat sales caused by expanding French wheat production and the Common Market system of levies on imports. French demand is chiefly for high quality Canadian durums which are highly regarded by French semolina producers. This demand will persist but sales are being adversely affected by the Common Market levies. The fall in our sales of rapeseed, in which France has become self-sufficient, has been compensated by a stronger demand for flaxseed.

Irrespective of the drop in wheat exports to France, there has been a perceptible increase since 1961 in the sale of processed and manufactured goods compared with raw materials, as Table IV shows.

Range of Products Widening

We have also made substantial progress in diversifying our exports to France. Last year we sold products in 410 DBS categories compared with only 309 categories in 1961. Meanwhile, the number of Canadian export inquiries continues

to increase and this office has extended its investigation of marketing possibilities for numerous Canadian products not yet known in France.

In 1964 the following products were sold in France either for the first time or after a lapse of several years: lead ores or concentrates, alcohols and their derivatives, rubber-coated tire fabrics, dairy products, silver ores or concentrates, frozen sole fillets, fresh or frozen pork, frozen or fresh beef and veal, and bakery products. Other products have made a more modest start in the market; these range from copper ore and haying machinery to woodworking machinery, pine lumber, container board, Western red cedar shakes and prefab houses.

TABLE III
CANADIAN EXPORTS TO FRANCE

	1961	1964		1961	1964
	(Can\$'000)			(Can\$'000)	
Total Exports	71,922	79,433			
Agricultural Products	20,094	16,913	Lead ores and concentrates	....	835
Per cent of total exports	27.9	21.2	Nickel oxide	1,750	810
of which:			Zinc ores and concentrates	459	2,539
Fancy meats, edible offals	15	438	Wire rod, steel, hot-rolled	80	432
Frozen salmon	718	3,271	Aluminum ingots and slabs	672	1,047
Canned salmon	237	760	Aluminum bars, rods and plates	....	300
Lobster, fresh or frozen	13	279	Copper refinery shapes	8,962	9,678
Scallops, fresh or frozen	1	281	Nickel anodes, cathodes, ingots	1,324	968
Durum wheat	10,554	5,005	Magnesium	100	399
Wheat, other	5,435	2,053	Other	919	1,037
Flaxseed	1,276	2,362	Chemical and Allied Products	14,044	8,733
Rapeseed	1,166	....	Per cent of total exports	19.4	10.9
Whisky	68	246	of which:		
Seeds, clover and grass	176	325	Synthetic rubber and plastic	13,789	7,394
Other	435	1,893	Alcohols and derivatives	....	713
Forest Products	7,960	14,789	Other	255	626
Per cent of total exports	11.6	18.7	Machinery, Equipment and Parts	6,004	9,663
of which:			Per cent of total exports	8.1	12.3
Pulpwood	1,554	4,198	of which:		
Lumber	1,267	3,789	Card-punching machines and parts	1,719	2,813
Plywood	39	605	Textile machinery and parts	102	350
Wood pulp	4,416	5,774	Agricultural machinery and parts	689	317
Newsprint	666	....	Chain saws and parts	98	344
Container board	....	314	Office machines and parts	439	322
Other	18	109	Passenger automobiles	39	784
Textile Products	100	1,699	Aircraft engines and parts	971	1,251
Per cent of total exports	0.1	2.1	Radar equipment	478	341
of which:			Navigation instruments and parts	....	256
Synthetic fibre scrap and waste	24	345	Other	2,399	2,885
Synthetic fibre yarns and threads	9	251			
Tire fabrics, not coated	....	345			
Other	67	758			
Minerals and Metals	23,720	27,636			
Per cent of total exports	32.9	34.8			
of which:					
Asbestos milled fibres	7,396	7,884			
Asbestos shorts	662	1,667			
Scrap iron and steel	1,396	40			

DBS Statistics

Prospects for Future Sales

What are the prospects for future Canadian sales? They depend first on the general economic outlook. As a result of anti-inflationary

TABLE IV
SELECTED CANADIAN AND U.S. EXPORTS TO FRANCE

	1964	
	U.S.	Canada
	(millions of francs)	
Meat and offals	110.4	4.3
Cereals	199.6	74.0
Oilseeds and meal	130.1	43.0
Feedstuffs	164.8	0.2
Solid and liquid fuels	291.5	2.3
Chemicals	337.5	10.9
Plastics and products	112.0	13.9
Rubber and products	117.0	27.2
Paper pulp	87.4	30.6
Paper and cardboard	51.3	1.5
Synthetic yarn and textiles	32.6	3.3
Iron and steel products	121.0	3.7
Copper	133.2	45.7
Nickel	13.4	26.8
Aluminum	56.7	7.0
Machinery and equipment, non-electric	1,195.0	36.7
Machinery and equipment, electric	418.0	1.8
Automobiles, tractors, etc.	152.2	4.2
Aircraft exports	308.0	0.2
Optical and surgical instruments	312.0	2.5
Toys, sports goods, etc.	41.5	0.8
Actual total imports	(5,611.3)	(541.2)

French National Statistics: INSEE
4.55 francs=\$1.00 Can.; divide by five to obtain roughly \$1 million.

measures applied late in 1963, there has been a pause in the expansion of the French economy. The gross national product, which rose by 5.7 per cent last year, is expected to rise by only 2.5 per cent in 1965—a sharp downward revision of the forecast last autumn of 4.3 per cent.

Nevertheless, the medium-term economic outlook remains encouraging. The present forecast is that GNP will rise by 4 per cent in 1966 and at a somewhat faster pace from 1967 to 1970. The provisional projections under the forthcoming French Fifth Plan are for an increase in total output of 25 per cent over the five years 1966-70. One forecast indicates that France's GNP in 1985 will be three times the present figures (see *Foreign Trade*, November 1, 1964).

Over-all French imports are expected to rise more slowly this year, or 5.8 per cent compared with 13.4 per cent in 1964. The forecast is for a 7.8 per cent increase in 1966. This reflects the general opinion that industry will gather more momentum this coming fall, with possible lags in the automotive and textile sectors. Meanwhile, gold and dollar reserves are at a postwar high and still rising.

The strength of the French import demand thus leaves an enormous margin for the expansion of Canadian exports. A glance at the performance of our nearest competitor, the United States, is a rough guide to the potential market in various categories of products.

French consumption is growing by leaps and bounds with the rise in population and living standards. The population has shot up from 40 million in 1945 to nearly 49 million today; consumption has almost doubled since 1952.

Let's Not Miss the Boat

Local inquiry shows that there are openings for Canadian manufacturers of the following:

- prefabricated houses and chalets
- construction materials

- builders' hardware
- Eastern spruce lumber
- plywood
- newsprint
- kraft liner board
- electronic components
- toys
- camping and sports articles
- giftware
- handicrafts
- clothing

Canadian producers are definitely competitive in the above lines but there are many other products that should be tried in the French market. A much greater effort needs to be made in consumer goods, both durable and other. We have barely begun to enter the retail store market. This year will mark our first major attack on this front with a series of "Canada Week" promotions of clothing and dry goods by an important group of French department stores. Contacts with buying offices of the main retail outlets are well established and this

office can help company representatives to introduce their products.

The French retail market is highly sophisticated in the standard ranges of articles and competitive pricing and design are vitally important. No deals can be made without samples and c.i.f. prices. Novelty and originality will always sell. Anything that is unmistakably Canadian has enormous shopper appeal in France today.

If competitive selling applies to consumer articles, it also applies to other products. Canadian exporters who have been making a start in this market sometimes forget this and are inviting failure and general ill-will towards Canadian exporters generally. Some big opportunities are being lost through elementary errors such as inattention to correspondence, carelessness with documentation, lack of follow-through, and unwillingness to conform to accepted European business practices.

Canada's place in the French market is going to increase but it needs to increase—and can—much faster than it is now. We have made a good start. Don't expect the boat to wait for us. ●



Longshoremen unload sacks of Canadian asbestos at the port of Le Havre, in France.

Industry making striking progress. Foreign trade has reached record high.

B. A. MACDONALD,
Commercial Counsellor, Athens.

ECONOMIC PROGRESS in Greece continues to be encouraging. Barring the appearance of unfavourable non-economic factors, such as a worsening of the Cyprus problem, the outlook is for a rising standard of living for the 8.5 million Greeks and, within the limits set by the country's small size and restricted natural resources, substantial growth in its importance (commercial, industrial and financial) for other countries, including Canada.

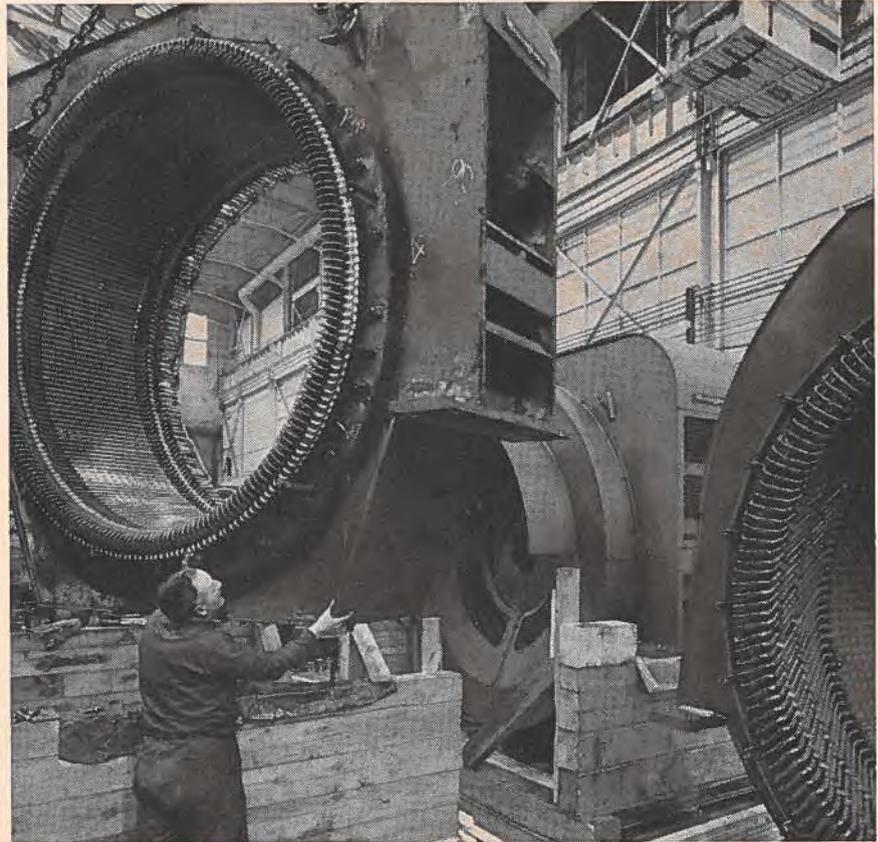
The Governor of the Bank of Greece stated in the course of his address to the last annual meeting of the Bank (April 15, 1965) that:

"In 1964, the Greek economy showed for the second consecutive year a high rate of growth. The rate of increase of gross national income (8.5 per cent in real terms) was the highest of the last decade for a year of small olive crop, while the 10.6 per cent increase in industrial production was the highest since 1955."

Although final figures on GNP in 1964 are not yet available, it is believed that for the first time industry's contribution surpassed that of agriculture.

Agricultural Output Good

Agricultural production was very good in 1964 despite the fact that it was the alternate poor year for the important olive crop. Table I shows production of the principal crops compared with 1963 and 1962. For those products marked with a star, the production figure constituted an all-time record. The large wheat and tobacco crops are



—Tom Bochsler

Made at the Canadian Westinghouse plant in Hamilton, these 6,500 h.p. synchronous motors will go to a new oil refinery in Greece to drive reciprocating compressors.

proving to be somewhat mixed blessings. They have posed acute marketing problems for the Government and have called forth warnings from the Governors of both the Bank of Greece (Central Bank), and of the National Bank of Greece (largest commercial bank) that some adjustment in the Government's crop price-support policies are essential if serious inflationary pressures are to be avoided.

The record wheat crop, by far the largest in history, unfortunately came in a year when a further PL480 agreement had been signed earlier with the United States for

the supply of 40,000 tons of U.S. wheat. The result was a surplus of some 500,000 tons for which no outlet has yet been found and for which the Ministry of Agriculture is responsible. The terms of the U.S. agreement prohibited both export of the domestic grain and re-export of the American grain (to Cyprus, for example). It is understood that a solution is being sought with the U.S. authorities, and that among the suggestions being studied are construction and equipment of 20 plants in various parts of the country to produce cattle and poultry feeds and to import under

PL480 cattle worth \$6 million for fattening.

If these suggestions are agreed to, they will help to reduce the large import bills for meat and milk, which amounted to \$46 million and \$12 million respectively in 1964, and give an impetus to the development of the livestock, dairy and poultry industries. These made encouraging progress in 1964 but have still a long way to go.

Two of the leading Canadian poultry firms are now closely associated with two of the most important Greek companies operating in this field.

Tobacco, Cotton, Citrus

The tobacco crop, although a record, was of poorer quality because of adverse weather. It was produced at a time when a large tonnage of the previous years' crops remained unsold and when for various reasons the export demand was (and still is) weak. Here again, there is a serious budgetary problem as a result of the Government's heavy price-support obligations.

On the other hand, production of cotton (to which the Ministry of Agriculture has been trying to persuade the farmers to give preference), declined from 93,000 tons (ginned) in 1963 to 71,000 tons in 1964, the smallest crop since 1960. Greece actually imported \$3.4 million worth of foreign cotton in 1964. Unless a different system of incentives is devised, Greek farmers will apparently continue to favour wheat over cotton because of the difficult and expensive problem of harvesting the latter.

The record citrus fruit crop was all the more valuable because the handling, processing, and marketing apparatus for both fruit and canned juice has been modernized and otherwise improved. The citrus industry is one of the brightest in the Greek agricultural picture.

Agricultural Prospects

The advances now being made in farming methods (including an increasing use of fertilizers and

modern agricultural equipment) and in handling and marketing methods, and the large investment being made in land reclamation and in irrigation, indicate an increasingly productive future for Greek agriculture.

Weather conditions this year have favoured production of fall and winter crops, especially cereals. A heavy barley crop of 400,000 tons has been provisionally predicted and another large wheat crop of perhaps two million tons. Exceptionally heavy rains delayed sowing of spring crops, including both cotton and tobacco.

Industry's Importance Growing

Industrialization continues to be the most striking feature of the Greek economy; it is rapidly altering the way of life and promises to transform it out of all recognition within a few more years. In some respects and on a smaller scale, the situation is reminiscent of that in

Western Europe in the late 1940's and early 1950's, when the subsequent huge influx of U.S. and British branch plants was still a trickle. Now hundreds of European companies, in addition to U.S. and British firms, are studying the possibilities in Greece. Scores have already established (alone or more often in co-operation with Greek interests) plants here or are about to do so.

Private investment in industry increased during the past year by 36.6 per cent over 1963, which in turn had increased 27.2 per cent over 1962.

The Chairman of the Investment Bank in a recent report stated that a total of Drs.24,250 million (\$800 million) was invested during the past year in the establishment of new industrial plants and in the expansion and modernization of existing ones. He added that in the first half of 1964 alone, permits

TABLE I
GREEK AGRICULTURAL PRODUCTION 1935-1964

	1935-38	1951-55	1956-60	1961	1962	1963	1964
	(average)						(preliminary)
	(metric tons '000)						
Agricultural							
Wheat	767	1,187	1,642	1,594	1,769	1,387	2,170*
Barley	197	232	237	235	252	243	278*
Oats	116	146	160	153	155	136	155*
Rye	55	55	38	24	24	20	22
Corn	255	266	259	270	266	312	300
Tobacco (marketable quality)	61	66	80	73	91	125	132*
Cotton (ginned)	15	39	60	98	89	93	71
Olive oil	113	117	128	228	56	208	131
Edible olives	36	41	40	83	12	56	35
Currants	158	75	88	92	109	78	76
Sultanas	28	38	44	55	85	51	67
Dried figs	29	26	26	28	26	29	26
Citrus fruits	53	175	256	319	324	311	366*
Deciduous fruits	n.a.	277	264	326	321	305	391*
Table grapes	80	118	109	131	120	113	131
Wine must	373	403	375	369	385	278	370
Potatoes	146	435	470	469	495	586	633*
Vegetables	n.a.	877	1,029	1,330	1,206	1,324	1,367
Melons and watermelons	203	384	407	413	406	490	588
Sugar beets	....	....	....	61	231	351	521*
Livestock and Poultry							
Meat (total)	110	99	146	169	197	212	216*
Fluid milk	292	280	347	387	439	462	485*
Cheese (soft)	59	55	75	80	85	84	87*

*All-time record.

TABLE II
GREEK FOREIGN TRADE

	1960	1961	1962	1963	1964
	(millions of U.S.\$)				
Total imports (c. & f.)	520	583	660	750	881
Total exports (f.o.b.)	208	234	243	295	308
Adverse trade balance	312	349	417	455	573

were issued by the Ministry of Industry for 814 new industrial plants and workshops, plus another 323 permits for expansion.

Private foreign capital brought in for investment totalled \$60 million during the same period.

Electricity Output Greater

The tremendous growth in output of electricity over the past 10 or 15 years by the Public Power Corporation is both an explanation and a measure of the economic progress made in that period. Production has risen from 877 million kwh. in 1956 to 3,706 million in 1965, and the number of consumers has risen from 109,000 to approximately 1.5 million over the same period. This state-owned public utility is the exclusive producer and distributor of electric power in Greece.

A large hydro-electric development program has been under way for some time. The first of three large generating stations on the Acheloos River in Kremasta is expected to be completed late this year or early in 1966.

Trade and Payments

Both imports and exports reached record highs in 1964, but the adverse balance which has characterized Greek trade since the war increased further, as Table II shows.

The persistence and mounting size of this deficit (nearly double total exports) is of particular interest. Renewed efforts are planned to promote both agricultural and industrial exports. Normally the trade deficit is more than offset by invisibles, plus an inflow of grants, loans and private capital. But the end of 1964 saw for the first time in many years a reversal in the upward trend of the gold and for-

TABLE III
CANADIAN COMMODITY TRADE WITH GREECE

Calendar Years	Exports to	Imports from	Balance in Canada's Favour
	(millions of Can. \$)		
1956	2.5	0.3	2.2
1957	4.1	0.5	3.6
1958	4.6	0.4	4.2
1959	5.0	0.3	3.7
1960	5.5	0.5	5.0
1961	5.0	0.5	4.5
1962	9.2*	1.1	8.1
1963	7.4	1.6	5.8
1964	8.0	1.6	6.4

*The large figure of \$9.2 million for exports in 1962 was due to the sale to Greece in that year of secondhand Canadian coastal passenger vessels valued at \$4 million.

foreign exchange holdings. They totalled only U.S.\$266 million, compared with \$277 million in 1963 and \$270 million in 1962. The net loss was, however, only \$11 million.

