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FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

Trade and Development in the Middle East

FOREIGN TRADE

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COVER: Oil tankers and freighters tie up in Dammam, centre of commerce on Saudi Arabia's east coast. There, and in most of the Arab countries covered in this issue, oil revenues or oil transit fees finance ambitious development plans and provide the foreign exchange that makes it possible to import a wide range of foreign products.

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The Middle Eas

- Emphasis on industrial development showing results.
- Oil revenues, $1.3 billion in 1963, are financing this build-up.
- Imports into the Middle East exceeded $6.1 billion last year.
- Canada's share of market in Jan.-Nov. '64 totalled $24.5 million.
- Good prospects for increasing sales of good range of products.

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

OIL is the outstanding fact in the economic life of the Middle East—a region that comprises the countries that border on the eastern Mediterranean, the Red Sea and the Persian Gulf, with a total population of about 150 million. Much of the five million square miles that these countries cover is either desert or suitable only for subsistence farming. But oil has made it possible to surmount many of the economic difficulties. There were few industries in the area some twenty years ago but most governments now give high priority to industrial development and to improving agriculture in order to broaden the economic base. And it is the oil revenues that are the key factor in financing these developments in several Middle Eastern countries. More than anything else, it is the earnings from oil exports that make it possible to import a wide range of goods—from foodstuffs to raw materials, and from industrial equipment to consumer goods.

In discussing the total trade of the area, the following countries have been included: Aden, Cyprus, Ethiopia, Iran, Iraq, Israel, Jordan, Lebanon, Libya, Saudi Arabia, Somalia, Sudan, the Syrian Arab Republic, Turkey, the United Arab Republic (Egypt) and the countries of the Persian Gulf region.

The figures in Table I show that the international trade of the area has increased substantially and consistently in recent years. Between 1956 and 1963, exports rose by 66 per cent—from $4.25 billion to $7 billion—and imports by 59 per cent, from $3.75 billion to almost $6 billion. It is estimated that these figures increased further in 1964, with exports coming close to $7.5 billion and imports exceeding $6.1 billion. On the basis of 1963 totals, the Middle East's exports represented some 5 per cent of world trade and its imports about 4 per cent.

The main elements in the economies of the Middle East, as explained above, are oil, agriculture and secondary industries. Crude oil is the leading export but agriculture is the principal source of employment. In the industrial sector, Israel, the United Arab Republic, Turkey, and Iran have shown the highest rate of expansion.

TABLE I

TRADE OF THE MIDDLE EAST

	Exports (f.o.b.)	Imports (c.i.f.)
	(millions of U.S.$)	
1956	4,245	3,727
1957	4,565	4,037
1958	4.949	4,187
1959	5.082	4,527
1960	6,035	4,904
1961	5,761	5,216
1962	6,433	5,528
1963	7,064	5,926
1964	7.467*	6,140*

*Estimated.

Oil Production and Exports

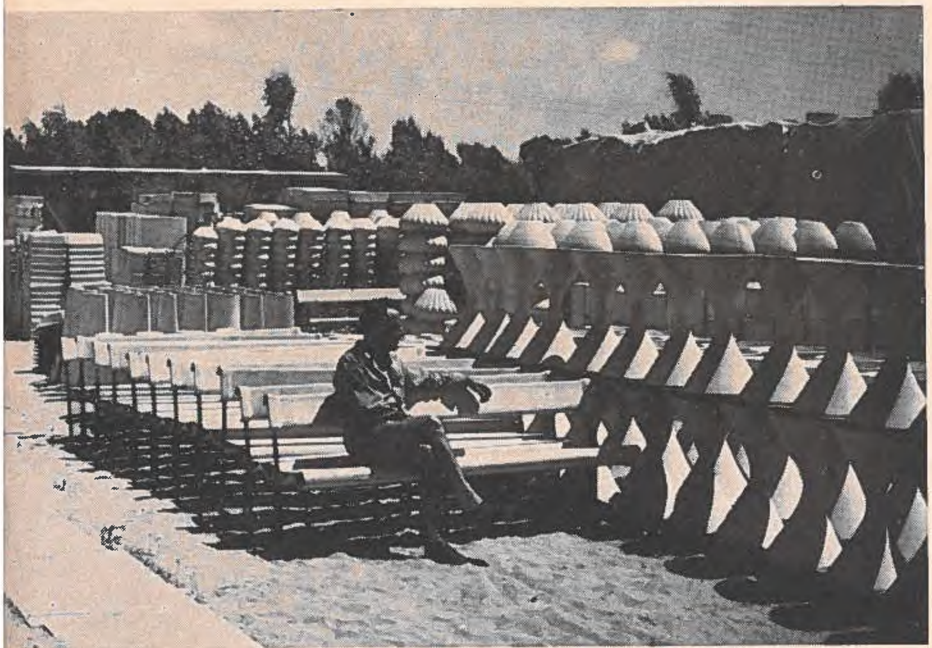
The Middle East is the world's second largest oil producer, accounting for 26.4 per cent of world output in 1962, up from 23.6 per cent in 1958. The principal producers are Kuwait, Saudi Arabia, Iran and Iraq, in that order, but the share of these four combined in total Middle East output declined, as other countries in the area increased their production.

The Middle East has also become the world's largest exporter of crude oil. Shipments increased from 216 million tons in 1960 to 319 million in 1962, or by 48 per cent in two years, and accounted for 61 per cent of total world oil exports in 1962. Western Europe is the leading importer of Middle East oil, followed by the Far East and North America.

Agriculture Faces Problems

Although agriculture is the principal source of employment in the Middle East, it faces some difficult problems. The dearth of arable land, the insufficient water supply, and fluctuations in agricultural production with the weather are characteristic of the area. Among its agricultural products are wheat, barley, rice, millet, maize, rye and oats. Some of the finest cotton in the world is grown there and it also produces tobacco and a wide variety of fruit such as dates, grapes, tomatoes, apples and olives. Citrus fruits

Moves Ahead



The emphasis on building up industry in the Middle East in the last ten years has influenced the import pattern by increasing the demand for raw materials and industrial equipment. In Israel, for example, Canadian asbestos is used in a factory that turns out (above) drinking fountains, benches, and feeding troughs for animals.

are also important exports. In several countries, large sums have been set aside for irrigation and land reclamation projects. Improvement and development of agriculture is an important objective.

Industrial Development Fostered

Industry throughout the Middle East is being developed and expanded in an effort to provide more employment, obtain additional export products, reduce reliance on imports, and in general smooth out the fluctuations in national income that often result from heavy dependence on agriculture. The rate of industrial growth varies considerably among these countries, depending upon the degree and direction of public participation in its development, the availability of raw materials and of investment funds, and the size of the potential market. Some countries have paid more attention to import substitution industries and others have tended to give priority to those processing materials formerly exported raw or semi-processed. Still others have concentrated on heavy industries designed to expand the industrial base. In carrying out this policy of industrial development, several Middle Eastern countries have taken measures to control imports of industrial goods that compete with domestic production and have exempted from customs duties imports of raw materials and machinery. Financial assistance from foreign governments and international organizations has played an important part in industrial development throughout the region.

Israel, a relatively minor oil producer among Middle Eastern countries, has been particularly active in developing new industries. Significant development has also taken place in the United Arab Republic, Turkey and Iran, and on a relatively smaller scale in Iraq, Lebanon and Syria. Many of the new industries are in the textile field—chiefly cotton, but also wool and others. Other significant activities are the processing of agricultural products and the production of things like cement for which there is an active local demand.

Imports Still Rising

Foreign exchange earnings in the form of direct payments by the oil companies to governments have contributed in large measure to the financing of the constantly rising volume of imports. These payments are determined by the terms of the concession, the volume of crude output, and the price of crude oil. In 1963 they totalled $1,323 million compared with $1,043 million in 1960, a rise of 27 per cent. In addition to the revenues accruing to the oil-producing countries, payments are also received by others in the form of oil transit fees.

The Middle Eastern countries conduct most of their foreign trade with the outside world; trade among themselves in 1958 accounted for only 7 per cent of exports and just over 11 per cent of imports by value and in 1962 the figures were 7.2 per cent and 10.2 per cent respectively. Exports to the United States, Britain and Western Europe combined declined slightly—from 62 per cent of the total in 1958 to 61 per cent in 1962—but imports from these countries increased from 63 per cent in 1958 to 67 per cent in 1962. The value of exports to the Soviet Union and Eastern European countries decreased from 5.2 per cent of the the total in 1958 to 3.9 per cent in 1962, and the value of imports from them declined from 8.9 per cent of the total in 1958 to 7.1 per cent in 1962. The value of exports to other

90210—2

countries increased from 28 per cent in 1958 to 30 per cent in 1962, but imports decreased slightly, from 19 to 18 per cent.

Although most countries in the area participated in the expansion of foreign trade shown in Table I, the rates of increase varied considerably from one to another. For example, imports into Israel rose by 25 per cent between 1960 and 1962, into Lebanon by 15 per cent, into Jordan and Syria by 6 per cent and into Iraq, by 2 per cent.

The Arab Common Market

The United Arab Republic, Iraq, Jordan, Kuwait and Syria agreed on August 14, 1964, to establish an Arab Common Market. Arrangements call for the abolition of tariffs and other barriers to trade among the member countries over a ten-year period from the beginning of 1965. At that time, the member countries reduced the tariffs on a number of listed products imported from each other by 20 per cent. The arrangements provide also for freedom of movement for persons and capital and the availability of transport facilities in member countries to the other members. Provision was also made for participation by other Arab countries and Algeria has announced its decision to join this Common Market.