The greater part of the \$131 million increase in imports consisted of capital goods and industrial raw materials. The Bank of Greece estimates that higher world prices compared with 1963 accounted for about 20 per cent (or \$25 million) of the increase. And growing industrialization, plus changes in the structure of agriculture, promise not only to support the export effort but to provide more and more domestic substitutes for imported products.

Nevertheless, it seems clear that to offset its trade deficit Greece will have to rely for a long time to come on the traditional invisibles—receipts from shipping, emigrants' remittances and the tourist trade, to which a fourth has recently been added in the form of remittances from workers temporarily employed abroad (mainly in EEC countries

and especially in West Germany). Any remaining deficit will have to be covered by inflow of capital in one form or another. These invisibles brought in U.S. \$417 million last year, compared with \$390 million in 1963.

Total income from the four sources has nearly doubled over the past five years, but remittances from emigrants and earnings from tourists showed a slight falling-off last year. The outlook for earnings from all of these sources is currently promising.

Canadian Trade with Greece

Trade between Canada and Greece has fluctuated over recent years, but the trend has been steadily upward, as Table III reveals.

Although Greece is one of Canada's smaller markets, its developing economy and the rising purchasing power of its 8.5 million people will undoubtedly generate a growing demand for many of the raw materials, foodstuffs, semi-manufactured products, and finished goods that Canada can supply.

For various reasons, such as the increasing competitiveness of the EEC countries and developing domestic industries, it is difficult to generalize about the outlook for any particular product. Canadian producers and manufacturers who feel that Greece might offer possibilities are invited to write to the Commercial Counsellor in Athens for a preliminary report on the prospects open to them. If these prove in the least encouraging, more detailed effort can then be put forward.

The present position of Greece has been compared to that of California in the mid-1930's by one of the Deputy Governors of the Bank of Greece. This striking comparison should not perhaps be pressed too far. Nevertheless, apart from great similarities in climate, light and landscape, there is much in the developments taking place today in Greece to remind one of the California of thirty years ago. ●



Enterprising Exporters in Europe

Canadian Success at Nuremberg

THE experience of one Montreal firm has proved there is a demand for Canadian-made toys in Western Europe.

Future Scientist Kits Inc., established in 1963, began making and selling a line of eleven science kits designed to appeal to children from six to sixteen. Murray Fein, president and founder of the firm, found domestic interest high and decided to attempt selling abroad. He had heard of a toy fair held yearly in Nuremberg, West Germany, and felt that an exhibit there might bring results.

Mr. Fein had little time to prepare for the 1964 fair but he made good use of it. He reasoned that to gain acceptance in the overseas market he would have to offer his science kits, both the package and the contents, in a number of languages. When he arrived in Nuremberg he had with him sample kits, price lists and brochures in four languages: English, French, German and Dutch.

He made many contacts during the six-day fair and began negotiations with prospective agents. Though his sales were not sensational that first year, they were good enough. He returned home encouraged and began to prepare his 1965 exhibit.

The experience he gained at Nuremberg in 1964 led him to redesign his packages completely, increase the number of kits offered, and have all instructions and literature translated into several more languages. In the 1965 Nuremberg Toy Fair he displayed four series (eight subjects each) of science kits, ranging from starter sets to models suitable for high school students. All printed material, including packaging, was available in nine languages. This time he booked orders beyond all expectations—almost \$500,000 worth. He expects repeat orders and estimates that his export sales will exceed \$1 million by 1967.

Mr. Fein has some advice for those interested in selling toys abroad. He strongly recommends participation in international toy fairs, particularly Nuremberg, the largest and most important. He points out, however, that accommodation at Nuremberg is at a premium and that space has to be reserved far ahead. The would-be exhibitor should prepare catalogues, price lists and descriptive literature in as many of the major languages as possible. And if there are operating instructions in or on the package, these should be translated too.

The toy fair, he adds, is the best place not only to introduce products but also to find an agent. Don't forget, he says, to check a prospective agent's financial standing and reputation before signing any contract with him.

United Sells Aircraft Engines

TURBO-PROP engines have meant sizable European sales for a Longueil, Quebec, firm, United Aircraft of Canada Ltd. This company has successfully introduced its PT6 gas turbine unit into both France and Switzerland and in both instances, its engines were bought to replace other engines already in use.

Although the company has been exporting for some time, the 1963 Paris Air Show proved to be a major factor in increasing its sales to Europe. Exhibitions like this, says a company official, give the aircraft manufacturer, operator or user a chance to meet the firm's engineers and see the unit itself. When a company first exhibits, these meetings are largely educational; later shows give it an opportunity to keep customers and prospects up to date with the latest technical developments. Displaying the product creates an impression or image, United Aircraft believes, that could not be built up by other means.

Air shows, however, are only the first step. During the time between the initial meeting with the customer and the start of a production program, the would-be exporter must maintain contact through correspondence, through meetings several times a year, and through the services of a European-based office.

Regular correspondence keeps the customer abreast of significant developments. This is supplemented by visits during which the Canadian engineers can convince him that the engine can be readily adapted to his needs. The European staff keep the company and its product in the prospect's mind—sometimes every day in periods of peak activity.

United Aircraft believes that the PT6 engine is selling well for two main reasons. Proven performance in a number of aircraft, plus extensive in-house development, has given the engine a reputation for reliability. The company also makes it clear to

customers that it is prepared to provide service, spare parts and support in all parts of the world.

Good exposure at the Paris Air Show, plus comprehensive customer service, has boosted United's 1964 European sales of aircraft engines and parts 55 per cent above those for 1963. This alone proves that its sales formula is a good one.

Outerwear for Belgians

HOW CAN a Canadian company sell winter outerwear for men and outerwear for children in the Belgian market? Because the fabrics are different from those used in Belgium and because the designs are high-style and distinctively Canadian—that's what Elliot and Jacob Sales Limited of Montreal have discovered.

This firm originally made contact with Belgian customers during the National Samples Show in Toronto sponsored by the Department of Trade and Commerce in the spring of 1963. It has continued to sell directly to store buyers rather than using agents and has found that in this particular business, it works well. Its one problem has been meeting competition from the United States and this it has solved by offering high quality workmanship at lower prices.

They Look for the New

HAVE YOU something new and distinctively North American to offer? Then the prospects for selling it in Western Europe are enhanced. That's the experience of a wallpaper manufacturer, Waldec of Canada Ltd., which is selling its prepasted wallpaper, a novelty on the continent, in Belgium and in several other parts of Western Europe.

From the Canadian Trade Commissioners stationed in Europe, Waldec obtained the names of the outlets for wallpaper in the various countries. The firm then made contact with them and dispatched price lists and sample books of its wallpaper. (It took care, incidentally, to quote prices in the currency of the country wherever possible.) Interested wholesalers and retailers then placed small initial orders—the best way of finding out whether these papers appealed to their customers and what kind of service Waldec could provide.

Once it had appointed distributors, Waldec encouraged them to undertake active sales promotion and advertising. The type of promotion that it has found most fruitful is demonstrations to consumer (and particularly women's) groups of how easy it is to apply prepasted wallpaper and later to wash it. The company has since proved by its sales that the superior design and colouring of its product and its physical qualities enable it to compete with suppliers

in the EEC countries, even though it has to take higher tariffs into account.

R. J. Boxer, president of Waldec, is a firm advocate of personal contact with overseas customers and distributors. Last fall he himself visited the company's outlets in Europe; he intends to repeat the visit soon and to present the new Waldec lines to the trade there. There are distinct advantages, he points out, in sending abroad someone who exercises considerable authority in a firm. He can make on-the-spot decisions about possible departures from the usual trading methods, the extension of different credit terms, and other matters. This makes a good impression on the European buyer and it means that sales can be concluded much more quickly.

Prefabs through Paris

PREFABRICATED OFFICES, camp kitchens, catering setups, and house trailers, made by ATCO Industries of Calgary, Alberta, are moving to a number of foreign markets as a result of sales made to Paris-based companies with operations in many parts of the world. A drilling camp was purchased for a Libyan oilfield, for example, and a 120-man camp and catering service for an aluminum plant project in the Virgin Islands. Seven residential house trailers went to Ethiopia.

How does ATCO go about making contacts with French firms? First, it follows closely announcements of companies bidding on various tenders and gets in touch with many of them by direct mail. Sometimes the unsuccessful tenderer passes on to the successful bidder information about ATCO products. ATCO sales representatives in Europe, who make regular calls on prospective clients, follow up any resulting inquiries. And satisfied clients, particularly in the petroleum industry, spread the news about what ATCO has to offer.

How does the company manage to sell its prefabricated units against European competition? One reason, says the company, is that its designs are more ingenious and flexible than most and the products can be readily adapted to many uses. Equally important, it can offer quick delivery. To minimize the transportation problem, it has a compact ATCO knock-down package designed for shipping abroad when saving in cargo space means savings in dollars.

ATCO Industries has found, says a company official, that the French "want the best value for their franc and will buy from the supplier who can deliver." He admits that a knowledge of French is helpful, but business can be carried on in English. He adds: "Personal contact is essential. We have discovered that attention to detail and being very specific about what is to be supplied under a particular contract is mandatory because of the difference in terminology and in methods of payment." ●

GNP, industrial and agricultural output, trade increased in 1964. Canada had larger share in Irish economic expansion.

P. V. McLANE,
Commercial Counsellor, Dublin.

IRELAND continued to make rapid progress during 1964 and achieved the growth rate of between 4 and 4½ per cent that was called for under the Second Program for Economic Expansion. The gross national product at cost market prices rose to about £670 million, compared with £649 million in 1963. The rapid expansion of industrial output continued throughout 1964; production of transportable goods rose by nearly 11 per cent. All branches of manufacturing participated in this expansion but the growth was fastest where the export demand was greatest—in textiles, clothing, metals and engineering.

Employment in manufacturing rose by 5,000 or 3 per cent between September 1963 and September 1964, the same as in the preceding 12 months. The average rate of unemployment was 5.7 per cent, slightly lower than in 1963.

The volume of agricultural output increased by 2 per cent after remaining more or less stable in 1962 and 1963.

Cost of Living

Consumer prices in 1964 were on an average 6½ per cent higher than in 1963, in part because of rising food prices, imposition of the turnover tax, and adjustments following the national wage and salary agreement of January 1964. Agricultural prices, which had fluctuated little in recent years, also rose. However, no substantial upswing in prices is expected in 1965. Al-



P. V. McLane, Commercial Counsellor for Canada in Dublin (left), watches as a shipment of Canadian products, including canned salmon, is unloaded in Ireland.

though a promising National Wage Agreement was signed it has not been altogether successful. There is now a call for an incomes policy that would phase out increases in wages and salaries more gradually.

Foreign Trade

Ireland's foreign trade has grown with and because of the expanding economy. Exports were up from £195.5 million in 1963 to £218.9 million in 1964. Imports increased more rapidly—from £306.4 million to £347.3 million. The growing trade deficit, although partly offset by net invisible

receipts from the tourist trade, income from investments, and remittances of £94 million, is still substantial at £128.4 million. However, since it stems from greater consumption as much as from the sharp increase in imports (principally machinery and raw materials for industry) the rise is not causing too much concern and is likely to prove temporary. Moreover, a rapid expansion in capital formation in Ireland will lessen the need for foreign capital investment. A record inflow of capital in 1964 increased the country's foreign exchange reserves.

In spite of the imbalance in trade, export totals for the second successive year have exceeded the target under the Second Program for Economic Expansion. However, the figures for the first three months of 1965 show a considerable drop, due in part to the British surcharge but more to smaller shipments of beef cattle, a trend that will probably change before the end of the year.

Trade with Canada

Canada has been sharing in and contributing to the upsurge in Irish economic growth. Our exports to Ireland, according to DBS figures, reached \$15,072,000 in 1964 compared with \$10,461,000 in 1963, and we made larger sales of a variety of products, as Table I shows. The most important export to Ireland last year was aluminum pigs, ingots and slabs, sales of which more than doubled in value. Wheat was second, and this market should continue for Canada because the trend in the Republic, which imports to meet the deficit from local production, is towards a smaller wheat acreage each year. In spite of extremely keen competition, Canada increased its newsprint shipments in 1964. Timber exports (mainly spruce) were only slightly larger, but the Irish market should improve as the use of timber as a building material becomes more common.

TABLE I

PRINCIPAL CANADIAN EXPORTS TO IRELAND

	1963	1964
	(Canadian dollars)	
Aluminum pigs, ingots, slabs	2,012,000	4,218,000
Wheat	2,502,000	2,847,000
Newsprint	1,889,000	2,140,000
Timber (mainly spruce)	1,424,039	1,508,000
Canned fish (mostly salmon)	677,000	804,000
Copper bars, rods, shapes	3,478	336,000
Flax and other seeds	127,000	238,000
Sheet and strip steel	18,464	233,000
Tobacco	50,000	205,000
Cattle hides	77,820	154,000
Card punch machinery, computers and parts	36,814	106,000

JUNE 26, 1965

Other Canadian exports to Ireland that showed increases in 1964 were canned fish (mostly salmon); copper bars, rods, etc.; flax and other seeds; sheet and strip steel (a sharp rise because of the demand and supply situation); tobacco; cattle hides (doubled in value), and card punch machinery, computers and parts.

As well, we sell a wide range of other products to the Republic, at values of from a few dollars to close to \$100,000. These include mink, oats, apples, onions, canned foods, whisky, asbestos, match splints, fabrics, papermakers' felts, zinc blocks, rock drilling machinery, radar equipment, refrigeration, films, clothing, clock movements, contractors' equipment and tools.

Canadian commodities are well accepted in Ireland and receive favourable tariff treatment. During the last year the Dublin office obtained sales representatives for a number of Canadian manufacturers whose products included sportswear, frozen vegetables, honey, pickles, protective clothing, shearlings, tinplate, toys, furniture castors and telegraph poles.

Canada purchased \$5.1 million worth of Irish products during 1964, according to Irish statistics. Full particulars are not available but some of the principal items were textile yarn fabrics \$1,186,000; chocolate crumb \$1,009,000; sheep and lambs' wool, shorn \$600,000; knitted fabrics in pieces \$453,000, and sweets and toffee \$256,000. Ireland also sells to Canada industrial diamonds, purebred horses, meat, alcoholic beverages, sisal yarn, jute yarn, rope, metallic carbide inserts, rock drills and bits, transistor radios, apparel accessories, boots and shoes, hemp, jute and sisal mats and matting, tumbler and stemware glass and crystal.

Canadians Score Mining Success

The Canadian mining fraternity has been busy in Ireland during the last few years. At a Canadian-controlled mine the development

and construction phase is almost completed. The company obtained financing on the basis of estimated reserves of 2.8 million tons of ore containing lead, silver and zinc. Preparations are now being made for an output of 2,000 tons per day, and ore shipments to smelters in Britain and Europe are expected to start soon from the port of Galway. Many other Canadian companies have applied for mining licences and a number have been granted mining facilities. They have carried out aerial and geological surveys and set up drilling rigs. There have been two strikes so far: preliminary drilling at one shows promise of valuable amounts of lead, zinc and silver. The discovery of copper deposits has also been reported.

Selling Fish in Northern Italy

THE Northern Italian market for fish has altered considerably over the years and the demand for traditional Canadian fish exports has declined. Nevertheless, the market is far from lost to Canadian fisheries because the area is becoming an increasingly important outlet for certain frozen sea products. Competitive and interesting offers will receive careful study from Italian importers.

Porbeagle is popular in Northern Italy and it is estimated that over 5,000 tons a year could be sold. Prices during the 1964 autumn season were about U.S. \$342 a ton c.i.f. Italian port. The porbeagle should be carefully bled to ensure a light pink flesh, gutted, head, fins and tail removed, and shipped frozen. Only the type with the Latin name *Lamna Cornubica* is in demand. Swordfish are also popular although they do not compete with porbeagle. They should be processed like porbeagles.

Another fish for which there is a good market in Northern Italy is sole. It must be gutted and sorted according to weight: 0.660 pounds and under, 0.660 to 1.103 pounds, and over 1.103 pounds. The commercial value is higher if the fish are frozen individually; cases or cartons should be of uniform weight. Prices in late 1964 were about U.S.\$336 a ton c.i.f. Italian port.

N. R. CUMMING, *Consul and Assistant Trade Commissioner, Milan.*

Signs of industrial revival appearing; production slowdown last year affected Canadian sales.

A. B. BRODIE, *Consul General and Trade Commissioner, Milan.*

THE modest upswing observed in the Italian economy during the closing months of 1964 has sparked optimism that there may be a full economic recovery before the end of the first quarter of 1966. The balance of payments rallied from a deficit of U.S. \$1,244.3 million in 1963 to an impressive surplus of U.S. \$777.4 million by the end of 1964. Imports were 4.7 per cent less than in the previous year (\$8.2 billion in 1963) and exports rose by 17.8 per cent to reach \$6.4 billion. The slowing down in the growth rate last year, coupled with higher agricultural production and the development of local industries, kept Canadian exports down to Can. \$62.2 million (Can. \$76.8 million in 1963).

In an effort to bring about economic stability at the expense of a general slowing-down in business, the Government introduced gradually certain credit restrictions and deflationary measures during the latter half of 1963. These measures had the desired effect of helping to improve the balance-of-payments position, check rising prices, reduce the growth in bank credit and investment from about 9 per cent of GNP in 1963 to less than 3 per cent in 1964, slow down industrial production, and reduce the rate of investment in industry. A purchase tax was levied on cars and boats (this was lifted at the end of 1964) and the tax on gasoline was increased. (The latter move raised the price of an imperial gallon of high-test gasoline to 94 cents.)

The growth in industrial production during the past year (0.4 per cent over 1963) did not keep pace with other member countries of the European Economic Community. The increase of 7 per cent in the value of Italian production—primarily because of a rise in prices—was in marked contrast to the annual real rate of growth of Italian manufacturing output, which seldom fell below 10 per cent between 1959 and 1963. The most depressed sectors during the period were the metalworking and engineering industries, the textile industry, the leather industry and the building trades. During the early months of the current year, however, the over-all industrial output improved noticeably and there is reason to believe that the country is now moving towards more normal production conditions. The 1964 production upswing in the chemical, sources of energy, and steel sectors is now spreading to other branches of the economy, including motor cars and steel equipment. Though building (including the cement industry and the brick and marble industries)—Italy's key industry—is still faced with difficulties, the outlook for its early recovery is not altogether unfavourable.

Exports Stepped Up

The decrease in domestic demand during the past year forced many Italian manufacturers to concentrate on new and existing export markets in an effort to reduce in-

ventories and to keep their plants operating. Exports during the past year totalled some \$6.4 billion—some 17.8 per cent higher than in 1963. The principal groups making substantial export gains (in value) were: industrial metallurgical products (+62.1 per cent), industrial chemicals (+23.5 per cent), trucks and buses (+21.8 per cent), machinery and heavy equipment (non-electrical) (+14.5 per cent), textiles (+12.8 per cent), synthetic textiles and fibres (+53.1 per cent). Passenger car exports were up 17.7 per cent to over \$300 million and wines were up 3.2 per cent.

Italy's principal customers in 1964 were the EEC countries (taking 38 per cent of exports as opposed to 35.5 per cent in 1963), the United States (8.5 per cent against 9.4 per cent in 1963), and Britain (5.7 per cent against 5.4 per cent in 1963). Total purchases of the less developed countries represented some 24.3 per cent of Italian exports (the developed countries accounted for 68 per cent). Communist China and the U.S.S.R. bought 5 per cent of Italian exports (5.8 per cent in 1963).

It is significant that Italian exports to Canada, at some \$67.5 million, were the largest in history and for the first time exceeded Canadian sales by more than \$5 million. Though the pattern of shipments to Canada remained substantially the same, there were appreciable sales increases in a wide range of goods, such as food products (including cheese and canned tomatoes), wine, footwear, textiles (in-

cluding woollen outerwear), nylon yarn and machinery.

Imports Lower

Italian imports during the past year were down by 4.7 per cent over the previous year and totalled some \$7.8 billion (about \$8.2 billion in 1963). This total included a large number of products and those of special interest to Canadian suppliers are listed in Table II.

The principal exporters to Italy were West Germany (16.3 per cent), United States (13.5 per cent), France (9.9 per cent) and Britain (5.5 per cent). Once again, the Common Market countries were important suppliers and the source of some 32.7 per cent of Italy's total imports (33.0 per cent in 1963). This figure would have

been a good deal higher had the Italian Government not introduced a special tax on automobiles under its deflationary policy.

Canadian Sales Down

Canadian exports to Italy in 1964 reached \$62.2 million—some \$14 million less than in the previous year largely because of the slowing down in the Italian economy. Despite this decrease, Italians are really interested in obtaining Canadian offers. Among the products sought after are chemicals, metals, sophisticated machinery, Canadian lumber, wood pulp, fish (porbeagles, frozen salmon, squid, swordfish, etc.), skimmed milk powder for animal feed, and articles for the expanding department stores and supermarkets. Remembering that

the European Economic Community countries enjoy favourable tariff treatment over third countries (such as Canada, the United States, Britain and others), Canadian exporters must be prepared to meet keen competition in this market. Carefully prepared offers c.i.f. Italian port with samples whenever possible and literature—preferably in the Italian language—are invaluable in helping to introduce new products.

Five Year Plan Studied

Italy's Five Year Development Program (1965-1969), which was approved by the Italian Cabinet on January 29, 1965, is now under study by the National Economic Council (CNEL) before being presented to Parliament. The targets of the scheme are in line with the Government's economic policy announced by the Prime Minister to Parliament in December of 1963. They include, among other measures:

- Full employment of the labour force (by 1969 open unemployment should be reduced to between 1.5 and 1.6 per cent of the working force).
- Narrowing the gap between agricultural and non-agricultural incomes. This will be achieved by increasing the gross product of agriculture and by reducing agricultural under-employment.
- Increasing non-agricultural employment opportunities in southern Italy.
- Increasing the percentage of resources to be invested for social purposes from the present 24 per cent to between 27 and 27.5. This will include more schools and subsidized housing, a higher degree of social security, better medical service and other improvements.
- Protecting free competition and the adoption of policies to prevent dumping by foreign enterprises.

TABLE I

IMPORTANT CANADIAN EXPORTS TO ITALY

	1963	1964
	(Can.\$'000)	
Cattle purebred	235	299
Salted cod	835	653
Canned salmon	805	636
Skimmed milk powder	293	945
Barley and oats	1,803	1,486
Durum wheat	....	954
Wheat	10,879	4,337
Seed potatoes	177	111
Potatoes	1,024	....
Hides and skins raw	138	216
Rapeseed	1,823	360
Pulpwood	2,465	2,687
Scrap iron and steel	550	979
Aluminum scrap	6,881	2,766
Nickel in oxide	2,182	1,042
Asbestos fibres	2,783	3,208
Sulphur crude and refined	....	951
Lumber and plywood	2,746	2,304
Wood pulp	7,391	7,563
Plastics and synthetic rubber	2,313	1,908
Pig iron	1,946	1,177
Aluminum ingots	5,856	1,920
Copper shapes	1,142	1,149
Nickel anodes and cathodes	647	704
Zinc blocks, pigs and slabs	81	819
Aircraft assembled and parts	2,735	1,928
Navigation instruments and appliances	909	1,380
Measuring testing instruments	919	1,194
Computers and parts	936	1,600

DBS figures and f.o.b. values

TABLE II

ITALIAN IMPORTS OF INTEREST TO CANADIAN SUPPLIERS

	1963	1964
	(Can.\$'000)	
Agriculture and Food products	1,700	1,600
Of which:		
Cereals for animal feeds	298	290
Other food for animals	71	79
Cereals including flour of wheat	26	52
Tobacco (leaf)	38	29
Fish	95	91
Meat	442	470
Cheese	55	54
Non-Food Products	6,500	6,200
Of which:		
Raw hides (not suitable for furs)	90	93
Wood pulp for the paper industry	96	105
Logs	77	68
Sawn lumber	170	153
Iron and steel scrap	155	134
Non-metallic minerals	76	84
Other organic chemical products	107	112
Various chemicals for chemical industry	108	117
Machines and parts (non-electrical)	176	158
Telephone communication equipment and parts	80	115
Other mechanical precision products	120	117
Rolled iron or steel sheets	452	334
Copper and its alloys	162	148
Machine tools for the working of metal	120	75

● Promoting exports by the extension of credit facilities and export credit insurance.

Total investment in the period 1965-69 is put at lire 38,500* milliard, of which 22,000 milliard is accounted for by directly productive investment and lire 16,500 milliard by investment for social purposes. This represents 22.7 per

*Note: approximately 580 lire=one Canadian dollar

cent of the resources available for domestic use.

Outlook More Encouraging

Although Canadian shipments to Italy of certain products contracted in 1964, the outlook over the next few months now appears to be more encouraging. Many believe that if government measures to help the building industry out of its current slump meet with success, a general upswing in output of other indus-

tries will follow. If this is so, Italian industries will be importing a wide range of products to supplement their depleted stocks of raw materials and semi-manufactured products. The Government is facing the financial and industrial growth problems with courage and understanding. The current optimism and the support that the Italian businessmen are beginning to give towards a complete recovery will be important factors in this effort. ●

THE NETHERLANDS

Rise in wages has increased consumer spending; Canadian sales reflect the general prosperity.

D. A. B. MARSHALL, *Commercial Counsellor, The Hague.*

IN any future economic history of the Netherlands, 1964 will probably be known as the year of the "wage explosion". With full employment and a booming economy, pressures in the labour market, particularly in the construction industries, resulted in a dramatic increase in wages. Agreement was reached in the Foundation of Labour—a body in which the Government, the employers' associations and the employees' associations co-operate—which led to an increase in wage costs, including social benefits, of an unprecedented 17 per cent. Results were not what had been feared—there was no set-

back to the Dutch economy and prosperity continues.

Production, Prices, Wages

In his annual report, the President of the Netherlands Bank has pointed out that the material results of the Netherlands economic development in 1964 were extremely favourable and exceeded expectations in nearly all respects. The volume of the national product rose by 8 per cent above 1963, compared with an average rise of only 4½ per cent in the previous ten years. There was thus "extra space" to meet the inevitable increase in national spending arising from the wage explosion.

The exceptionally large rise in the volume of production has been attributed not only to the good weather and the consequent effect on agriculture, but also to the demand reflected by a 13½ per cent increase in the volume of exports. The President pointed out that, because of the rise of the price figure in the cost-of-living index by 5½ per cent, spendable income went up over 7 per cent; the excess over the increase in production was the result of a large expansion of investments.

The wage increase has clearly affected prices, which rose considerably more in the Netherlands last year than in most other industrial European countries. Since 1958 prices have risen by 19 per cent, almost 3 per cent a year.

Higher wages, higher prices, greater expenditures and growing production led to an increase of the nominal national income in 1964 of almost 16 per cent.

That the higher production was achieved in spite of a continuing labour shortage was due mainly to greater mechanization. The tight labour position is illustrated by the fact that at the end of December 1964 the registered reserve was 47,100, compared with 42,600 in the previous year, and the number of applications by employers to fill vacant positions had increased from 112,100 to 117,700. Higher prices and greater domestic demand did not have the anticipated influence on exports: on the contrary, these went up in volume by 13½ per cent in 1963 compared with a previous annual average of 8 per cent.

Natural Gas Finds

The Netherlands radiates prosperity. The huge state works are epitomized in the Delta Plan, which is well advanced. Housing remains scarce, but building starts continue to increase and the officials concerned promise to maintain the effort to resolve the shortages. Natural gas still predominates in any discussion of the Netherlands economy. The authorities give proven reserves as 1,100,000 million cubic metres and at the same time, new finds are reported every few weeks. Further strikes in Friesland and the Province of North Holland are confirmed and a find in the western part of the island of Ameland is estimated at 10,000 million cubic metres. Drilling has been abandoned on the island of Texel. At the asserted figure of 1,100,000 million cubic metres, the Netherlands ranks fifth among natural gas producing countries. The reserves far exceed the Netherlands' own requirements and the Nederlandse Aardgas Maatschappij has been negotiating about exports to Belgium, West Germany and France. The possibility of a pipeline across the North Sea to Britain is being studied.

JUNE 26, 1965

In the last fifteen years there have been substantial changes in the spending patterns of Dutch consumers, with the per capita national income up by over 50 per cent in constant prices. Of interest has been an increase of over 60 per cent in expenditures on food and beverages and of probably more than 125 per cent on durable consumer goods. Dutch retail trade is undergoing changes to meet consumer demands

for newer marketing methods over the past year and the number of supermarkets in the Netherlands has more than doubled to 399. One-stop shopping has led to the addition of many non-food items to the shelves of some of the food stores. Shopping centres have been established in the newer residential quarters and the Dutch consumer is demanding greater variety and convenience. A class of customer



Mrs. Walter Bick (left) of Bick's of Canada Ltd., explains to the manager of the food department in a big Amsterdam store the varieties of Bick's Canadian-made pickles.

has appeared for whom price appears to be secondary. Although fruits, vegetables and cheese appear to a Canadian not to be prohibitively priced, the well-stocked shelves of specialty shops offer cake mixes at the equivalent of \$1.05 and sockeye salmon for as high as \$1.65 a pound.

Outlook Is Promising

Prospects for 1965, it appears, will continue to be very favourable. In its forecast for 1965 the Central Planning Bureau indicated, after taking into account a carryover from last year, the probability of a total official wage increase of 6 per cent. To this 6 per cent must be added incidental wage increases which, because of the continuing shortage of labour, are estimated this year at 3 per cent. The eventual increase is, therefore, forecast to be 9 per cent and the total sum of wages, considering the greater number of wage earners, will probably go up by 11 per cent. It is expected that the wage increases will be accompanied by a rise in private consumption of nearly 10 per cent (5 per cent by volume), with the price level of consumer goods rising by about 4½ per cent. The balance-of-payments position is expected to be eased because of an increase in total domestic demand of 3½ per cent, with the production capacity of industry at the same time going up by 5 per cent. The volume of exports may drop back to the previous annual increase of 8 per cent, with the import increase falling to possibly only 5 per cent. As a result, it is expected that the balance-of-payments deficit on current account may drop from 650 million guilders to 100 million. Some easing of tension on the labour market is hoped for and the barometer of the Netherlands is set for better than fair.

Canadian Sales Rise

According to the figures published by the Central Bureau of Statistics, The Hague, the value of

Netherlands imports from Canada rose by 8 per cent: from 169,254,000 guilders in 1963 to 182,834,000 in 1964. This increase would have been much greater if there had been no drop in two products which are mainly or partly influenced by the policies of the Netherlands authorities: grains fell by 5.2 million guilders and aircraft by about 4 million. Striking increases were registered in imports of the following commodities:

	1963	1964
	(guilders)	
Lumber	11,372,000	19,232,000
Wood pulp	4,208,000	7,262,000
Paper and cardboard (mostly newsprint)	4,074,000	4,551,000
Plywood and veneers	996,000	2,116,000
Aluminum and aluminum products	3,416,000	5,814,000

Prospects for a further increase in purchases of the above commodities are favourable. The demand for lumber is particularly strong, with prices quoted by European suppliers going up. Canadian paper prices are also coming more into line with those quoted by European manufacturers.

Increased purchasing power of the Netherlands public has resulted

in a great demand for casual wear, with the result that imports of clothing from Canada went up by nearly 500,000 guilders to 1,508,000 guilders in 1964.

Canadian businessmen should not bypass the Netherlands when looking for export markets. A nation of traders, Dutch importers are willing and eager to consider Canadian products and there are no import quotas or currency restrictions. The Dutch are proud of having the freest market in Europe. In many lines quality will overcome tariff differences and tariff preferences accorded to other members of the EEC should not preclude Canadians from exploring market possibilities in the Netherlands. Increasing numbers of Canadian businessmen are visiting this country and the office of the Commercial Counsellor would welcome more. A note of caution is necessary: hotel accommodation is at an absolute premium during the season from April to October. Reservations must be made some days ahead, should be confirmed, and must be adhered to. With this one slight warning, the welcome mat is out for the Canadian businessman. ●

Belfast Building Booms

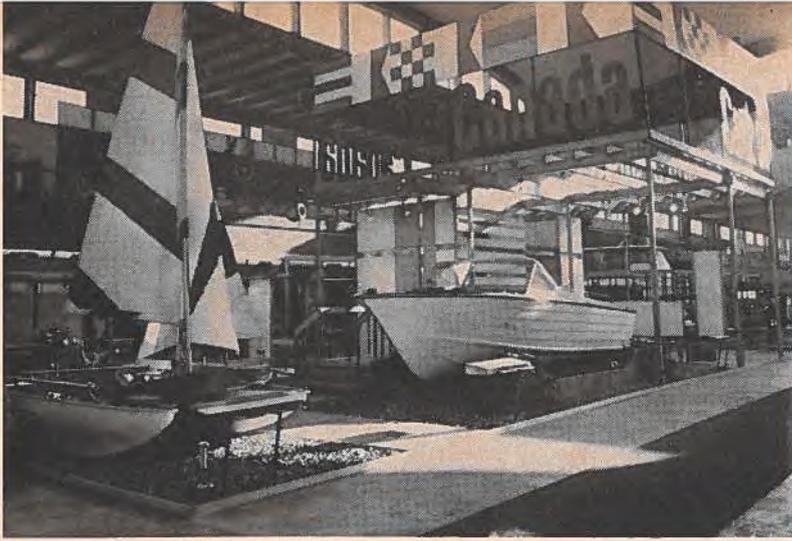
MAJOR building projects totalling over £100 million (approximately \$300 million) are currently being carried out in Belfast. Development is taking place not only in the city centre but in surrounding districts, and many of the larger contracts are over a million pounds in value.

The General Post Office is putting up a Telephone Manager's Building at a cost of £1 million and the Belfast Corporation is building a college of art costing £670,000. In the department store field, contracts worth almost £2 million have been let. Queen's University is building new residences worth £1 million, and the Presbyterian Hostel block is being extended at a cost of £200,000. New premises for the Munster & Leinster Bank will also cost £200,000, the new Northern Bank Building £300,000, and

offices for the Royal Insurance Group £200,000. Belfast Corporation has four multi-storey blocks of flats under construction, each costing about £130,000.

The Northern Ireland Housing Trust, probably the Provinces' largest building organization, is putting up four multi-storey blocks of flats in Belfast's southern suburbs and has plans for at least ten other blocks to be located in a number of its city estates. The over-all cost will run into several million pounds.

Harland and Wolff Limited, the Belfast shipbuilder, has just announced that it will enter the field of industrial building. Using its present buildings, machinery and labour force, it hopes to turn out a wide range of building products and components, which could make a substantial contribution towards the housing program for Northern Ireland. ●



(Left) Twelve Canadian firms exhibited at the Boat Fair held in Genoa, Italy, last February, which attracted 250,000 visitors. They showed power boats, sailboats, boat trailers, marine hardware, and associated products such as galley stoves.

Canada Goes to European Fairs



(Above) This was the Canadian stand at the Semaine du Cuir last September in Paris, France, regarded as the world's leading leather show. The products displayed by six Canadian firms included patent and side leather and splits and leather garments, footwear and accessories.

(Right) At the Frankfurt, Germany, Fur Fair in April 1964, the manager of a Quebec City firm of fur dressers and dyers (left) discussed techniques with fair visitors. Only the trade was admitted.



Exports have increased, balance of payments has improved, and current account deficit has been reduced.

J. E. LANCASTER, *Commercial Secretary, Oslo.*

THE YEAR 1964 was a banner one for Norway and, measured in constant prices, the gross national product increased 6.2 per cent. The traditional exports—metals, forest products, and fisheries products—were in particularly heavy demand and exports of fully manufactured goods also increased. Norway has the world's third largest merchant marine and its foreign earnings were greater in 1964 than in 1963. The population increase is a modest 28,000 a year compared with Canada's 347,000 and unemployment is negligible.

Norway has been less successful than Canada in maintaining price levels and it became apparent at the beginning of 1965 that the major economic problem was the trend to inflation. The Norwegians must solve this problem because of the widespread and adverse effects on an economy so dependent on international trade. Unless they do, the inflated purchasing power could lead to a recurrence of the balance-of-payments difficulties that beset the economy in the early sixties.