Canadian Sales Rising

Canadian exports to the Middle East in 1963 were valued at $31.7 million, an increase of 27½ per cent over the $24.9 million of 1962. Table II shows that our leading markets in the area in 1963 were Israel, Iran, Saudi Arabia, the United Arab Republic, Kuwait, Turkey, Lebanon and Iraq, in that order. In the first ten months of 1964 Israel continued to be by far Canada's most important market in the area. The U.A.R., Iran, Saudi Arabia and Lebanon were also important markets for Canadian products. Principal commodities exported from Canada to the Middle

TABLE II

CANADA'S MARKETS IN THE MIDDLE EAST

Country	1959	1960	1961	1962	1963	(January-October) 1963	1964
	(thousands of Canadian dollars)						
Bahrain	*	112	111	210	161	122	114
British Middle East, n.e.s.	7†	15‡	165	159	127	101	107
Cyprus	§	609	70	298	513	351	162
Ethiopia	72	220	120	105	139	105	193
Iran	2,242	2,499	4,457	5,293	3,568	3,028	2,494
Iraq	4,311	2,425	1,374	1,343	3,376	1,520	738
Israel	4,557	6,184	8,747	6,232	8,163	6,364	8,097
Jordan	72	131	308	145	244	196	163
Kuwait	*	1,091	941	1,040	2,748	2,303	693
Lebanon	3,182	3,443	2,484	2,244	2,365	1,951	2,096
Libya	382	333	151	376	690	623	713
Qatar	*	55	72	213	246	126	214
Saudi Arabia	2,877	2,905	2,697	3,257	3,548	2,735	2,256
Somalia	19	2	12	2	22	22	....
Sudan	367	335	333	180	173	149	98
Syrian Arab Republic	1,067	674	364	561	713	618	297
Turkey	693	2,014	1,943	978	2,378	2,270	1,292
United Arab Republic (Egypt)	1,601	2,010	3,025	2,230	2,536	2,405	2,560
Total	**21,449**	**25,157**	**27,374**	**24,866**	**31,710**	**24,989**	**22,287**

TABLE III

CANADA'S SUPPLIERS IN THE MIDDLE EAST

Country	1959	1960	1961	1962	1963	(January-August) 1963	1964
	(thousands of Canadian dollars)						
Bahrain	*	....	1	....	1	1	....
British Middle East, n.e.s.	400†	8,493‡	48	68	56	34	1,030
Cyprus	§	180	194	151	88	67	17
Ethiopia	44	43	4	5	21	21	140
Iran	11,948	31,469	21,622	31,736	42,799	28,335	20,184
Iraq	1,107	722	846	704	1,269	622	83
Israel	2,349	2,372	3,106	5,646	6,043	4,533	4,737
Jordan	1	1	3	1	3	1	5
Kuwait	*	22,303	20,225	10,034	5,169	2,929	7,421
Lebanon	4	33	23	58	65	19	58
Libya	....	....	....	10	....	....	....
Qatar	*	....	8,724	6,273	8,678	4,335	1,551
Saudi Arabia	70,725	39,774	41,393	40,551	50,290	33,039	13,349
Somalia	....	....	....	....	1	1	1
Sudan	438	83	76	105	148	68	54
Syrian Arab Republic	183	127	263	455	362	216	246
Turkey	886	855	859	1,427	1,294	683	739
United Arab Republic (Egypt)	200	846	474	301	224	169	42
Total	**88,285**	**107,301**	**97,861**	**97,570**	**116,511**	**75,113**	**49,657**

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

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

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

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

East are canned fruits and vegetables, wheat, wheat flour, wood pulp, plywood, motor vehicles and parts, office machinery, aluminum, washing machines, refrigerators, radio and television equipment, telephone apparatus, and industrial machines.

Table III shows the value of Canada's imports from the Middle East—$116.5 million in 1963, somewhat higher than the $97.6 million of 1962. Crude petroleum from this area represented 35.7 per cent of total Canadian imports of oil from all sources in 1960 and 28.5 per cent in 1963. It was, in fact, Canada's only import from Saudi Arabia, Kuwait and Qatar in 1961, 1962 and 1963, and constituted the bulk of our imports from Iran in those years. Other imports from the Middle East include citrus fruits, dried fruits, nuts, carpets, diamonds and precious stones.

The Middle East has made considerable economic progress in recent years and a number of countries have introduced plans to stimulate economic development. As these plans are implemented and oil exploration and production expand, the income and trade of these countries is expected to rise. As a result, they should become more important potential markets for Canadian exports to meet normal demands and also the needs of the numerous development projects.

Business opportunities vary considerably among the countries in the area and Canadian exporters should treat each market individually. Relations between some of the countries in the Middle East are at times strained and this too is a reason for a separate approach to each of them.

The reports that follow have been prepared by the Canadian commercial representatives responsible for promoting trade with the Middle East. They provide information on current conditions in the various countries and are designed to aid Canadian businessmen in selling throughout this area. ●

One of the many "money exchange houses" found in the Souks in Beirut. Free foreign exchange plays a big part in the transit trade, an important facet of the Lebanese economy. Note the large collection of various bills and coins in the forefront.