Inflationary Trends Appearing

The improvement in 1964 of Norway's balance-of-payments position routed for the time being the spectre of a serious external deficit. On the other hand, prices rose sharply compared with prices in Norway's major trading partners in Europe and North America. Resolving this problem is not proving easy. Purchasing power in the economy expanded with over-all

wage increases granted in August 1964 and again in February 1965. (The latter increase was based on the cost-of-living index.) The high level of economic activity, with expanded exports, a capital boom, and increased grants and subsidies to farming and other groups, has swollen purchasing power in the hands of the public.

The national budget for 1965 is also expansive and in effect added fuel to the inflationary fires. The authorities, in conjunction with the financial institutions, have placed a ceiling on credit that applies to the private sector but does not inhibit spending in the public sector. In December 1964 the sales tax was increased from 10 to 12 per cent (effective increases 11.11 to 13.64 per cent) but it is difficult to gauge whether demand pressure has slackened to any extent because of this measure. The pent-up demand in the economy may mean a heavy flow of imports in 1965 which, because of circumstances both inside the economy and among Norway's trading partners, may not be matched by a similar expansion in exports. If this forecast proves correct Norway may once again find itself facing a serious deficit in its international balance of payments. A country with few natural resources, it depends for some 40 per cent of its gross national product on earnings from international trade. It is particularly important that the present inflationary trends be checked because its major European trading partners seem to have adopted policies directed to

price stability at the expense of economic growth.

Domestic Economy Improves

Norwegian secondary industry and distributory trades enjoyed a good year and because the economy is so dependent on international trade, export sales may be used as a barometer. The major increase in exports has come from the traditional staple goods industries. Metals accounted for 40 per cent of the total foreign exchange earnings. Exports of the wood-processing industries rose by N.Kr. 200 million and fish products increased by more than N.Kr. 100 million. Although these traditional exports achieved 75 per cent of the total increase in international sales, the export of manufactured goods—including electrical and non-electrical machinery, engineering products, textiles, clothing and the like—increased following the trend of recent years.

Agriculture, which still provides a livelihood for 16 per cent of the population, benefited from the granting through arbitration of increased income for the farming groups as a whole and higher prices and subsidies for a wide variety of produce. The official policy of import restriction that frequently amounts to outright prohibition has served to maintain domestic food prices above world price levels. Consumer subsidies have been reintroduced for some basic foodstuffs, including milk and bread.

The tourist trade has come into its own as an important industry and now earns some 5 per cent of

the country's foreign exchange. In 1964 three million tourists visited Norway and spent N.Kr. 55 million more than in 1963. New tourist offices are being opened in Europe.

The all-important shipping industry, which embraces a new fleet of over 14 million gross tons, has been engaged in a continued rationalization and is replacing obsolete tonnage by the most modern vessels, including super-tonnage tankers, package and dry cargo ships. Because most Norwegian vessels are built abroad and financed by foreign loans the recent moves by the U.S. Government and the World Bank to tighten foreign credit and raise interest charges will have a direct effect on this industry. Gross freight earnings from deepsea shipping in 1964 amounted to a record N.Kr. 7,750 million, a N.Kr. 790 million increase over the previous year, and provided net foreign exchange earnings totalling N.Kr. 425 million.

Export Earnings Increase

The strong external demand for Norwegian exports has been a major contributor to recent economic growth. There has been a marked improvement in the international balance of payments and the deficit on current account dropped to N.Kr. 550 million, or N.Kr. 835 million less than in 1963. The high level of economic activity in Norway's major trading partners (including Britain, the United States and West Germany) has afforded the prime support for the surge in exports which increased in value by some N.Kr. 1,400 million. Unlike previous years, commodity exports kept pace with commodity imports. There was a drop in the import of ships of N.Kr. 352 million. Export prices moved upwards faster than import charges; the terms of trade thus moved in Norway's favour.

The expansion in demand resulted in increased production which in turn has eliminated the slack in the economy. Unemployment is minimal, there is little or no



Some 16 per cent of Norway's people still earn a living from agriculture, many of them on dairy farms. Imports of many agricultural products are restricted.

excess plant capacity, stocks built up during less expansive periods have been lowered, and productivity has improved. In these circumstances it is not likely that Norway can expect its economy to expand at the rate that it did last year. Foreign demand, although remaining high for Norwegian exports, will probably tend to level off in response to the price stabilizing policies now in vogue in Europe. Conversely, the greater purchasing power will probably result in a continuing expansion of imports.

In December 1964 holdings of foreign exchange, which had risen by N.Kr. 289 million during the year, reached a new total of N.Kr. 3,758 million. This reflected the increase in exports and a net capital inflow of N.Kr. 956 million.

EFTA Promising Market

Norway's EFTA partners have become its main source of supply as well as the major outlet for Norwegian exports (41.39 per cent of Norway's imports; 44.99 per cent

of exports). Sweden is now Norway's largest single supplier and may surpass West Germany as its second export market; it already provides the major outlet for Norwegian manufactured goods. Britain, however, remains the biggest single market, absorbing 20 per cent of Norway's exports.

The special measures, particularly the 15 per cent surcharge, introduced by Britain in October 1964 to reduce imports and expand exports had both a physical and psychological effect on Norway. Although sober analysis revealed that most Norwegian exports would not be affected (industrial raw materials, most foodstuffs), some small manufacturers staking their future on the British market suffered seriously. Norwegian officials and business circles have hardly recovered from their shock at the British action in spite of the recent reduction in the surcharge to 10 per cent. Norway has a tremendous stake in the British market as well as in EFTA and even taking into account

Trade deficit larger in 1964, Range of imports from

the setback caused by the unilateral British action, there is every likelihood that Norway will continue to build up its trading relations with its EFTA partners. Britain's financial condition is therefore of direct concern and the stability of the pound sterling a requisite for Norwegian shipping interests contracting long-term charters for their vessels.

Trade with Canada

Canadian sales to Norway were substantial (in 1964, Can.\$67.6 million). Analysis reveals that a large proportion consists of metaliferous ores and matte for refining in Norway and the resulting metal is generally shipped back to North America. Statistics do not reveal trade in the invisibles which in Norway consists of substantial shipping and tourist services to Canada; on a balance-of-payments basis these loom large.

Commodity trade indicates that for Norway's five major commodity import groups—machinery and apparatus, ships, petroleum and products, transport equipment (excluding ships), iron and steel—Canada is either a marginal supplier or does not compete at all. In most of these categories Western Europe is the major source of supply. Norway's major export groups include non-ferrous metals, paper and manufactures, iron and steel, herring and fish, machines and apparatus, and manufactured fertilizers. Canada provides an important market only for canned fish and non-ferrous metals, and the latter are usually transhipped to the United States.

Canada and Norway do not provide major markets for each other but a surprisingly long list of commodities and products flow between them on a two-way basis. The list is tending to lengthen as both economies increase their productive capacity. With expanding purchasing power in both, it is possible to foresee a steadily increasing two-way flow of trade. ●

T. J. MONTY, *Commercial Counsellor, and*
PAUL THÉBÈRGE, *Assistant Commercial Secretary, Lisbon.*

ONE of the important economic developments during the year in Portugal was the institution and elaboration of the Three Year Interim Development and Investment Plan. This transitional plan, like previous ones, is intended to develop national resources, stimulate and increase production through planned investments, improve the standard of living, and help to cut down unemployment.

The basic target is a growth in national product of 6.1 per cent for the first year, rising to 6.3 per cent in 1967. (This compares with an average of 4.5 per cent in previous plans.) For this purpose, an outlay of some 34,000 million escudos (approximately \$1,300 million) is planned and to achieve this, foreign loans will be needed, particularly in view of the Portuguese economy's defence load. The principal areas of investment are agriculture, hydro and thermal power stations, transport and communications, and the tourist trade.

Budget Is Larger

One of the cornerstones of Portugal's economic policy is a balanced budget. The 1965 budget estimates revenue and expenditure at 16,700 million escudos (approximately \$600 million), an increase of 13 per cent over last year, (1964, 14,780 million escudos). The military expenditures continue to be a heavy drain on the economy, using up resources needed for the economic development of the country and its Overseas Provinces. The defence bill accounts for some 37 per cent of budgetary expendi-

ture, an increase over the last year of some 20 per cent. Civilian expenditure also increased by some 15.4 per cent. This budget is the first to be issued in association with the Three Year Plan.

Increased revenues are expected as a result of tax reforms, such as the replacement of the luxury tax by a form of purchase tax, and from direct and indirect taxation—profit taxes, etc.

At the end of the year, gold and foreign exchange reserves equalled 26,752 million escudos (approximately \$950 million) compared with 23,463 million at the end of 1963, a substantial 15 per cent increase.

Agriculture Is Lagging

The Portuguese economy is still based on agriculture, but such factors as adverse weather, inefficient use of labour and lack of technical progress have meant a stagnation in production over the past decade.

The Minister of Economy has stated that, as a result, some of the country's financial resources might have to be re-directed towards solving the agricultural problem.

Briefly stated, three factors are responsible for the lack of progress in agriculture:

1. Antiquated methods of cultivation.
2. Low level of investment.
3. Long-standing structural defects.

To improve and intensify production, better methods of cultiva-

though exports rose. Canada is broadening.

tion will have to be put into practice and more funds will have to be made available to increase investment. In particular, irrigation, land improvement and reforestation will be attempted, and the use of fertilizers, pesticides and improved seeds increased. The entire structure of agriculture will have to be adjusted and directed towards greater productivity.

Industrial Progress

The lag in agricultural development was in part the result of concentration on the building-up of industry. Although 41 per cent of the population is employed on the land, Portugal's objective is to increase industrial employment. The rate of industrial growth has lagged behind that of the more industrialized countries, but during the last decade Portuguese industrial production has been catching up and has expanded by 8.1 per cent a year on the average. Progress received a setback as a result of developments in the overseas posses-

sions (incidents in Angola, 1961) but has been picking up since and has increased on the average 7.8 per cent during the last five years. The growth has, however, been confined to certain sectors, of which energy and manufacturing are the most important.

Food, textiles and metals contribute over 52 per cent of total industrial production and employ some 55 per cent of the industrial labour force. Mining, which at one time was important, has fallen off as a result of the drop in mineral prices, reducing Portugal to the role of a marginal supplier.

The growth of energy production has been remarkable, and particularly the generation of electric power. New plants are scheduled to go into operation during the coming year.

Tourist Trade Important

One of the fields which has been neglected in the past is the tourist trade. Following the steadily growing stream of tourists in the

last few years, there has been a rush of private and public funds to provide facilities for the large number of visitors. Over a million are expected in the coming year. The Algarve (southern part of Portugal) is one of the main areas of tourist development.

Trade Deficit Larger

Portugal's trade deficit rose in 1964: imports increased 16.9 per cent over 1963 to reach Can. \$831 million and exports rose 23.6 per cent to Can. \$563 million.

The sharp increase in the trade deficit is attributed to larger imports from the Overseas Provinces and the EEC. The trade gap with EFTA narrowed as exports to EFTA partners increased 41.7 per cent but imports went up only 13.9 per cent.

The EEC remains by far the main supplier and EFTA continues to be the chief market. For the second consecutive year, West Germany was the chief individual supplier. Britain is still Portugal's main foreign market.

The pattern of trade is expected to change because the influence of EFTA, especially on imports, should be marked in forthcoming

TABLE I
PORTUGAL'S FOREIGN TRADE

	1963		Balance	1964		Balance
	Import	Export		Import	Export	
	(Can.\$'000)					
Overseas Provinces	98,382	108,756	10,374	122,703	142,737	20,034
Total EEC	246,506	98,876	-147,630	274,928	115,814	-159,114
of which:						
West Germany	108,439	34,177	- 74,262	126,694	42,045	- 84,649
France	57,576	22,781	- 34,795	59,251	27,722	- 31,529
Other EEC	80,491	41,918	- 38,573	88,983	46,047	- 42,936
Total EFTA	156,028	99,788	- 56,240	177,803	141,361	- 36,442
of which:						
Britain	98,199	61,483	- 36,716	112,749	88,557	- 24,192
Switzerland	15,952	7,854	- 8,098	29,929	10,333	- 19,596
Other EFTA	41,877	30,451	- 11,426	35,125	42,471	7,346
United States	63,498	52,896	- 10,602	87,019	58,880	- 28,139
Others	146,794	95,152	- 51,642	169,028	104,131	- 64,897
Totals	711,208	455,468	-255,740	831,481	562,923	-268,558

TABLE II
CANADIAN EXPORTS TO PORTUGAL

	1963	1964
	(Can. dollars)	
Salt cod	1,721,715	2,195,803
Wheat, durum	.....	786,427
Wheat flour	201,769	223,789
Potatoes	542,021	.....
Cattle hides	45,904	142,479
Flaxseed	379,205	822,109
Copper in ore, matte	400,498	.....
Asbestos	43,485	143,939
Newsprint	23,920	59,239
Yarn and thread synthetic fibre	208,324	171,566
Synthetic resins	118,023	132,830
Plastics and synthetic rubber	163,802	131,439
Sheet and strip steel	109,682	46,701
Aluminum	217,466	307,314
Copper refinery shapes	600,280	334,949
Aircraft engines and parts	409,627	94,145
Photo film plates	36,109	53,746
Other	637,522	617,617
Total	5,859,352	6,264,092

years. EEC member countries have so far not only maintained but actually improved their position.

Increasing industrialization is reflected in larger imports of capital equipment and larger exports of consumer goods, particularly textiles.

Canadian exports to Portugal rose 6.9 per cent to reach Can. \$6.2 million last year. Apart from sharp increases in sales of salt cod, durum wheat, flaxseed, asbestos and aluminum, the larger sales are attributed partly to the broader range of Canadian goods that have succeeded in penetrating the market.

Prominent among them are raw materials and semi-finished products, which enter duty-free or are subject only to nominal rates.

As the demand in Portugal expands, more Canadian finished products and consumer goods should find their way into the market. ●

SPAIN

Industrial production rising but inflation a threat. Sales opportunities closely tied to Development Plan.

M. T. STEWART,
Commercial Counsellor, Madrid.

THE first year of Spain's Four Year Development Plan was completed in 1964 and increased economic activity triggered inflationary pressures which, if left unchecked, could invalidate this Plan. The dilemma facing the Spanish Government is how to stem this inflation without taking the unpopular step of freezing wages, which could intensify the emigration of skilled workers to other Western European countries (170,559 in 1964). A series of anti-inflationary measures was published in November 1964. They included:

- A new list of 94 liberalized imports (including such items as tracklaying tractors, chemicals, artificial fibres, etc.).
- Temporarily reduced rates averaging 5 per cent on all customs tariff items.

- Schedule of rates for a new compensatory import tax replacing the old fiscal tax, intended to be the equivalent of internal taxes which would have been paid if the imported article had been produced locally.

- Large imports of foodstuffs, for which import licences are made freely available.

- Increase in global quotas for various products.

- Authorization of direct producer-to-consumer sales of certain agricultural products.

These measures were vital in view of the sharp rise in the cost of living throughout the year, particularly in foodstuffs, calculated to be about 14 per cent, though prices of many basic products rose by as much as 66 per cent (eggs), 54 per cent (potatoes), 20 per cent (meat and fish).

The gross national product increased by 6.7 per cent in real terms, as against the Development Plan target of 6 per cent, and industrial output rose 11.6 per cent. In many industrial sectors, production increases exceeded calculations made under the Plan, such as the automobile industry with a 50.6 per cent increase, metallurgical sector 23.1 per cent, mining 20.9 per cent, and machinery 19.8 per cent. Industrial exports rose by 24 per cent over 1963; the outstanding items were chemicals, metals and manufactures, transportation and electrical equipment.

The picture in agriculture was not quite as bright; in 1964 production went down 9.7 per cent and a further 200,000 farm workers moved from the countryside to the town. One of the reasons for the drop in output is that imports of tractors are restricted to an annual global quota of 2,400 units, yet mechanization is the key to pro-

duction increases. Although prices paid to farmers were lower, prices to consumers rose steeply, particularly in the last quarter of the year. Agriculture's record is still below that envisaged by the Development Plan and, as the OECD report on Spain published in July 1964 says: "Success or failure of the Development Plan will be linked to a large degree to the growth of agricultural output."

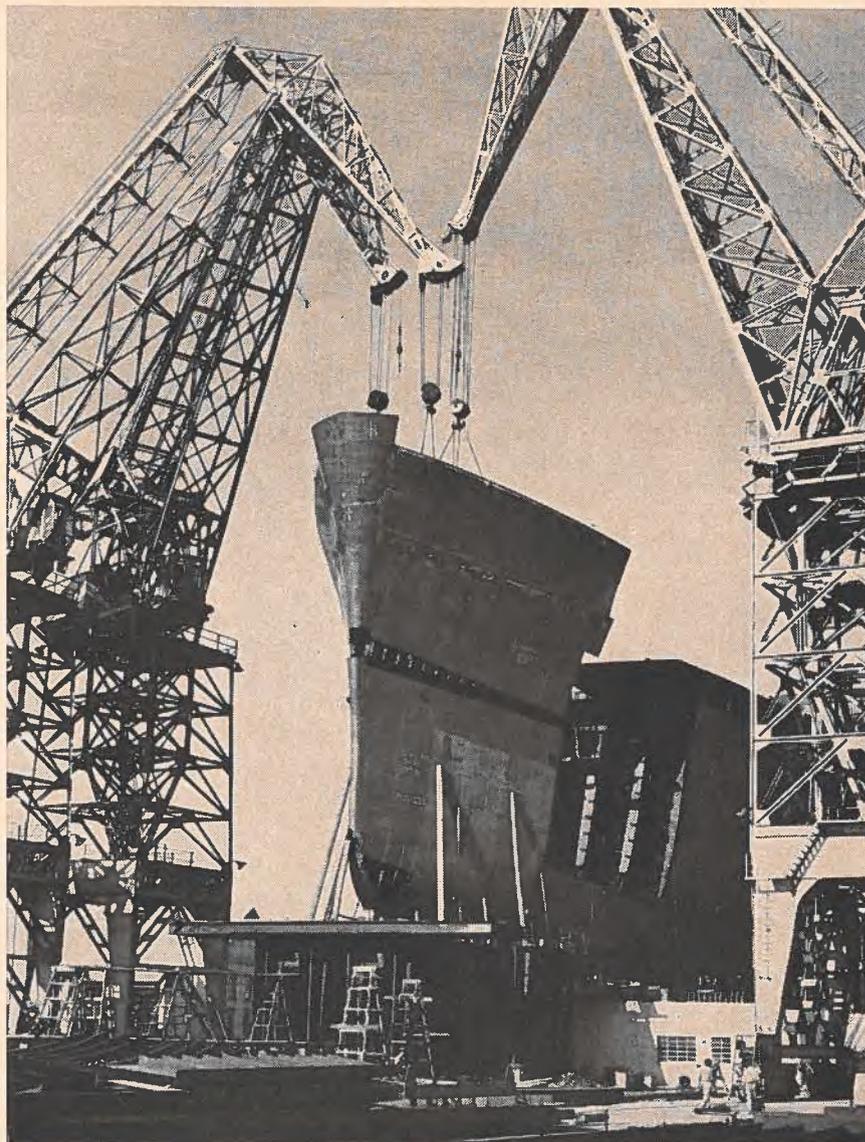
To help the move towards an industrialized economy, Spain has so far approved a total of \$602 million for investment in seven new regional development areas, of which \$140 million is from foreign sources. The total to be invested is said to be about \$14 billion. Special credit and tax privileges will be granted to attract new firms and investment in certain sectors, including farm and tool-making machinery, textile manufacturing, foodstuffs conservation and freezing, leather and tanning (particularly footwear), iron and steel, coal mining, fishing vessel construction, cement and construction materials, and so on.

Under the Development Plan, the Government will promote expansion in the chemical industry, now fourth in the economy, following metallurgy, construction and foodstuffs, with a calculated annual growth rate of 11 per cent.

Balance of Payments

Currency reserves at the end of 1964 stood at \$1,334.3 million, plus \$67.1 million in gold held by the Bank of Spain. These rather large reserves are considered essential in maintaining the strength of the peseta abroad, an important stabilizing element, and a hedge against the effects of any sharp drop in earnings from the tourist trade.

Merchandise trade showed an adverse balance of \$1,093 million (\$1,012 million in 1963), partly compensated for by earnings from services (\$790 million compared with \$569 million in 1963), from transfers (mostly emigrants' remittances) of \$320 million (\$257 mil-



In one of the leading Spanish shipyards, a prefabricated section of a hull is lowered into place. This yard has turned out the biggest oil tankers ever made in Spain.

lion in 1963), and long-term capital movements which showed a net gain of \$299 million. The balance-of-payments surplus was thus \$316 million (\$104 million in 1963). Receipts from the tourist trade made up 42 per cent of the gross foreign exchange receipts. January 1965 showed a balance-of-payments deficit of approximately \$20 million and a similar drop is expected in February because tourist receipts were apparently lower, probably as a result of bad weather.

Spain and the Common Market

Spain made its first official bid for association with the EEC in February 1962 and since then there have been no encouraging developments. The application is still stalled after more than three years. Spain is closely linked economically with the EEC which it supplies with large quantities of agricultural products, the bulk of exports to this area, almost 40 per cent of total exports.

Any moves from within the EEC to close its markets against Spain's agricultural exports are viewed with real alarm by the Government. Spanish orange growers are facing keener competition from Italy, an EEC member, and from other Mediterranean countries, including Morocco, Algeria and Tunisia, with which the EEC is also planning some form of association. Spain's position differs from that of either Greece or Turkey, which are already associate members of the Common Market, because it has reached a much higher level of industrial development.

Spain's trade with the Common Market is rather unbalanced. Its purchases of EEC industrial goods have gone up enormously in the past three or four years but its exports of agricultural products to the EEC have not increased. This is the real problem, because the country must maintain relatively free access to the markets of the Six. On the other hand, there is strong opposition to association from Spanish industrial groups, which fear competition.

Spain also has an interest in the future of its industrial exports to the Common Market which increased somewhat during 1964, though it is generally recognized that Spanish industries are still below European levels of efficiency and development and could not dispense with all protection against industries in the Common Market. It is also interested in investment financing from Common Market countries.

Foreign Investment

The Development Plan will require foreign investment to finance many of its projects. Foreign investment in 1964 totalled \$299.3 million (1963=\$214.1 million) and was \$20 million above the Development Plan target. New capital amounted to \$306.1 million and withdrawals to \$6.8 million. Most significant increases were in direct investment which totalled \$79.3 million (1963=\$45.1 million). In-

vestment in the metallurgical sector in 1964 was 400 per cent above 1963, in building 200 per cent, in food products 100 per cent, and in the electricity sector over 50 per cent.

To ease existing restrictions on foreign investment further, under a decree issued in December 1964 up to 50 per cent of the capital of mining companies may now be owned by foreigners or private foreign corporations, without prior government approval. Formerly, as with foreign investment in most other Spanish enterprises, this was not possible without prior authorization from the Cabinet.

Transportation Projects Planned

Some of the large Development Plan projects currently being undertaken present interesting opportunities to suppliers of specialized equipment, knowhow and technical assistance. Up to 1968 Spain plans

to spend \$200 million on a vast port modernization scheme, with expenditures starting at \$27.3 million this year and rising to \$62.3 million in 1967. The main defects of Spanish port facilities are inadequate wharfage and lack of port equipment and dredgers. Top priority is being reserved for the construction of the Seville-Bonanza Canal, which is open to international tender. This project will provide Seville with a canal 32.8 feet deep and 196 feet wide, going south from the city along the Guadalquivir River to Bonanza, some 50 miles away, and into the Atlantic. A Canadian consortium is being formed with the object of bidding on this tender. For this project alone a special budget of \$65.9 million has been reserved with expenditures this year of \$17 million. There is also a Ten Year Plan for the modernization of the national railways, for which the

CANADIAN EXPORTS TO SPAIN		
Product	1963	1964
	(Can. dollars)	
Baby chicks	73,721	40,869
Cod, light salt	1,040,128	874,634
Salmon, pink, canned	27,539	7,124
Milk powder skim milk	341,973	529
Sausage casings, natural and synthetic	80,501	26,401
Whisky	76,743	98,421
Cattle hides raw	133,863	100,735
Flaxseed	716,924	1,858,689
Pulpwood bal. fir spruce peeled	507,565	798,995
Copper in ores, concent. matte	.....	.....
Copper scrap	962,677	991,622
Asbestos fibres	3,583,808	3,699,189
Textile rags	175,230	204,132
Lumber, all types	813,709	134,669
Wood pulp, all types	285,144	576,430
Newsprint paper	207,847	343,836
Plastics and synthetic rubber	647,430	836,883
Aluminum pigs ingots slabs	5,255,624	3,409,385
Aluminum bars rods plates	860,953	848,835
Nickel anodes cathodes ingots	474,305	95,683
Tractors and parts	9,276	205,415
Other products	4,224,930	6,101,630
Total	20,499,890	21,254,106

Source: Dominion Bureau of Statistics

CANADIAN IMPORTS FROM SPAIN		
Product	1963	1964
	(Can. dollars)	
Olives	1,674,509	1,973,742
Almonds—not shelled	42,431	189,534
Almonds—shelled	850,927	1,252,451
Pickles	203,925	140,794
Ginger and spices n.o.p. ground	1,664	7,241
Grape wines still	360,640	395,370
Olive oil crude and refined	302,027	511,795
Hatters furs not on the skin	180,452	151,542
Print cloths sheeting cotton unbleached	5,097	6,579
Print cloths sheeting cotton bleached	99,218	36,308
Flannels, flannelette cotton dyed	169,337	.....
Pile fabrics cotton n.o.p.	153	.....
Underwear n.o.p.	14,494	6,845
Handbags and purses women's	105,891	75,417
Cork slabs boards tiles n.o.p.	569,235	.....
Cork slabs boards for manufactures	839	.....
Typewriters portable	172,786	56,428
Mercury or quick-silver	515,215	370,138
Salt for fisheries	143,800	146,455
Other products	3,083,162	5,274,046
Total	8,495,802	10,594,685

Source: Dominion Bureau of Statistics

World Bank is expected to grant loans of up to \$200 million for track relaying, and acquisition of locomotives and other rolling stock. One large Canadian company hopes to participate in this program.

Another field in which foreign capital is showing increasing interest is Spain's expanding automobile industry, which produced 119,327 units in 1964, a 50.6 per cent increase over 1963; the 1965 target is 38 per cent higher. Most of the major foreign car manufacturers, including Chrysler, have taken a serious look at Spain. Chrysler recently acquired a 40 per cent interest in a Spanish company, Barreiros Diesel, for the manufacture of the Dodge Dart in Spain. The British Motor Corporation has signed an agreement with Nueva Montana Quijano for the production of the "Mini" range of cars in Spain and Volkswagen is said to be currently negotiating with IMOSA concerning the possible manufacture under licence of their products in Spain. The passenger car industry is dominated by three local firms which make the Italian *FIAT* and the French *RENAULT* and *CITROEN* vehicles under licence.

Trade Opportunities

Imports into Spain should continue to increase as industrial development is intensified, and opportunities are good for a wide range of industrial machinery and equipment to be used in Development Plan projects.

During 1964 some 40 per cent of Spanish imports came from EEC countries with West Germany supplying 14 per cent of the total, France 12.5 per cent, and Britain 9.5 per cent (previously Britain was the leading European supplier). The largest individual supplier was the United States, with sales worth \$310 million in 1964; Britain's contribution was \$210.8 million.

Canada's exports to Spain last year reached Can. \$21,254,106 as against Can. \$20,499,890 in 1963 and Can. \$15,416,359 in 1962,

which indicates only slight progress in increasing our share of this interesting market. Insufficient interest is being shown in this fast-developing country's import requirements, except by a few aggressive Canadian firms. Countries like the U.S., Britain, and particularly France are making all-out efforts to enter this market with the help of long-term credit facilities.

An analysis of Canadian exports to Spain in 1964 shows little change in the general pattern of normal trade except for larger exports of rapeseed because of the disastrously low olive crop in 1964 in Spain, increases in shipments of flaxseed, and a sizable drop in exports of aluminum ingots, indicative of Spain's efforts to expand its own aluminum industry, which increased

production in 1964 by 6.9 per cent. Spain's new tax law imposed new taxes, plus a compensating import tax to replace the former fiscal tax, involving an increase from 7 per cent to approximately 9.4 per cent. It also provided increased protection for the Spanish primary producer.

There is a growing interest on the part of Canadian suppliers of canned products such as salmon in entering the Spanish market now that these imports are liberalized, but much more could be done in this direction. There has also been an increase in inquiries from the Canary Islands for Canadian products. None the less, Canadian companies must show more persistent interest if they are to develop a market in Spain. ●

The Greek Shipping Industry

GREECE today has the world's seventh largest merchant fleet, 1,442 vessels totalling 6.5 million gross tons. This is made plain in the latest available statistics covering vessels of over 100 tons.

In addition, it is estimated that there are 892 ships (9,952,162 tons of shipping) owned and mainly crewed by Greeks, but still flying one or other of the flags of convenience, mainly Liberian. This makes the total Greek-owned merchant fleet—2,334 vessels of 17,191,028 g.r.t.—the third largest in the world. The foreign exchange that this fleet earns helps to pay for imports, including those from Canada.

The Greek merchant marine (ships flying the Greek flag) has more than doubled over the past six years: from 827 vessels of 3,344,333 g.r.t. on December 31, 1959, to 1,442 vessels of 7,248,866 g.r.t. on December 31, 1964. Dry cargo vessels and tankers make up the greater part of this fleet.

The earnings of the merchant marine during 1964 totalled \$147 million and were made up as follows: from shipowners, \$82.5 million; from seamen, \$35.7 million; from freights, \$13 million; from ships' supply and repairs, \$6.6 million; as contributions to social insurance, \$5.8 million; from sale of tickets, \$2 million; as shipowners' taxes, \$1.6 million. The improvement in the international ocean freight market suggests

that the large Greek fleet can expect profitable operations over the next few years.

Apart from the earnings of the merchant marine as such, those from ship overhauls, repairs, conversions and building are certain to increase substantially, particularly in view of the huge shipping movements past Greek shores to and from the Suez Canal, the Bosphorus and Eastern Mediterranean ports. The Hellenic Shipyards, established in 1959 at Scaramanga, five miles west of Piraeus, by Mr. Stavros Niarchos has been so successful that it is being enlarged. Various other groups of Greek owners are considering, in association with Greek and foreign banks and with foreign builders (particularly German, French and Japanese), the establishment of three or four additional yards. The ports mentioned are Pylos on the southwest coast (Greek groups and Ishikawagima Harima); Nauplion in the Eastern Peloponnese (Onassis and a French builder); Suda Bay in northwest Crete (Carras and a foreign group); and Eleusis northwest of Athens (Andreadis with Deutsche Werft A.G. and Compadec.)

If these plans materialize, they will provide further positive support to Greece's foreign exchange position.

—B. A. MACDONALD,
Commercial Counsellor, Athens.

Steady expansion of the economy expected to continue but at a slower rate; business conditions will remain good.

G. A. BROWNE, *Commercial Counsellor, Stockholm.*

TABLE I
VALUE OF SWEDISH EXPORTS BY AREA

	1963		1964	
	(\$million)	(Per cent of total)	(\$million)	(Per cent of total)
Europe	2,786.1	80.1	3,236.3	81.1
EFTA	1,399.9	40.2	1,651.4	41.4
Britain	469.9	13.5	555.8	13.9
Denmark	267.3	7.7	344.8	8.6
Norway	390.8	11.2	427.6	10.7
Finland	150.4	4.3	187.5	4.7
EEC	1,119.5	32.0	1,262.6	31.6
West Germany	491.6	14.1	570.6	14.3
East Europe (including Yugoslavia)	160.6	4.6	200.1	4.6
Africa	128.3	3.7	106.7	2.7
Asia	130.2	3.7	175.8	4.4
North America	223.9	6.4	253.1	6.3
CANADA	31.6	0.9	37.1	0.9
Latin America	154.8	4.4	139.6	3.5
Oceania	57.5	1.7	80.0	2.0
Total	3,479.2	100.0	3,991.3	100.0

TABLE II
VALUE OF SWEDISH IMPORTS BY SOURCE

	1963		1964	
	(\$million)	(Per cent of total)	(\$million)	(Per cent of total)
Europe	2,781.9	75.5	3,145.8	75.1
EFTA	1,120.6	30.4	1,337.5	31.9
Britain	550.8	14.9	631.3	15.1
Denmark	207.1	5.6	260.4	6.2
Norway	166.3	4.5	201.8	4.8
Finland	61.9	1.7	81.3	1.9
EEC	1,443.0	38.9	1,565.1	37.3
West Germany	791.9	21.5	900.3	21.5
East Europe (including Yugoslavia)	181.2	4.9	182.5	4.1
Africa	56.9	1.5	61.9	1.5
Asia	209.2	5.7	218.2	5.2
North America	400.3	10.9	459.1	11.0
CANADA	30.9	0.8	39.7	0.9
Latin America	222.6	6.0	287.3	6.8
Oceania	15.3	0.4	16.2	0.4
Total	3,685.9	100.0	4,188.0	100.0

THE BOOM in Sweden continued in 1964 and rose to new highs under the stimulus of increases over 1963 of 6.5 per cent in capital investment and almost 10 per cent in exports. Industrial production rose an estimated 9 per cent over the previous year and iron and metal output as much as 15 per cent, closely followed by pulp and paper. The GNP for 1964 is believed to have reached roughly Sw. Kr. 96 billion or Can.\$20.2 billion, an increase over 1963 of between 5 and 6 per cent in constant prices.

The strong demand tendencies which produced this high rate of increase in 1964 are likely to persist. It is expected, however, that they will be dampened by restraints on housing construction and the increase in the general sales tax—from 6 to 10 per cent—effective July 1. Government and business estimates of the increase in consumer prices by the end of the year vary from 6 to 10 per cent.

This year, industrial production is expected to rise at a slower rate, about 6 per cent, with some slackening of pace in iron and metal works, wood pulp, and in the sawmills. Government forecasts indicate a 6.5 per cent increase in fixed investments by business for 1965; figures for May of this year show that the business sector expects an increase of 11 per cent. The real outcome, still uncertain, will depend largely on the tight credit situation. In general, business conditions are expected to be about as good as they were in 1964, with

perhaps some slight statistical decrease in the year-end figures.

Foreign Trade Increases

Swedish exports and imports in 1964 are believed to have increased in volume by 9.5 and 10 per cent respectively. There was little change from the previous year in the relationship between average export and import prices—the terms of trade.

Sweden's exports and imports in terms of value rose sharply—the former by some 14 per cent to \$3.9 billion, the latter by about 11 per cent to \$4.2 billion. All main sectors of production except foodstuffs and shipbuilding showed strong export gains, ranging from 12 per cent in machinery to 23 per cent in wood products. Tables I and II give the values of exports and imports.

Sweden's imports from the Eastern Bloc countries showed only a slight absolute increase and the proportion of total imports from this area fell appreciably. Sweden's exports to these countries held their percentage share of the total.

The slight shift in Sweden's external trade away from EEC and towards EFTA continued, though West Germany maintained its position as principal trading partner.

Sweden's 1964 purchases from EFTA, including Finland, increased by 19.7 per cent compared with 10.8 per cent for its total imports from all countries. Since 1959 total imports from all sources have risen by 60.4 per cent in value but imports from EFTA partners have risen by 102.3 per cent.

On the export side, Sweden's sales to EFTA were 18.3 per cent over 1963 and 86.3 per cent over 1959. Corresponding increases for total exports were 14.8 and 66.6 per cent.

Trade with Canada

Sweden's over-all trade with Canada increased from \$62.5 million (imports c.i.f. \$30.9 million, plus exports f.o.b. \$31.6 million) in 1963 to \$76.8 million, an increase

of 22.8 per cent compared with an increase of 14.1 per cent in its trade with all countries. Canada's share of

Sweden's imports rose from 0.8 to 0.9 per cent as a result of the 28.4 per cent increase over 1963. This may be compared with Sweden's imports from the U.S. which increased about 3.5 per cent.

The considerable rise in the value of Canada's exports to Sweden stems from sales of a number of big items for which no corresponding entry appeared in 1963. These include copper ore (\$5 million), gasoline (\$2.3 million), and silver ore (\$371,000). There were also unusually large increases in the following: automobiles, chassis and parts (\$179,000 to \$3.3 million); metal ores (\$387,000 to \$835,000); cranes, hoists and winches (\$12,000 to \$700,000); strip and sheet carbon steel (\$180,000 to \$608,000); metallic salts and peroxysalts (\$116,000 to \$400,000). Partially offsetting these increases was a large decrease in exports of aluminum pigs, ingots and bars (\$7.2 million to \$3 million).