Lebanon

- **Engineering projects prominent in current Five Year Plan.**
- **Foreign exchange reserves increase; imports reach $500 million.**
- **Canadian sales rising, but market needs intensive cultivation.**

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

THE year 1964 was marked by a presidential election and the political uncertainty had a restraining effect on the economy. Investment slowed down and a "wait-and-see" attitude developed among consumers. The situation improved late in the year and commercial activity picked up. Private construction lagged but the demand for luxury consumer durables remained relatively untouched by the uncertainty in the other sectors. In the banking world, the collapse of two commercial banks early in 1964 led to searching self-examination. These failures were isolated cases; Lebanon's banking system continues to expand and outside confidence in Lebanese banks appears unaffected. A central bank was created and during the year the banks were busy tightening their credit arrangements to fall in line with the central bank's directives.

The trade deficit continues to increase but earnings on invisibles compensate for it. A valuable source of income for Lebanon is remittances (about $40 million a year) from Lebanese emigrants abroad. The Government is anxious to encourage greater investment in the economy by expatriates by offering them special incentives.

In spite of, or perhaps because of, the lack of substantial foreign aid, Lebanon is a good example of how economic prosperity can be achieved under a Government dedi-

90210—2½

cated to free enterprise tempered by social justice.

Development Projects

Preliminary figures for the 1965 Budget put total expenditure at about $185 million, 7.5 per cent more than in 1964. For the Five Year Plan, which should run from 1965-70, over $300 million is already available for the first three years but some financing for the two final years will have to come from abroad. Loans are being sought from the World Bank, the U.S., Kuwait, and other sources.

Among the major projects included in the Plan are a 120-kilometre coastal road linking Sidon and Tripoli via Beirut, a cement plant at Siblin south of Beirut (this will be Lebanon's third cement plant) and the expansion of the tobacco industry. The attention of the Government has for some time been centered on works being completed rather than on new projects. New projects that should begin as soon as funds are available include buildings to house government offices, silos at Beirut port, regulation of the Beirut River and the Abu-Ali River, a dam and reservoir at Zgorta, and town planning and a sewerage system at Jounieh.

Industrial Expansion Encouraged

Industry takes third place in Lebanon, after trade and agriculture, but the feeling is that the economy needs diversification and that this can only be achieved by industrialization. In spite of the Lebanese liking for quick returns on investment and a reluctance to tie up money in industry, there are signs that private investors are turning a little more to industry. One problem is that the domestic market is small and raw materials limited.

The Government has shown signs of co-operating in industrial growth by developing hydro-electric power and improving communications and port equipment. A program has been worked out in collaboration with the Lebanese Association of Industrialists which aims at promoting industry, absorbing the increase in population, and raising per capita income, as well as encouraging private initiative. To attain this goal, it is proposed that imports of capital goods remain unrestricted to the greatest possible extent; that the quality of industrial production be improved, and that monopolies be combatted, competition encouraged, and consumer interests protected. It has also been recommended that the Government encourage domestic production by instituting tariffs to protect industry. The Government also has a scheme for setting up industrial free zones at Tripoli and Sidon to be controlled by the port authorities. A bill is being drafted to exempt from taxes enterprises contributing to industrial development.

Agriculture and Fisheries

The fruit export season has on the whole been disappointing and the Government is concerned about future trends. With an estimated 20 per cent increase in the 1964/65 apple crop over the previous year, the Lebanese apple industry is concerned about sales. Among its plans are a selling campaign abroad and an agreement with the U.S.S.R. for exchange of Lebanese fruit against manufactured goods. There are also plans to improve fruit transport facilities. The fruit office has produced a plan for a central body to deal with the local buying and exporting of fruit crops, to be managed on a mixed state and private basis. Whether this plan will be acceptable to the Lebanese exporters remains to be seen.

TABLE I

LEBANESE AGRICULTURAL PRODUCTION 1964 (est.)

	(metric tons)
Wheat	40,000
Apples	85,000
Oranges	110,000
Lemons	42,000
Onions	10,000
Potatoes	65,000
Olives	35,000
Edible olive oil	7,000
Leaf tobacco	5,000

Of the 1964/65 fruit crop, almost 89 per cent went to Arab countries and 11 per cent to the U.S.S.R. Minor amounts were shipped to West African countries and West Germany. The Eastern European countries are showing greater interest in Lebanese apples.

Table I gives 1964 production estimates of the principal Lebanese agricultural products.

The Green Plan, the objective of which is the improvement of the Lebanese soil, is under way and the Lebanese authorities have also announced a "Blue Plan" aimed at exploiting maritime and river resources. The initial phase is to last two to three years, starting in 1966. It will include acquiring fishing boats of various sizes, setting up administrative services to implement the plan, and the improvement of marketing facilities. A second phase, to start in 1968, will emphasize processing industries and training and apprenticeship in fishing.

Foreign Trade Vital

Foreign trade provides over 64 per cent of Lebanon's national income. Last year both the tonnage of goods handled at the port of Beirut and total customs receipts revealed a steady improvement in trade over 1963. As a result, foreign exchange holdings at the end of the year were considerably higher than a year earlier. Britain remains Lebanon's leading supplier and British goods bought include pharmaceuticals, woollen fibres and textiles, machinery and automobiles. The United States comes second, supplying mainly cereals, raw cotton and cotton textiles, domestic appliances and automobiles. Other important suppliers are Syria, West Germany, France and Italy.