A Changing Market

Vigorous, prosperous, and open to constant and keen competition, the Swedish market reflects the modern trend toward centralized purchasing and distribution, particularly in the wholesale and retail trade. The trend to rationalization and concentration is also seen in Sweden's export trade, with steady progress in grouping for export and the establishment of foreign subsidiaries.

Direct Swedish investment abroad in 1964, as reflected by Central Bank permits, is assumed to have reached about \$155 million, of which about \$60 million was invested in the EEC. Permits granted in 1964 for direct investment in Sweden by foreign companies totalled about \$75 million, half of the \$150 million permitted in 1963. In per capita terms, Sweden's eight million consumers represent one of the world's most prosperous markets, as these trade and investment figures prove. Canadians should keep its potential in mind. ●

TABLE III
WHAT CANADA SELLS TO SWEDEN

	1963	1964
	(Can.\$'000)	
Main Items		
Food, drink, tobacco	2,717	2,677
Raw materials (including seeds)	185	367
Non-ferrous metals, ore, concentrates matte and in oxide	1,018	6,554
Asbestos	583	753
Forest products, pulp, paper	636	288
Fibres and textiles	177	175
Chemicals, pharmaceuticals, etc.	1,982	2,719
Gasoline	.....	2,326
Non-ferrous metals (including scrap)	10,174	5,680
Iron and steel (including scrap)	387	837
Fire brick	58	71
Hose	3	112
Machinery and industrial equipment	653	1,102
Passenger automobiles and chassis	132	2,588
Road motor vehicles—trucks	....	21
Road motor vehicles parts	47	759
Pleasure boats	....	13
Marine engines and parts	14	34
Aircraft assembly and parts	12	8
Aircraft engines and parts	35	63
Sundry forms of transport, tractors and parts, including tires and tubes	86	27
Telephone equipment	....	49
Radio, radar, electrical, electronic equipment and parts	248	370
Heating, air conditioning and refrigerating equipment	118	46
Instruments, various	38	48
Office machines, computers equipment	833	864
Miscellaneous consumer and household goods, including:		
Razors and blades	49	125
Mittens and gloves	237	209
Indoor and outdoor clothing and footwear	28	131
Hockey sticks	24	89
Ice skates	147	177
Optical lenses	30	36
Sporting goods, toys and games	52	118
Other household and personal articles	32	75
Other products (including shipments under \$100)	191	411
	20,926	29,922

Source: DBS

Swiss economy continues sound growth. Outlook for Swiss-Canadian trade bright.

BERNARD HORTH, *Assistant Commercial Secretary, Berne.*



Zurich has become the financial centre of Switzerland and headquarters for many of the Swiss insurance companies. This view shows one of the quays and the old churches.

THE SWISS AUTHORITIES in 1964 came to terms with two crucial and interlocking problems that have been facing them for several years—threatening inflation and too great a dependence on foreign labour. To counteract inflation the Federal Council passed two measures in March 1964—the Credit Decree and the Building Decree. These were subsequently approved by a national vote on February 28, 1965, for a period of two years from their inception.

Steps to Prevent Inflation

The Credit Decree has made generally binding the 1960 gentleman's agreement between the National Bank and the leading private banks. Its main features are the sterilization of incoming foreign funds, with the exception of those entering deposit and savings accounts up to a limit of S. Fr. 20,000, and the placing of ceilings on domestic credit expansion in its various forms. Because Swiss securities can be purchased with foreign funds up to an amount equal to sales of these by foreign accounts on a monthly basis, the Credit Decree is a relaxation of the earlier gentleman's agreement. The Building Decree placed a one-year ban on non-essential projects such as cinemas, administrative buildings and luxury housing and has now been replaced by a system of permits.

Foreign Labour Is Problem

Increasing dependence on foreign labour is presenting the Swiss with a dilemma. They are wary of becoming too committed to outside labour which could, though this is

not likely, be cut off at any time. Because their country is small and has a population of only 5.5 million, they are concerned about the sociological effects of a foreign labour force which now stands at one-third of the total. Yet they do not have the workers to keep all branches of the economy operating to the full.

The Government has accordingly taken steps to reduce dependence on foreign labour. First, it was decided in February 1964 to reduce gradually the foreign labour force on strength in all enterprises to 97 per cent of the total on March 1, 1964, and when the August census showed that registered foreign workers had increased 4.5 per cent over the previous year, the permissible limit was reduced to 95 per cent of the March 1, 1964, total. By curbing the foreign labour force, the authorities contend that they are also putting a brake on total demand and thus counteracting the inflationary trend.

Economy Is Balanced

These various efforts to restore the Swiss economy to a more balanced growth appear to have met with some success. Gross national product advanced 9.7 per cent in 1964 and 5 per cent in real terms. However, consumption expanded only 7.5 per cent compared with 9 per cent in 1963 and 11.1 per cent in 1962. The annual rate of investment growth, which was more than 20 per cent a year from 1959 to 1961, slowed down considerably to 5.8 per cent in 1962 and 1.7 per cent in 1963, but it rose again to 14.7 per cent last year.

Prices increased only moderately, with the consumer price index showing a gain of 2.3 per cent compared with 3.9 per cent in 1963. The wholesale index went up by a mere 0.6 per cent. Industrial wages were up 5.5 per cent, somewhat less than in 1963, but purchasing power was 3.1 per cent higher. Unemployment continued to be negligible; at the end of 1964 there

The Swiss Economy, 1962-1964			
	1962	1963	1964
	(S.Fr.millions)		
GNP	45,940	50,100	55,350
Gain over previous year (per cent)	11.7	9.1	9.7
Reserves of Swiss National Bank at Dec. 31	12,410.7	13,287.1	13,472.7
gold	11,543.3	12,203.8	11,793.6
currency	867.4	1,083.3	1,679.1
Swiss share index	835.3	783.8	656
Government receipts	3,628.5	3,646.9	4,480.5
	(per cent)		
Sources of government revenues			
Income and wealth taxes	23.9	15.9	24
Consumption and expenditure taxes	29.1	32.3	29.6
Customs duties	37.5	42.2	37.9
	(S.Fr.millions)		
Public debt	5,480.4	5,392.8	5,174.7
Imports	12,985.4	13,989.4	15,540.8
Exports	9,579.9	10,441.7	11,461.6
Trade deficit	-3,405.6	-3,547.7	-4,079.2
Net earnings on			
tourism	1,210	1,290	....
capital	785	850	....
insurance	153	143	....
goods, transport and transit trade	330	357	....
Current account deficit	-1,463	-1,556	....
Wholesale price index (average)	222.3	230.9	235.4
Consumer price index (average)	194.8	201.5	207.7
Industrial wage index (1961=100) (Dec. 31)	105.4	112	118.2
Unemployment (average monthly rate)	599	825	288
Foreign tourists ('000's)	5,598	5,479	5,842
Total guest nights ('000's)	18,119	17,781	18,662

were 631 registered unemployed and 5,685 listed job vacancies.

Industrial production was up in most sectors, but particularly in the machinery, watch, chemical and construction industries. There was some evidence of weakness in the electrical equipment industry and in certain branches of the textiles and foodstuffs industries.

Provisional gross returns from agriculture show a gain of 8.9 per cent to S. Fr. 3.6 billion, with particularly marked advances in beef and pork, grain and fruit-farming, and honey.

Construction was at a high level throughout the year, especially housing. In the 65 principal cities and towns 20,873 new housing units were completed in 1964—up 3.5 per cent from 1963—and 26,-

869 building permits were issued, 2.1 per cent more than in 1963.

Capital Is Active

The Swiss capital market enjoyed an active year in 1964. New issues floated amounted to S. Fr. 4.8 billion—up S. Fr. 248 million from 1963. Interest rates tended to rise during the year and continued to do so during the early months of 1965, although heavy repatriations during the sterling crisis brought some easing of the pressure on rates. In the money market the official discount rate was raised from 2 to 2½ per cent at the beginning of July—the first increase since February 1959.

The official reserves of the National Bank rose markedly in the final quarter of 1964 and at year-

end totalled S. Fr. 13.5 billion, of which S. Fr. 11.8 billion was in gold. Federal receipts rose by 23 per cent to S. Fr. 4.5 billion and were derived as follows: income and wealth taxes—24 per cent; consumption and expenditure taxes—30 per cent; customs duties—38 per cent; other sources—8 per cent. The budget for 1965 is based on the assumption of continued general expansion and foresees reduced receipts but expenditures on the same level as in 1965.

Foreign Trade

Foreign trade is perhaps even more vital to Switzerland than it is to Canada. Taken together, its imports and exports are equal to one-half of the GNP. During the past decade the average annual growth of exports has been 10 per cent, yet imports have been rising faster, particularly since 1960. The trade deficit has increased each year from S. Fr. 1.5 billion in 1960 to S. Fr. 4 billion last year. A traditional surplus on invisibles has kept the current account balance healthy but since 1961 earnings from the tourist trade, capital, and goods transport have been unable to bridge the trade gap and in 1963 the current account showed a deficit of S. Fr. 1.5 billion. It is expected to reach about S. Fr. 2 billion for 1964.

The greatest proportion of Swiss foreign trade is carried on with other European countries which in 1964 supplied 80 per cent of imports and took 67 per cent of exports. The Common Market continued to be Switzerland's main trading area. Thus, in 1964, the EEC supplied 62 per cent of Swiss imports (64 per cent in 1963) and took 40 per cent of exports (42 per cent in 1963). EFTA, on the other hand, supplied 15 per cent (13 per cent in 1963) of imports and took 19 per cent (17 per cent in 1963) of exports. Expressed another way, the rate of growth of Swiss exports to the EEC dropped to 5 per cent last year but the rate

of exports to the EFTA more than doubled to 20 per cent.

The composition of Swiss exports in 1964 was: manufactured goods, 89 per cent; raw materials, 7 per cent; foodstuffs, 4 per cent. On the import side it was manufactured goods, 60 per cent; raw materials, 24 per cent; foodstuffs, 16 per cent. The best export gains were shown by the machinery, watch and chemo-pharmaceutical industries. Imports of manufactured goods rose 13.3 per cent, with machinery, instruments, chemicals and automobiles leading the way. Foodstuff imports went up 14.8 per cent and raw materials only 3.8 per cent.

Trade with Canada

Swiss-Canadian trade increased in both directions once again last year. On the basis of DBS statistics, Canadian exports to Switzerland advanced from \$27.2 million to \$28.5 million and imports from Switzerland increased fairly sharply from \$32.4 million to \$36.9 million. Table I shows the ten leading Canadian exports to Switzerland last year.

TABLE I
CANADA'S PRINCIPAL EXPORTS TO SWITZERLAND

	(Can.\$)
Wheat	9,013,635
Copper	4,835,762
Fur garments	2,312,619
Raw furs	1,514,099
Asbestos	1,027,585
Office machinery and parts	935,982
Automobiles	621,523
Dairy products	505,124
Beef and veal	490,862
Wood pulp	469,143

These commodities accounted for 75 per cent of 1964 exports. The remainder consisted of a great variety of products: some of the more important were edible offals, salmon in various forms, fresh and canned lobster, sausage casings, whisky, grass seeds, leather, tire fabric, synthetic rubber, plastics, zinc, nickel, and sporting goods.

Canadian imports from Switzerland in 1964 included a wide range of manufactured goods. The most important were cheese, chocolate, soups, textiles, watches, pharmaceuticals, dyestuffs, printing and book-binding machinery, measuring and laboratory instruments, film projectors, switchgear, sewing machines and boiler-tubes.

The outlook for Swiss-Canadian trade in 1965 appears to be favourable as both economies continue to expand while keeping inflation fairly well under control. In 1964, the Berne office played a part in setting up 45 new agencies and buying connections in Switzerland and this figure has already been equalled in 1965. Though the Swiss market is small, it is definitely interesting and the office of the Commercial Counsellor in Berne will be pleased to assist any Canadian firm interested in exporting to Switzerland.

Where World Bank Loans Go

THE World Bank announced on February 3, 1965, that since its inception in 1946 up to December 31, 1964, it has committed U.S.\$8,352 million in loans to members or under members' guarantees.

Of the total commitments made by the Bank, the largest part by far has been used for electric power U.S. (\$2,817 million), transportation (U.S.\$2,776 million), and industry (U.S.\$1,215 million). Other uses have been in agriculture and forestry, reconstruction, general development, communications, water supply and education projects, in descending order.

Asia and the Middle East has received the largest share, U.S.\$2,179 million, followed by Latin America with U.S.\$2,106 million, Europe U.S.\$1,877 million, and Africa U.S.\$1,132 million.

Among individual countries, India has benefited most, with U.S.\$876 million. Japan comes next with U.S.\$638 million, then Mexico U.S.\$459 million, Colombia U.S.\$389 million, and Pakistan U.S.\$361 million. Sixty-eight other countries follow, with amounts ranging down to U.S.\$1.25 million for British Guiana. ●



The booming city of Duesseldorf, like every city, has to cope with traffic problems; one solution is the flyway in the foreground. In the background on the left, the 26-storey administrative building of a big steel fabricating company.

Production is still rising in Canada's largest European market.

HOWARD E. CAMPBELL,
Consul, Duesseldorf.

WEST GERMANY offers the largest market in continental Europe for Canadian goods. Last year \$211 million worth of Canadian products was sold in the Bundesrepublik—twice as much as we sold anywhere else on that continent.

The bulk of Germany's imports from Canada has consisted in the past of industrial raw materials which we have been selling there for many years—iron ore, aluminum ingots, asbestos, copper, nickel, zinc, lead, wood pulp, lumber, and synthetic rubber. These products, with durum and bread wheat, will undoubtedly con-

tinue to make up the major portion of our sales to the Federal Republic for some time to come. But to think of Germany today as a market solely for raw materials would be a mistake. Last year over half of its imports were semi-finished and finished goods.

What Can Canadians Sell?

With a population of 58.4 million people in an area less than half the size of any one of our three prairie provinces, Germany is an important market for almost any product Canada has to offer. A number of enterprising Canadians have proved it—even in areas where German manufacturers excel. Clothing manufacturers from Montreal are selling their garments

to German department stores. Toronto furriers are selling fur coats to the more exclusive shops. Canadian producers of warm-air heating systems, sporting goods, automatic washing machines, hardware, electronic measuring devices, expanded vinyl sheets, aircraft engines, machinery, and even cameras and optical equipment are selling their products in Germany.

In addition, German importers are interested in buying a wide range of other products which Canadian firms can supply. They want everything from basic chemicals, minerals and kraft paper to such things as copper tubing, hand tools and electronic equipment. A Canadian Building Supplies Mission visited Germany in March 1965

and found more business than the members could handle.

Economy Still Expanding

The growth of West Germany's economy over the past 15 years has been spectacular. Over-all industrial production doubled in the decade after 1953 and today the Federal Republic has the highest gross national product (and level of industrial wages) in Western Europe.

Everybody is earning more and spending more. Their purchases, together with the growing foreign demand for German goods, pushed the production facilities of most factories to the limit last year and encouraged many manufacturers to expand. This in turn stimulated the economy still further and brought about a 6.5 per cent rise in the gross national product.

In commenting upon this expansion of the West German economy and the prospects for the future, Herr Wolfram Langer, State Secretary in the Ministry for Economic Affairs said in January of this year:

"It is expected that the favourable economic development will continue. Not only are there signs of expansion as the year begins, but international conditions are also promising."

"The real growth of the gross national product of the Federal Republic of Germany will probably amount to only 5 per cent in 1965, as against 6.5 per cent in 1964. If this should be so, it will mean that while the productivity of the entire economy will not move ahead quite as fast as in 1964, the rate of growth will still be more than in any other year since 1960."

The main deterrent to the continued expansion of the West German economy is the serious shortage of labour. Until the erection of the Berlin Wall in August 1961, incoming political refugees from the East Zone (200,000 a year) helped to meet the growing manpower re-

quirements of West German farms and industry. Since that time, foreign workers ("Gastarbeiter") from as far away as Greece, Turkey, Italy and Spain have been brought into the Federal Republic to ease the labour shortage and they now number well over 1.2 million.

The labour shortage, which has discouraged some German manufacturers from expanding their production facilities to fill incoming orders from domestic and foreign customers, has also given rise to automation in the factories. For example, a recent United States Trade Mission to the Federal Republic discovered that automation is used more extensively in Germany's furniture industry than it is in either the United States or Canada. This trend toward automation has put German manufactur-

TABLE I
CANADIAN EXPORTS TO WEST GERMANY

	Can.\$ 1964
Live animals	13,965
Food, animal origin	253,703
Meat	263,209
Fish	1,164,028
Food, vegetable origin	3,754,994
Wheat	47,547,007
Rye	1,386,565
Oats	1,382,392
Canned fruit, vegetables and juices	1,266,036
Stimulants	2,661,245
Raw materials	16,379,727
Raw furs	2,164,060
Hides and skins	2,150,119
Iron ore	2,754,217
Lead ore	685,087
Zinc ore	5,308,016
Nickel ore	64,133
Minerals	18,118,234
Wood products	5,152,309
Wood pulp	10,158,336
Paper	772,539
Fabric and yarns	588,218
Oils and gums	37,469
Chemicals	535,836
Plastics	4,759,400
Dyes and paints	75,838
Mineral oils	803,440
Semi-finished goods	31,637,292
Non-ferrous metals	1,517,556
Dressed furs	245,772
Miscellaneous finished products	48,100,376
Total exports	211,501,118

ers in the market for labour-saving machinery of all types.

The shortage of labour has also forced manufacturers to utilize their personnel more efficiently, with the result that productivity per worker has been increasing steadily. As productivity has gone

TABLE II
CANADIAN IMPORTS FROM WEST GERMANY

	1963 (U.S.\$'000)	1964
Live animals	29	24
Food, animal origin	378	401
Food, vegetable origin	941	1,286
Stimulants, luxury foods	641	830
Raw materials	614	756
Processed raw materials	2,428	2,792
Semi-finished goods	29,008	30,947
of which:		
fabrics (silk, rayon, synthetics)	1,284	1,465
cotton fabrics	1,828	2,212
plastics	1,975	2,397
tar dyes	2,528	3,237
other chemical products	3,195	3,562
steel tubing	930	1,045
structural steel	4,124	5,314
sheet iron	2,563	1,748
iron wire	3,681	2,987
precious stones and pearls	1,272	692
Finished products	98,729	115,765
of which:		
printed goods	903	1,030
glassware	1,056	1,177
cutlery	1,095	1,325
tools, agricultural implements	1,139	1,140
other hardware	4,649	5,312
other articles of base metals	1,588	1,810
machine tools, rolling mills	4,397	6,049
textile and leather machines	2,462	3,795
agricultural machines and tractors	2,334	2,814
power machines	1,629	1,521
conveying equipment	1,018	2,062
paper and printing machines	2,570	3,317
office machines	1,872	2,132
food machinery	1,483	1,098
other machinery	5,383	7,468
motor vehicles, aircraft	34,453	38,342
electrical products	10,638	11,823
clocks and watches	1,288	1,486
optical and precision instruments	4,797	5,611
photochemicals	1,014	533
pharmaceuticals	1,233	1,703
other chemical products	1,214	1,717
other finished products, n.o.p.	1,014	2,061
Total imports	133,129	153,241

Source: Federal Office of Statistics, Wiesbaden.

up, so have wages; they have doubled in the past ten years.