Lebanese exports cover only 16 per cent of the cost of imports. Despite the trade deficit, the balance of payments is favourable because of movements of capital, the wide range of services supplied to foreign countries, and the tourist trade. Capital income derives from transfers of earnings, capital investment, foreign aid and remittances from Lebanese emigrants.

The Lebanese Government is taking measures to encourage trade by keeping the largest possible number of products free of licensing, establishing reasonable customs duties, and in some instances entering into bilateral trade agreements. In spite of difficulties earlier in the year in fruit exporting, prospects for Lebanon's foreign trade are good.

Imports play a more important rôle in the economy of Lebanon than in most countries and a significant portion of earnings is used to purchase goods abroad. Because of the relatively small extent of Lebanon's industry, practically all consumer goods and its industrial needs must be imported. In fact, an estimated 50 per cent of the goods available for consumption in Lebanon originates outside the country.

Transit Trade Important

Re-exports and transit trade have always been important factors in Lebanese foreign trade. The volume of merchandise in transit normally exceeds the combined volume of imports and exports and involves goods imported provisionally into the free zone or bonded warehouses. The transit trade tonnage showed a 55.5 per cent gain in 1964 and the freight tonnage unloaded went up 12 per cent. Freight loaded was up 41 per cent.

The port of Beirut is at present sheltered by a pier 1,297 metres long and consists of two basins covering areas of 52 and 47 acres. The quays total 2,294 metres in length and offer berths for about ten ships of large and medium tonnage. A third basin is being built and once the work is completed, the area covered by the basins will increase to over 160 acres and 20 ships should be able to berth simultaneously.

Eager to benefit from its favourable geographical position, Lebanon has adopted the drawback system designed to encourage re-exports. In the free zone, which covers an area of 132,500 square metres and may be extended, materials exempt from customs regulations are stored or converted. A carpet bazaar, a coffee packing factory, vegetable processing plant, garment manufacturing workshops, and distribution centres are all enterprises located within the free zone. When products leave the zone, duty is charged on them if they enter Lebanon, but they remain exempt if they are dispatched to other countries.

Trade with Canada

Canadian exporters are becoming increasingly aware of Lebanon as an important entrepôt trading centre for the Middle East. In 1964, more representatives of Canadian firms visited the country and appointed local agents, a first requirement for entering the Lebanese market. Lebanon imports over $500 million worth of goods a year, but only ½ per cent of these come from Canada, so there is considerable scope for an increase in our share of this sophisticated market. Imports needed in volume include processed foodstuffs, flour, dairy products, iron and steel and sundry manufactured goods. Canada's exports to Lebanon consist chiefly of flour, household appliances, milk preparations, asbestos fibres, aluminum, automobiles, pharmaceuticals, tires and tubes, lumber and paper products. Table II shows the trend of Canadian exports to Lebanon during the last three years.

Canada's imports from Lebanon consist of a few commodities valued at $64,935 in 1963 and only $35,112 in January-June 1964.

Selling Problems

Canadians selling in Lebanon face several problems. Lebanese businessmen often cite higher prices as a deterrent to buying Canadian products. They complain of difficulty in obtaining credit from Canadian suppliers and say that terms are not as attractive as those offered by competing European and Japanese firms. They agree that Canadian quality is often superior but feel that the price differential frequently does not seem justified.

The personal touch is important in this part of the world. With his intimate knowledge of the product, the exporter is better able to convince a prospective buyer through a visit than by correspondence or through someone acting on his behalf.

There is little apparent reason for Canadian lack of interest in this small but worthwhile market. It is a free market for foreign exchange which importers can purchase through any of the authorized banks at current rates. Although imports are not completely uncontrolled because there is a short list of prohibited imports and items requiring import licences, Lebanon offers a good market for a wide range of unrestricted commodities.

Under the Lebanese customs tariff, Canada receives most-favoured-nation treatment; only Arab League states enjoy special preferences. A few years ago, Lebanon withdrew from the GATT and there are no indications that it is considering joining again. Rates of duty in the Lebanese customs tariff are low for industrial equipment and raw materials, and the rate on a large range of consumer and other goods is 25 per cent ad valorem. The official rate, previously set at one Canadian dollar equals one U.S. dollar equals Lebanese pounds 2.20 for customs purposes, was raised, effective January 1, 1965, to one U.S. dollar equals 3.08 Lebanese pounds and one Canadian dollar equals 2.85 Lebanese pounds. The change does not affect trade because foreign exchange remains freely available on the open market. Basically, the official rate is used only in official

TABLE II

CANADIAN EXPORTS TO LEBANON

	(Canadian $)
1961	2,483,613
1962	2,243,522
1963	2,365,135
1963 (Jan. to Oct.)	1,951,323
1964 (Jan. to Oct.)	2,096,467

transactions between the State and the public and for the calculation of duties on imported goods. The Customs Administration, to prevent an increase in duties, has proposed that customs duties be reduced proportionately. For example, an article on which a 25 per cent duty is now levied would become subject to a duty of 17.77 per cent. The revised customs duty list has been prepared and the Customs authorities are currently seeking approval of the new rates by the Cabinet.

Market Prospects

A share of the wealth of neighbouring oil-rich countries flows into Lebanon in exchange for a wide range of foreign goods available there. The free movement of capital, the free convertibility of the Lebanese pound, low taxation, and a growing tourist industry make Lebanon a wealthy market in itself and the logical first objective in any drive for trade in the Middle East. The level of prosperity and business activity is expected to continue high well into 1965. As income rises, more imported goods—such as washing machines, refrigerators, automotive products, etc.—become normal purchases. Lebanon's per capita income is now about $400 a year, highest among Arab countries with the exception of Kuwait.

In spite of increased competition from Europe, Australia, South Asia, Japan and the United States, Canadian exports to Lebanon should continue to expand. With funds available for implementing projects contemplated under the Five Year Plan and an increasing demand for consumer goods, prospects for Canadian exports of goods and services appear favourable. Lebanon is, in particular, a good market for foodstuffs, household appliances, paper and paper products, pharmaceuticals, cosmetics, iron and steel, building materials and hardware, automotive spare parts and accessories, synthetic yarns, and electrical generating and transmission equipment. ●

Syria

- Disrupted economy improving and prospects now brighter.
- Increasing agricultural exports should boost exchange reserves.
- Canadian sales possible, but only with vigorous effort.

The history of Syria and its capital, Damascus, goes back to Biblical times and this has resulted in a surprising variety of languages and religions. As in many developing Middle East countries, the old exists with the new. Above is part of the old—a street in Damascus, city of over half a million.

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

THE Syrian economy suffered a recession in 1963 and had not recovered by the end of 1964. One of the causes of this recession was the four-year drought from 1958 to 1961. This disrupted business to such an extent that even after crop production returned to normal, the general economy remained depressed. Most of the foreign exchange earnings are derived from cereal and cotton exports, and these moved slowly in 1964. Nationalization of the major industries also caused some disruption and a loss of confidence by the business community.

Agricultural Sales Decline

In 1963, cotton accounted for 48 per cent of Syria's exports by value but for the first three quarters of 1964, this level was not maintained. At the end of September advance cotton sales amounted to only 9,075 tons compared with 42,845 tons in the same period of 1963. All the buyers were European except for Japan; the big purchasers of 1963, the U.S.S.R. and Communist China, did not enter the market in 1964. Cotton merchants, however, were correct in their earlier assumption that sales would improve and a contract recently negotiated with Communist China provides for the sale of 36,150 tons.

The 1964 wheat harvest, estimated at 1.5 million tons, was 300,000 tons over that of 1963. Increased wheat exports were expected to strengthen the foreign exchange position but wheat and barley sold abroad at a slower pace than in the previous year. Syria has lost part of its important European market. The European Economic Community introduced new marketing regulations which make Syria produce less competitive in terms of price. Some resistance has developed against Syrian wheat in European markets because of inconsistent quality. Exports to neighbouring Arab countries have also not been up to expectations. The Food and Agriculture Organization is working with Syrian farmers to increase production and improve the quality of wheat and barley. The United States granted $14.7 million towards a silo-building program. Extra financial assistance was given by the U.S. Export-Import Bank.

Nationalization Affects Business

Industry has been adversely affected by political uncertainties. Although small by Canadian standards, Syrian industry provides 15 per cent of the national income. The principal sector is textiles, mostly cotton but including some wool and artificial fibres. There are also glass, soap, food processing, tanning, refining and light assembly plants. In the spring of 1964, five textile factories and a plywood factory were nationalized. In January 1965, the Government took over 115 companies with a total capital estimated at more than $70 million.

At the time of the initial nationalizations, the private sector's confidence reached a new low. To stem the reported large outflow of capital, the Government introduced nationalization. It has also set up an organization to handle all imports and exports of nationalized companies. The Government now effectively controls all Syrian industry and the banking system has been in the hands of the state since May 1963.

Future Development Planned

The First Five Year Plan (1960-1965) fell short of expected targets. By the end of 1963, public investment was estimated at only 71 per cent of the expected total. Private investment was also disappointing. A Second Five Year Plan superseding the original went into effect in January 1965. The new plan's objectives are to double national income by the end of the period, prepare for integration with other Arab economies, increase industrialization, and improve agriculture. Emphasis is placed, as in the former plan, on phosphate and salt mining, oil production, a new airport at Damascus, and intensive exploitation of the country's water resources for irrigation and electric power. The Euphrates Dam, the most important project of the First Five Year Plan, will irrigate over 300,000 acres of land when completed and should increase total electric power production by 990,000 kilowatts by 1985. For this project, a West German consortium of 17 major contracting and industrial companies has been negotiating with the Syrian Government. The consortium offered to arrange additional private financing over and above the $88 million West German loan, and was given a year to find the necessary capital.