Agriculture: Progress Planned

The division of Germany after the war cut off the best agricultural land and few people realize how poor the soil is in certain areas of West Germany—or that agriculturists face a population pressure of 880 inhabitants to the square mile of arable land. Nevertheless, farmers in the Bundesrepublik wrest a surprisingly high yield from their rather small holdings, though almost one-third of these consist of less than five acres. In working plots of this size, farmers waste time moving from one piece of land to the other. Through heavy application of chemical fertilizers and mechanization and in response to support prices, the German farmer none the less produces 70 per cent of the country's food needs.

The Federal farm improvement program—which is part of the "Green Plan"—has encouraged consolidation of smaller holdings into larger and more efficient units. The West German Government hopes that by means of this land consolidation and other programs to increase efficiency its farmers will be able to compete successfully with other Common Market countries when all internal tariffs, including those on agricultural commodities, are eventually removed.

Under pressure from its partners in the EEC, Germany agreed last December to the establishment of common grain prices beginning July 1, 1967. As a consequence, soft wheat prices in Germany are to be reduced by DM50 (Can.\$13) a ton to DM425 (Can. \$116) in accordance with the recommendations of the Mansholt Plan. This concession has been welcomed on all sides but there is some concern outside the Common Market that, even at this reduced price, farmers in Europe will boost production to the detriment of outside suppliers such as Canada.

While agreeing to a downward adjustment in wheat prices, the Federal Government assured farmers they would be fully compensated for any loss of income resulting from the price reduction. To fulfil its promise, the Government will have to add another \$225 million a year to the \$600 million in subsidies already being paid to German farmers under the Green Plan.

Germany is not generally self-sufficient in agricultural products, with the possible exception of potatoes. It imports about \$3 billion worth of foodstuffs a year—much of it under licence. Canada's primary contribution to Germany's food requirements is wheat, but we also supply fish, canned fruits (mainly cherries), oilseeds, canned vegetables (mostly yellow waxed beans) and coarse grains. With the gradual lowering and eventual elimination of trade barriers between Germany and its Common Market partners, sales of certain exports in this field will become increasingly difficult.

Future Promising

West Germany has a vital interest in the future expansion of world trade because it has become, after the U.S., the second largest trading nation in the world. It imported \$14.5 billion worth of goods last year and exported \$16 billion worth. Half of this trade was with countries in Western Europe—with Germany's partners in the Common Market enjoying the bulk of it. The Federal Republic has long had an over-all favourable balance of trade but an unfavourable one with its most important trading partner, the United States, and incidentally with Canada.

In 1964 Germany shipped to Canada \$150 million worth of goods, of which automobiles and parts were by far the most important single item. A wide range of metalworking machinery, chemicals, tractors, steel bars and plates, and a variety of manufactured

products accounted for the remainder. Although Canada's sales of \$211 million to Germany last year produced a balance of \$61 million in Canada's favour, this has not affected the receptiveness of German importers to Canadian goods. They continue to welcome quotations from Canadian firms—preferably c.i.f. German ports and in Deutschmarks rather than Canadian dollars. As customers everywhere, they like to receive descriptive literature or samples and assurances of reasonably prompt delivery. But 'selling' them is seldom done by correspondence alone; it usually requires a personal visit.

Information for Exporters

The Office of Trade Relations of the Department of Trade and Commerce publishes bulletins covering shipping documents and customs regulations for some 83 countries. In addition, this information is summarized by area for the Far East, the Middle East, Latin America, Europe and the Commonwealth. A pamphlet entitled *Customs Information for Canadian Exporters to the United States* is also available.

Also available are bulletins on:

Tariff Arrangements in Force between Canada and other Countries

Where to Obtain Foreign Customs Documents in Canada

Canadian Export Permit Regulations

Tariff Preference for Canadian Goods Abroad.

Export Assistance from Canadian Trade Commissioners.

In addition, the Office attends to general inquiries from exporters about foreign import duties and trade regulations for particular products, and other related aspects affecting Canadian exports.

For copies of any of the documents described, readers should get in touch with the Office of Trade Relations directly.

Carbon Black

BRAZIL—The Alliance for Progress has announced a U.S.\$2 million loan to the Companhia de Carbonos Coloidais (CCC) in the state of Bahia to produce carbon black.

The loan will be used to purchase the necessary American equipment and will be paid within eight years. The interest is 5 per cent a year, with a three and a half year grace period.

The company hopes to begin operating by the end of 1966. Production is expected to be 6,000 tons of carbon black in the first year, 10,000 in the second and 15,000 in the third. The company will utilize the process and patent of U.S. Phillips Petroleum Company—Rio de Janeiro.

Corn

ARGENTINA—The first official production estimate for corn during 1964/65 is 4.9 million metric tons which is 8.4 per cent below last year's output. Domestic consumption is increasing and if this estimate proves accurate Argentina will have less corn to export during the coming year—Buenos Aires.

Eggs

VENEZUELA—The number of egg-laying hens in Venezuela has recently been estimated at 2.9 million. Monthly production is 122 thousand crates each containing 30 dozen. Venezuela's egg consumption is about 115 thousand crates a month and the present surplus has reached a mark close to a whole month's consumption—Caracas.

Fruit

WEST GERMANY—Last year imports of fruit totalled over 3 million tons and were worth \$550 million—a new record. Part of the increase is attributed to the growing interest in health foods. Of the total imported, 45 per cent consisted of apples, pears, peaches and plums grown in temperate climates and the remaining 55 per cent of tropical fruit. Per capita consumption of tropical fruit was 48.5 pounds and oranges accounted for almost half of this. Nearly 500,000 tons of apples were imported and over 90 per cent of these came from neighbouring European countries and Italy—Duesseldorf.

Metal Tubing

SWEDEN—Svenska Metallverken, Vasteras, will spend \$1 million on a new plant for the production of copper and brass capillary tubing. The plant will start production in mid-1966—Stockholm.

Paper

FIJI—A new firm known as Kiwi United South Pacific has been formed by C. Sullivan (Pacific Islands) Ltd., Kiwi International of Australia and United Empire Box Co. of New Zealand. The firm is establishing a paper converting industry in Suva, Fiji, and expects to be in operation by late 1965. It will produce toilet tissue, paper bags, cartons and other products from large reels of kraft liner, bag kraft, bag sulphite and toilet tissue—Wellington.

Petroleum Products

SOUTH AFRICA—Figures recently released indicate that in 1964 the consumption of petroleum products in the Republic rose just over 9 per cent to total 1,203 million gallons. Apparently road-users are the best customers because in that year nearly half of the oil industry's sales were of gasoline. Consumption rose to some 594 million gallons although the number of service stations decreased by almost 4 per cent—Johannesburg.

Sulphur

PAKISTAN—The Council of Scientific and Industrial Research claims to have developed an economical method of producing sulphur from indigenous sulphur ore. The process has been leased to a local firm which went into production in mid-February of this year. The plant is now producing 20 tons of sulphur a day; eventual capacity is 40. The country's yearly requirement, now estimated at 10,000 tons, is gradually increasing with local industrial development—Karachi.

Wood Products

WEST GERMANY—The growing demand by the building and furniture industries has made West Germany the biggest consumer of wood products in Europe. Imports of wood materials such as chipboard, flax board and similar materials rose to over \$10 million compared with \$8.6 million in 1963. The biggest suppliers were Belgium and France, with Sweden, Austria, the Netherlands, Switzerland and Finland following in that order. German production of chipboard rose by 25 per cent over 1963 and reached 53 million cubic feet. An additional 14.8 million cubic feet of fibreboard were also produced.

Wood veneer imports increased by nearly \$4 million to reach \$26.5 million and Canada was Germany's fourth largest supplier behind France, Italy, and

Switzerland. Canadian exports of veneers to Germany in 1964 totalled slightly more than \$2 million compared with \$1.5 million in 1963.

Domestic production of plywood increased by almost 5 million cubic feet to 23.1 million cubic feet.

Imports of plywood reached 1.6 million cubic feet, up 247,000 cubic feet over 1963, and were worth \$6.7 million. Canadian exports to Germany more than doubled and were valued at just over \$1 million —Duesseldorf.

TRADE COMMISSIONERS ON TOUR

In Canada

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

Australia—E. E. Price, Assistant Commercial Secretary in Sydney:

Quebec City—June 30 Ottawa—July 2-15

When he completes his tour, Mr. Price will be posted to Athens, Greece, as Assistant Commercial Secretary.

Belgium—L. H. Ausman, Commercial Counsellor in Brussels:
Winnipeg—September 1-3 Quebec City—September 16
Montreal—September 7-15

When he completes his tour, Mr. Ausman will be posted to London, England, as Minister (Commercial).

Britain—Finlay Sim, Trade Commissioner in Glasgow, Scotland: Toronto, Hamilton, Cooksville, Montreal—September 9-15.

Colombia—J. G. Ireland, Commercial Secretary in Bogota:

Montreal—June 28-July 2 Regina—July 14
Toronto—July 5-9 Edmonton—July 15
Winnipeg—July 12-13 Vancouver—July 16-20

Hong Kong—N. R. Gish, Assistant Trade Commissioner in Hong Kong:

Edmonton—between June 26 and July 21 Toronto—August 11-12
Regina—July 23 Montreal—August 13-16
Winnipeg—August 9 Quebec City—August 17
Ottawa—August 18-27

Japan—J. D. Blackwood, Commercial Secretary, Tokyo:

Montreal—July 6-7 Winnipeg—July 9-12

When he completes his tour, Mr. Blackwood will be posted to Caracas, Venezuela, as Commercial Secretary.

Mexico—H. S. Hay, Commercial Secretary, Mexico City:

Toronto—June 28-July 5

When his tour is finished, Mr. Hay will be posted to Detroit as Consul and Trade Commissioner.

Philippines—J. L. Mutter, Consul General and Trade Commissioner in Manila:

Montreal—June 30-July 9 Quebec City—July 2

United States—R. R. Parlour, Commercial Counsellor in Washington:

Toronto—June 28-July 2

I. V. Macdonald, Consul and Trade Commissioner in Detroit:

Montreal—July 19-23 Toronto—July 26-30

W. J. Millyard, Consul and Trade Commissioner in Philadelphia:

Montreal—August 9-16 Halifax—August 18-19
Quebec City—August 17

U.S.S.R.—Y. Jauron, who will be posted to Moscow as Assistant Commercial Secretary:

Montreal—July 2-6 Winnipeg—July 12-13
Toronto—July 7-8

West Germany—H. E. Campbell, Consul, Duesseldorf:

Montreal—June 28-July 3 Calgary—July 14
Toronto—July 4-10 Edmonton—July 15
Winnipeg—July 12 Vancouver—July 16-20
Regina—July 13

West Germany—C. Renaud, Assistant Commercial Secretary in Bad Godesberg:

Quebec City—August 4-5 Toronto—August 12-16
Montreal—August 6-11

When he completes his tour, Mr. Renaud will be posted to head office in Ottawa.

Temporary Duty in Ottawa

J. D. Blackwood, Commercial Secretary in Tokyo, Japan, June 21-July 5. Contact Asia and Middle East Division, phone: 992-5642.

Finlay Sim, Trade Commissioner in Glasgow, Scotland, August 5-12. Contact Commonwealth Division, phone: 992-2421.

Australia

BUILDING BOOM—The value of new houses and flats approved last year was a record £A433.7 million—23 per cent higher than in 1963. Figures issued by the Commonwealth Bureau of Statistics show that 124,569 new houses and flats were approved during 1964—Melbourne.

CUSTOMS SIMPLIFIED—A new simplified baggage declaration form for incoming passengers to Australia has been introduced by the Customs Department. The form will be easier to complete and will help custom officers clear passengers without delay—Melbourne.

POPULATION GROWS—Australia's population will pass the 11.5 million mark in December 1965, an increase of 500,000 since November 1963. The Minister for Immigration, Mr. Opperman, said recently that the population would not have reached 11.5 million until 1976 without the immigration that has occurred since 1945—Melbourne.

Argentina

PETROCHEMICAL COMPLEX—The Argentine Industrial Bank has granted a guarantee for U.S. \$10.5 million to Petrosur S.A. to enable it to obtain a credit for the same amount from the I.A.D.B. The firm will install in the province of Buenos Aires a petrochemical complex for the production of fertilizers. Total investment will be in the neighbourhood of U.S. \$21 million. Estimated yearly production is: ammonia: 55,000 tons; urea: 55,000 tons; sulphuric acid: 39,900 tons; ammonium sulphate: 50,000 tons; compound fertilizers: 30,000 tons—Buenos Aires.

OIL CONTRACT SETTLEMENT—After prolonged negotiations, an out-of-court agreement was signed on November 27 at the Secretariat of Power and Fuel between the Government and Astra, a local oil corporation. This settlement lays down the manner in which a definite adjustment of accounts will proceed with this Argentine oil-extracting contractor whose contract, with others, was cancelled by decree in late 1963. A mixed commission, composed of representatives from the aforementioned Secretariat, Yacimientos Petroliferos Fiscales (state-owned oilfield company) and the contracting firm, will carry out a study of the investment made by Astra in installations, works, labor and materials directly involved in the exploitation of the area held by the concessionaires. It is generally felt that

the contracts signed with other foreign companies will be settled in the near future—Buenos Aires.

Brazil

COCOA REVENUE DROPS—Because of the drop in the international price of cocoa and cocoa byproducts, Brazil's foreign exchange earnings from these products dropped 9 per cent to \$46.5 million for 92,000 tons in 1964, compared with \$51.3 million for 89,000 tons in 1963. In an effort to solve the cocoa-producers' difficulties caused by the three-month suspension of sales to the world market, government authorities are financing the accumulated stocks and have temporarily withdrawn the 5 per cent retention tax—Rio de Janeiro.

Chile

ELECTRICAL DEVELOPMENT—The Agency for International Development (AID) has granted to the Chilean Government a loan of U.S. \$3.3 million to improve rural electrical systems. The Government and private enterprise will supply an additional U.S.\$3.7 million.

The World Bank has also approved a U.S.\$4.4 million loan to the Chilean Government which will use it in the development of electric power in the country—Santiago.

Colombia

POLYETHYLENE PRODUCTION—A U.S. firm is setting up a polyethylene plant at Mamonal near Cartagena on the Caribbean coast. This plant will operate on refinery products from the nearby International Petroleum (Colombia) Company's installations and will have an installed capacity of 3,000 tons a year. Production should begin in June—Bogotá.

NEW SUGAR MILL—Colombia's five largest finance corporations have announced that they have agreed to finance a large sugar mill near Risaralda in the Department of Caldas. It is estimated that the first stage will cost 150 million pesos. The mill will be designed for an initial daily production of 3,000 metric tons from a planted area of 2,500 hectares—Bogotá.

Costa Rica

AUTOMOBILE ASSEMBLY—A United States automobile manufacturer will assemble cars and trucks in

a factory to be located at San Jose, Costa Rica. The factory, first of its kind established by a North American firm in Central America, will supply the requirements of the other member countries of the Central American Common Market—Guatemala City.

PROPER PACKAGING REQUIRED—Regardless of weight, large crates are often exposed to the elements for several days when they are unloaded from a ship and placed in the Customs House yards at San Jose. If they are transported by the railways, these bulky containers usually used for furniture or household goods are carried on flat cars which offer no protection against weather. To avoid loss and damage to the contents of such crates, exporters should provide wrapping able to withstand exposure to sun and water—Guatemala City.

Northern Ireland

INDUSTRIAL PRODUCTION—The provisional index of industrial production for February 1965 is 150 (1958=100). This is five points higher than the final index for January 1965, and 13 points higher than for February 1964.

The index numbers for the main industrial groups for February 1965, with the change from February 1964 shown in parentheses, are: textiles 142 (+11 points); clothing 132 (-11); engineering and metals 104 (-2); food, drink and tobacco 121 (+7); timber and furniture 149 (+39); other manufacturing industries 343 (+120); construction 184 (+7); gas, electricity and water 196 (+15)—Glasgow.

Sweden

FAMILY SPENDING—Salaries in Sweden in 1963 totalled \$14,900 million, or \$1,990 per head of population. Net income after deduction of \$4,200 million for income taxes and \$1,000 million for savings and insurance fees amounted to \$9,700 million for spending on goods and services.

A typical family with a gross annual income of \$4,200 paid \$1,260 in taxes, insurance and savings. Of the remaining \$2,940, 43 per cent went on food, 21 per cent on housing, 12 per cent on clothes, 5 per cent on travel, 2 per cent on household utensils and appliances and 17 per cent on miscellaneous expenditure—Stockholm.

United States

POWER PROJECT IN PENNSYLVANIA—Construction is to begin early next year on a \$235 million coal power plant and extra high-voltage system at Cone-maugh, near Johnstown, Pennsylvania, about 70 miles east of Pittsburgh.

Five major utility companies—the Philadelphia Electric Company, the Atlantic City Electric Company,

the Delaware Power and Light Company, the Pennsylvania Power and Light Company, and the Baltimore Gas and Electric Company—are the initiators of this project. It will consist of an 1,800-megawatt power plant at coal-mine mouth and 225 miles of a new 500,000-volt transmission line to connect the facilities of the companies composing the regional power pool—Philadelphia.

ELECTRIC POWER—Chicago's huge electric utility, Commonwealth Edison Co., has announced a revised five-year construction program costing \$700 million and is considering the possibility of a second nuclear-powered generating unit. Commonwealth Edison directors have approved expenditures of \$140 million in 1965, \$130 million in each of the two succeeding years, and \$150 million in both 1968 and 1969.

Edison will complete five large generating units with capacities ranging from 560,000 to 600,000 kilowatts in the five-year period. Of the \$700 million, \$357 million will be spent for generating installations, \$331 million for transmission and distribution facilities, and \$12 million for general plants.