Some progress has been made in plans for the Damascus international airport. A French company is reportedly interested in this scheme, which is backed by a French government credit of 250 million francs (U.S.$50 million).

Syria's oil production potential is estimated at about seven million tons a year for the next 30 years. After several years of talks with a number of foreign groups, the Government has decided to exploit the oil reserves without foreign participation.

The aims of the present Five Year Plan appear attainable, given energetic and effective implementation.

Trade Deficit Increases

Syria's foreign trade deficit for the first half of 1964 reached Can. $4.7 million compared with Can. $3.3 million in the first half of 1963.

In the January-June period, exports fell from Can.$17.3 million in 1963 to Can.$14.4 million in 1964. Cotton exports decreased from Can.$10.8 million in the first half of 1963 to Can.$8.9 million in the first half of 1964, and cereals dropped from Can.$1.8 million to about Can.$1 million in the same period.

Total imports decreased from Can.$120.6 million in January-June 1963 to Can.$119 million for the same period in 1964. The decline in imports is likely to be more marked during the second half of 1964, when the majority of shipments arrived and the full impact of the new trading restrictions began to be felt. In January-June, Canadian exports to Syria fell from $394,000 in 1963 to $215,000 in 1964.

In 1963, West Germany was the leading supplier, providing 13.2 per cent (Can.$32.3 million) of Syria's total imports of Can.$244.6 million; Britain sold Can.$25.8 million, or 10 per cent. The United States share was 7 per cent and that of Iraq, France and Italy was 5 to 6 per cent. Canada's exports of $713,000 barely equalled a third of one per cent of Syria's imports.

Foreign Sales Slacken

Syria's exports were valued at Can.$201.9 million in 1963 and the main customers were Lebanon, Communist China, Italy, France and the U.S.S.R. China took 34 per cent of total cotton exports compared with 12 per cent in 1962. The bulk of Syria's $361,900 worth of exports to Canada that year consisted of cotton linters.

Table I lists the main Canadian products sold in Syria. Automobiles have been the most important export for some time but it now appears that licences for automobiles have been issued in a restrictive manner, decreasing considerably the number of units admitted into Syria. Shipments of automobiles totalled Can.$28,800 for the first half of 1964 compared with $164,200 for the same period in 1963. Other principal exports are textile rags, sheet and strip steel, synthetic yarn and thread, pharmaceuticals and disc harrows.

Restrictions Imposed

Strict foreign exchange regulations are enforced. Some foreign exchange may be obtained from a limited free exchange market but for licensed imports, Canadian exporters can expect to wait at least four months for payment in dollars.

TABLE I

PRINCIPAL CANADIAN EXPORTS TO SYRIA

	1963	Jan.-June 1963	Jan.-June 1964
	(Can.$'000)		
Automobiles	242.3	164.2	28.8
Textile rags	85.0	48.8	33.4
Sheet and strip steel galvanized	77.2	25.6	24.0
Yarn and thread of synthetic fibre	42.0	31.7	2.0
Medicines and pharmaceuticals	38.5	37.1	0.8
Sheet and strip steel	35.3	9.2	6.9
Disc harrows and parts	33.6	....	....
Skim milk powder	31.0	....	....
Antibiotics	13.4	0.9	....
Lumber, Douglas fir	7.8	3.9	22.8
Asbestos brake facings	9.2	5.1	15.0
Total	**713.0**	**394.0**	**214.7**

TABLE II

CANADIAN TRADE WITH SYRIA

	Exports	Imports
	(Can.$'000)	
1959	1,067	183
1960	674	127
1961	364.2	263
1962	560.2	455
1963	713	361.9

An ad valorem protective tariff and quantitative import restrictions are also in force to conserve foreign exchange. Nearly all imports except small parcel post shipments require licences. To obtain a licence an importer must deposit in advance 15, 40, or 70 per cent of the cost of the proposed import, according to a priority system that assesses products in relation to the needs of the country. Import licences for goods similar to those manufactured locally may be refused.

A substantial improvement in business conditions in the near future is unlikely. Limitations on imports will probably be maintained for some time in an effort to correct the country's balance-of-payments deficit.

Canadian Sales Are Possible

There are few opportunities for sales of consumer goods. Imports of washing machines and refrigerators are severely restricted because of local assembly and domestic production of canned foodstuffs and other food products precludes extensive sales in this area. There is some demand for electrical appliances but these must be competitive with low-priced Chinese, Japanese and European goods.

There is a potential market for agricultural equipment, pumps and irrigation equipment, and pharmaceuticals, and for capital goods for development projects. Opportunities for Canadian consulting engineers may also appear but usually the foreign country providing a project grant or loan gets the job. If the World Bank, the Kuwait Arab Development Fund or other international agencies provide aid for specific projects, all countries may compete but competition is keen.

Despite the difficulties of the past few years, the Syrian market should not be overlooked. An upswing in agricultural exports, anticipated foreign aid, and the successful working of nationalized industries should set the economy running smoothly again.