One generating unit is scheduled to go into operation in each of the five years as follows: 1965, Joliet Station with 560,000 kw.; 1966, Joliet Station, 560,000 kw.; 1967, Kincaid "mine-mouth" station near Springfield, 588,000 kw.; 1968, Kincaid, 588,000 kw.; and 1969, undertermined location, 600,000 kw. The program will add 2,896,000 kilowatts of generating capacity, bringing the net capability to more than nine million kilowatts by 1969. This total compares with the present 6,524,000 kilowatts and will be about four times the capacity of 20 years ago—Chicago.

West Germany

HOUSING—In 1964 West Germany built 600,000 dwellings—a nearly 10 per cent increase over 1963. Roughly a third of these units were built with financial assistance from the Federal Government to provide housing for people in the lower income group. It is expected that construction during the next 12 months will remain at the same high level, although a slight drop in privately financed houses is possible—Duesseldorf.

IMPORTS AND EXPORTS—Imports in 1964, according to the West German Federal Office of Statistics, totalled Can.\$15.9 billion, an increase of 12.6 per cent over 1963. Exports rose 11.3 per cent to reach Can.\$17.5 billion. Imports from Canada in 1964 totalled Can.\$210.5 million compared with \$200.8 million in 1963. Exports to Canada in the same period reached Can.\$165.3 million compared with \$143.1 million in 1963—Bad Godesberg.

FOREIGN TARIFFS

AND TRADE REGULATIONS

Jamaica

TARIFF CHANGES—Increases in the rates of import duty on motor vehicles, sugar and chocolate confectionery, whisky and cigarettes were announced in the Jamaican Budget of April 30, 1965. The new rates of duty, and the old rates, are shown below.

The additional duty of 10 per cent of the existing duty remains chargeable on Items Nos. 062-01.1, 073-01, 112-04.5, 112-04.6, and 122-02. However, effective April 30, additional duties are not payable on the motor vehicles listed on the left.

	New Rates		Old Rates	
	Prof. Tariff	General Tariff	Prof. Tariff	General Tariff
062-01.1 Sugar confectionery—ad valorem	38½%	55%	35%	50%
073-01 Chocolate and chocolate preparations (including chocolate confectionery but excluding chocolate biscuits)—ad valorem	22%	33%	20%	30%
Whisky:				
112-04.5 Imported in bottle of a strength not exceeding 80 p.c. proof—per liquid gallon	£ 7.15s.2d.	£ 9.5s.10d.	£ 7. 1s.0d.	£ 8. 9s.0d.
112-04.6 Other—per proof gallon	£ 9.10s.7d.	£ 11.3s. 7d.	£ 8.13s.3d.	£ 10. 3s.3d.
122-02 Cigarettes—per pound	£ 3. 2s.6d.	£ 3.3s. 6d.	£ 2.12s.6d.	£ 2.13s.6d.
Road motor vehicles:				
732-01.1 Passenger road motor vehicles complete (other than buses, golf caddy cars or motorcycles) where the cylinder capacity of the engine—				
(a) does not exceed 1,199 cubic centimetres—ad valorem	35½%	57½%	20%	40%
(b) exceeds 1,199 cubic centimetres but does not exceed 2,999 cubic centimetres—ad valorem	38%	60%	20%	40%
(c) exceeds 2,999 cubic centimetres but does not exceed 3,999 cubic centimetres—ad valorem	40½%	62½%	20%	40%
(d) exceeds 3,999 cubic centimetres—ad valorem	43%	65%	20%	40%

Jordan

NEW INSURANCE REGULATION—Under the 1965 Insurance Companies Law, all insurance transactions on commodities imported into Jordan are to be carried out locally. This new regulation went into effect on May 1, 1965.

Canadian exporters should now quote on the basis of c. & f. Aqaba instead of c.i.f.—Beirut.

Nigeria

NEW TARIFF SCHEDULES—Effective May 21, 1965, a new Nigerian Customs Tariff Act came into use, employing the Brussels tariff nomenclature. This re-organization of tariff rates does not appear to have entailed changes in import duties, but shipping documents should bear the B.T.N. numbers for goods being exported. Further information may be obtained from the Commonwealth Division, Office of Trade Relations.

Philippines

DOCUMENTATION REQUIREMENTS AMENDED—In a Customs Administration Order dated May 13,

1965, the Bureau of Customs of the Philippine Department of Finance issued further regulations regarding documentation requirements. The new order amends the previous regulations issued March 24 and reported in *Foreign Trade* of May 15 on page 28.

The part of the original order which remains unchanged requires that consular invoices be accompanied by an authenticated copy of the Shippers/Exporters Export Declaration Certificate filed with the shipment in the exporting country. For the purposes of the order, the certificate will be considered as authenticated when certified by an authorized official of the government office of the exporting country. If the required certificate cannot be obtained, then a copy of such certificate attested before a notary public or person authorized to administer oaths to be a true copy of the certificate filed with the appropriate government department of that country can be substituted.

The form or certificate in Canada corresponding to the Shippers/Exporters Export Declaration is the Canada Customs Export Entry or Form B.13. This means that a copy of the Canadian Export Entry Form

or Form B.13 certified by a Customs officer at the port of exit will be sufficient.

The new order issued on May 13 exempts from the above requirements imports by the Government for its own use and that of its branches and agencies. Also exempted are certain tax free imports and articles brought in for the personal use of incoming passengers.

The new order also provides that where such authenticated export declaration cannot be secured because of valid legal impediments in the exporting country, a notarized copy of the commercial invoice, accompanied by a detailed packing list, must be submitted. This provision does not apply to Canada since there are no impediments to sending certified copies of Form B.13 out of the country.

This Customs Administrative Order takes effect and applies to all imports arriving on and after July 1, 1965. It is the responsibility of exporters to ensure that importers in the Philippines receive the necessary export entry document in time for Customs clearance.

Detailed information regarding these new regulations may be obtained from the Asia and Middle East Division, Department of Trade and Commerce, Ottawa.

South Africa

1965 IMPORT LICENCE ALLOCATIONS—The following notice has been published by the South African Department of Commerce and Industries:

It is hereby notified for general information that the Honourable the Minister of Economic Affairs has authorized the following additional import allocations for 1965:

(i) Consumer Goods—(a) The second-round allocations for Group B consumer goods for 1965 will be 25 per cent of an importer's assessment basis thereby bringing the total allocation for 1965 up to 55 per cent of the assessment basis, i.e., the same as importers received for the first and second-round issues for 1964.

(b) The second-round allocation for those items of consumer goods which have not been placed on the Free List of imports will be an amount equal to that which will bring the total allocations for 1965 up to 90 per cent of the level of total 1964 imports of these same goods. (This is approximately the same level of issues made at this stage during 1964.)

(ii) Capital Equipment—Importers of capital plant and equipment will be granted their full reasonable requirements, provided such capital plant and equipment are not manufactured or cannot be manufactured in the Republic of South Africa.

(iii) Raw Materials—(a) Manufacturers who are direct importers of raw materials will, on application, be granted facilities to bring their stocks of imported raw materials up to the level of six months current consumption.

(b) Merchant importers of raw materials, with the exception of textile piecegoods, will on application be granted additional import facilities to bring their 1965 allocations up to 80 per cent of their 1964 import permits. (In both cases, however, the Honourable the Minister of Economic Affairs requests that raw materials should be obtained from local sources wherever possible.)

(c) Merchant importers of textile piecegoods will receive, on application, an amount which will bring their 1965 issues up to 75 per cent of their assessment basis viz., the same level of issue as that granted during the same period for 1964. The import permits so issued will, however, not be valid for the importation of poplin.

In regard to poplin, in view of the quantity of stocks on hand, no consignments of these goods shipped to South Africa from overseas after April 28, 1965, are admitted under textile goods import permits, unless documentary proof can be furnished to the South African Director of Imports and Exports that fixed orders for the consignment were placed before April 28.

Venezuela

COMPULSORY IMPORT LICENSING AND RATES OF DUTY—The Canadian Trade Commissioner has reported that more items have been placed under the import licensing system, and that the rates of duty on some items have been changed.

The following additional items are now subject to compulsory import licensing:

Fluorescent tubes, straight, of 20 and 40 watts
Waterproof coverings for constructions, n.e.s.
Glass, n.e.s., in semi-manufactured form
Electric horns
Ignition coils
Voltage regulators
Twines for fishing or for fishing nets
Netting and nets (except for sports) made of twine, cordage, etc., including fishing nets and fishing lines
Galvanized sheets
Galvanized plates
Amplifiers
Radio receivers weighing more than three kilograms each
Television receivers weighing more than ten kilograms each
Furniture of any material made specially for radio or television receivers, phonographs or record players
Phonographs or record players weighing more than 25 kilograms each

At the same time, the descriptions of the sub-items covering radio and television receivers have been changed causing a shift in the evidence of the rates of duty.

A small number of consumer type imports will be subject to increased rates of duty from June 16, 1965.

Details are available from the Latin American Division, Office of Trade Relations, Ottawa, or from the Canadian Trade Commissioner in Caracas.

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, 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 .9235.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent June 11	Units per Canadian dollar	Notes (see below)
Algeria	Dinar .....	.....	.2210	4.52	
Argentina	Peso	Free .....	.006314	158.38	
Australia	Pound .....	.....	2.4199	.4132	
Austria	Schilling .....	.....	.04195	23.84	
Bahamas	Pound .....	.....	3.0249	.3306	
Belgium and Luxemburg	Franc .....	.....	.02182	45.83	
Bermuda	Pound .....	.....	3.0249	.3306	
Bolivia	Peso .....	.....	.09204	10.86	
Brazil	Cruzeiro	Official Free .....	.0005893	1,696.92	
Britain	Pound .....	.....	3.0249	.3306	
British Guiana	Dollar .....	.....	.6302	1.59	
British Honduras	Dollar .....	.....	.7562	1.32	
Burma	Kyat .....	.....	2274	4.40	
Ceylon	Rupee .....	.....	2269	4.41	
Chile	Escudo	Bank rate .....	.3493	2.86	
		Free .....	.2954	3.39	
Colombia	Peso	Free .....	.05901	16.95	
		Certificate .....	.1203	8.31	
Congo, Republic of	Franc .....	.....	.007219	138.52	(1)
Costa Rica	Colon .....	.....	.1634	6.12	
Cuba	Peso .....	.....	†	†
Czechoslovakia	Koruna .....	.....	.1504	6.65	
Denmark	Krone .....	.....	.1563	6.40	
Dominican Republic	Peso .....	.....	1.08281	.9235	
Ecuador	Sucre	Official .....	.06016	16.62	
		Free .....	.05847	17.10	
El Salvador	Colon .....	.....	.4331	2.31	
Fiji	Pound .....	.....	2.7251	.3670	
Finland	Markka .....	.....	.3384	2.96	
France, Monaco, etc.	Franc .....	.....	.2210	4.52	(2)
Franco-African Republics, etc. ..	Franc .....	.....	.004410	226.76	(3)
French Pacific	Franc .....	.....	.01216	82.24	(4)
Germany	D Mark .....	.....	.2707	3.69	
Ghana	Pound .....	.....	3.0249	.3306	
Greece	Drachma .....	.....	.03609	27.71	
Guatemala	Quetzal .....	.....	1.08281	.9235	
Haiti	Gourde .....	.....	.2166	4.62	
Honduras	Lempira .....	.....	.5414	1.85	
Hong Kong	Dollar	Free .....	.1880	5.32	*May 28
		Official .....	.1891	5.29	

*Latest available date.

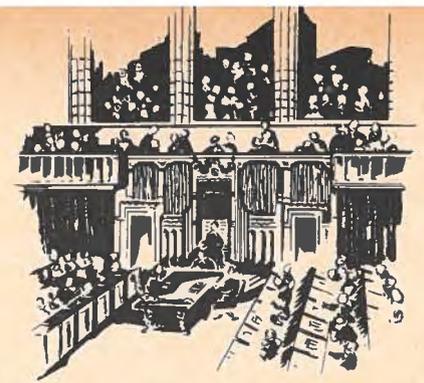
†There is no trading in Cuban pesos in U.S. or Canadian banks at present.

Country	Unit	Type of Exchange	Can. dollar equivalent June 11	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02518	39.71	(1)
India	Rupee		.2269	4.41	
Indonesia	Rupiah		.004331	230.89	(1)
Iran	Rial		.01429	69.98	
Iraq	Dinar		3.0319	.3298	
Ireland	Pound		3.0249	.3306	
Israel	Pound		.3609	2.77	
Italy	Lira		.001733	577.03	
Japan	Yen		.003008	332.45	
Lebanon	Pound	Free	.3519	2.84	
Malaysia	Dollar		.3537	2.83	
Mexico	Peso		.08663	11.52	
Morocco	Dirham		.2166	4.62	
Netherlands	Florin		.3001	3.33	
Netherlands Antilles	Florin		.5742	1.74	
New Zealand	Pound		3.0141	.3318	
Nicaragua	Cordoba		.1547	6.46	
Nigeria	Pound		3.0249	.3306	
Norway	Krone		.1514	6.61	
Pakistan	Rupee		.2269	4.41	
Panama	Balboa		1.08281	.9235	
Paraguay	Guarani	Free	.009745	102.62	
Peru	Sol	Free	.04037	24.77	
Philippines	Peso	Free	.2775	3.60	
Portugal & Colonies	Escudo		.03766	26.55	(5)
Sierra Leone	Leones		1.5160	.6596	
South Africa	Rand		1.5125	.6612	
Spain and Dependencies	Peseta		.01808	55.31	
Sweden	Krona		.2098	4.77	
Switzerland	Franc		.2500	4.00	
Syria	Pound	Free	.2835	3.35	
Thailand	Baht	Free	.05241	19.08	(1)
Tunisia	Dinar		2.0736	.4823	
Turkey	Lira		.1203	8.31	(1)
United Arab Republic	Pound	Official	2.4905	.4015	
United States	Dollar		1.08281	.9235	
Uruguay	Peso	Free	.02166	46.17	
Venezuela	Bollvar	Official Free	.2409	4.15	
West Indies	Dollar		.6302	1.59	(6)
	Pound		3.0249	.3306	(7)
Yugoslavia	Dinar	Official	.001444	692.52	

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, Camerouns, 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.

Question Period



For the information of our readers, we are presenting answers to questions raised in the House of Commons that have a direct or indirect bearing on our external trade and trade relations.

Franco-Canadian Uranium Discussions

Following is the text of an announcement made in the House of Commons today by the Minister of Trade and Commerce:

"As the House is aware, I returned over the weekend from a visit to Paris where I held discussions with Ministers of the French Government regarding uranium. At the conclusion of the discussions, the following joint communique was issued on May 22.

"The French Secretary of State for Scientific, Atomic and Space Affairs, Mr. Yvon Bourges, and the Canadian Minister of Trade and Commerce, the Honourable Mitchell Sharp, have concluded today a series of talks on matters pertaining to a sale of uranium by Canada to France. In the opinion of the Canadian and French Ministers, these discussions should be viewed in the context of increasing co-operation between the two countries, which has been witnessed by other recent talks at ministerial level.

"The purpose of the discussions concerning a proposed sale of uranium was to provide for a first exchange of views at ministerial level on the main questions involved in the provision by Canada of fuel required for France's rapidly expanding program of nuclear reactors for the production of electrical power. The ministers noted with satisfaction that the discussions had been of great value to both sides in the examination of various aspects of the proposed sale.

"The two ministers will report to their governments on their conversations.

"For the information of honourable members, may I add the following points by way of clarification.

"At these meetings in Paris we did not attempt to negotiate a contract of sale for Canadian uranium. We were concerned only with the general conditions under which a sale could be negotiated and under which uranium

could be exported from Canada by producers. As honourable members are no doubt aware, the export of uranium from Canada requires the approval of the Government.

"I made it clear during the discussions that in accordance with the firm policy of the Canadian Government, the proposed sale of uranium could be only for peaceful purposes. As the communique indicates, the French Government for its part is interested in acquiring Canadian uranium for its civil program of nuclear reactors for the production of electrical power."—*Hansard*, House of Commons, May 25.

A New Policy for Uranium Exports

Announcing the Government's new policy for uranium exports, the Prime Minister stated that: "Canada holds a substantial portion of the known uranium reserves of the world and in the future may well be the largest single supplier for the rest of the world."

Outlining his policy, the Prime Minister said that "the Government has decided that export permits will be granted, or commitments to issue export permits will be given, with respect to sales of uranium covered by contracts entered into from now on, only if the uranium is to be used for peaceful purposes. Before such sales . . . are authorized, the Government will require an agreement with the government of the importing country to ensure with appropriate verification and control, that the uranium is to be used for peaceful purposes only."

In order to "ensure that the requirements of both exports and domestic consumers are met in an orderly way," the Government will:

(a) " . . . be prepared to authorize forward commitments by Canadian producers to supply reactors which are already in operation, under construction, or committed for construction in other countries for the average anticipated life of each reactor, generally calculated for amortization purposes to be 30 years.

(b) " . . . in addition . . . be prepared to authorize the export for periods of up to five years of reasonable quanti-

ties of uranium for the accumulation of stocks in the importing country.

(c) " . . . in order to avoid any reduction in the current level of employment and production in the industry in Canada . . . purchase uranium for stockpiling to the extent that current sales prove insufficient to achieve this objective during the next five years. These purchases will be made at a price of \$4.90 per pound of uranium oxide . . . [and] only from companies which have previously produced uranium and will be limited, in the case of each company willing to sell at \$4.90, to the amount necessary to maintain an appropriate minimum level of employment and production for that company."—*Hansard*, June 3.

Release of Results of GATT Negotiations

Responding to a question regarding the manner in which Parliament and industry would be informed of the results of the current tariff and trade negotiations in Geneva, the Parliamentary Secretary to the Minister of Finance said that "the results of past tariff negotiations have been announced in the House of Commons, if Parliament was sitting, or made public by means of a press release, at a date agreed with the other negotiating countries. It is likely [that] the same practice will be followed in regard to the current tariff negotiations".—*Hansard*, June 9.

Wheat Sale to Poland

In reply to a question, the Minister of Trade and Commerce confirmed that "the Canadian Wheat Board has in the last few days sold another 300,000 metric tons of wheat for shipment to Poland worth \$11 million. This will be moving from both east and west coast ports".

The Minister added that this sale did not involve wheat flour.—*Hansard*, June 9.

If undelivered return to:

The Queen's Printer, Ottawa, Canada

CANADA
POSTAGE PAID
PORT PAYÉ