The Canadian company wishing to keep abreast of announcements of opportunities through government tenders must employ a Syrian agent. The Beirut office welcomes the opportunity to recommend active contacts to interested Canadian firms.

The Post Office Says . . .

Uncertified cheques will now be accepted from post office patrons who regularly present cheques for the purchase of postal values or services (including unemployment insurance stamps) if the patron will arrange with his bank to have a letter issued guaranteeing any cheques presented. The cheques must be made payable to the Receiver General of Canada. The letter of guarantee, which is to be addressed to the postmaster to whom the cheques will be presented, must (1) specify the maximum amount of any cheques which will be guaranteed, (2) state the purpose for which the cheques are being issued and (3) have an expiry date.

The words "Middle East" usually bring to mind visions of date palms. Dates are one of Iraq's most important agricultural products and its main export to Canada ($700,000 worth in 1963). In the photograph, plantation workers are crating dates for later packing and fumigation, done in the port of Basrah before they are shipped.

Iraq

- **Government controls major part of import and domestic trade.**
- **Tariffs on less essential products may be increased.**
- **Canadian exporters must adjust sales approach to new conditions.**

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

THE nationalization measures of midsummer overshadowed all other economic developments in Iraq during 1964. The year started sluggishly: public investment in the development sector was curtailed, private investors held back until the political situation was stabilized, the recently harvested crops were not up to expectation, and because the buying public was unwilling or unable to commit itself to new purchases, retail trade slumped. But in July the Government brought in its sweeping nationalization measures and if by year-end these measures had not succeeded in remedying the economic recession entirely, they set the stage for improved performance in 1965.

Nationalization Instituted

Nationalization went off smoothly considering the magnitude of the measures. The State now owns all banks and insurance companies and some thirty of the larger trading and industrial companies. Medium-sized and small firms were left in private hands and private investors will be allowed to set up new plants. However, the Government's monopoly of imports of pharmaceuticals, tea, wheat, rice, automobiles, spare parts, tires, etc., decreed later in the year, has curtailed the private merchants' scope.

"Economic Establishments" were formed to direct nationalized enterprises and these in turn were meshed into a huge and powerful Economic Organization. This giant corporation will be the State's instrument for developing industry and trade. With government control of the major part of import and internal trade and of the overwhelming majority of mining and manufacturing enterprises (other than oil) the State has virtually complete control over the economy. The private sector still has a rôle to play but this seems to be largely confined to retail trade and the production of consumer goods.

The immediate results of the midsummer economic enactments were not altogether favourable. Except for the activities of the government import monopolies, trade in any but essential commodities ground to a virtual halt. Nationalization came as a distinct shock to the business community and the household appliances market was particularly hard hit. Consumers not only postponed purchases of things like refrigerators and washing machines but also put off paying for past purchases. In addition, the newly nationalized banks cut back on overdrafts and many dealers were hard put for cash to clear shipments from Customs. Business improved somewhat late in the year but it is reported that appliance inventories generally are still sufficient for two normal trading years.

Effects on Import Trade

It is rumoured that the Government may increase the duties on less essential items. This measure would be in keeping with the tariff increases already in effect on products of established industries and it would complement the State's announced intention to finance (through its Industrial Bank) an expansion of local manufacture or assembly of many consumer goods. Thus the prospects for maintaining or increasing Canadian sales of such goods as commercial appliances and machinery to Iraq are uncertain. On the other hand, if there should be difficulties in exporting such products, Canadian firms currently selling these to Iraq and interested in licensing arrangements may be able to negotiate profitable agreements.

With the July measures, Iraq became to a large extent a state-trading nation. Canadian export opportunities (with the exception of consumer and luxury goods noted above) do not appear to have suffered as a result. In fact, prospects are encouraging for broadening and increasing our trade in some sectors, particularly in goods needed for state development projects.

New Five Year Plan

The Government's professed policy is a planned and orderly expansion of the economy. The key is the new Five Year Detailed Economic Plan now being formulated. The plan is expected to be published in April and to reveal major increases in public-financed development projects. The forecast is that the present development allocation of approximately Can.$315 million a year will be substantially increased to permit publication of international tenders and quick starts on the design and construction of a variety of undertakings. Planned projects include expanded telecommunications facilities, factories, roads and bridges, drainage, hydroelectric and irrigation schemes, a steel mill, oil refinery additions, and several large building and urban renewal complexes in Baghdad. There are opportunities for Canadian consulting, engineering and contracting services and for sales of capital goods and raw materials.

TABLE I

IRAQ'S PRINCIPAL IMPORTS—1963*

Commodity Group	Value (Can.$'000)
Tea	26,283.3
Iron and steel (bars, rods, tubes, plates)	23,645.7
Non-electric industrial machinery (boilers, textile equipment)	20,575.5
Chemicals (organic, inorganic and prepared)	18,312.3
Cotton and woollen textiles (piecegoods and carpets)	17,875.8
Electrical appliances and commercial machinery (refrigerators, stoves, air conditioners, TV, washing machines)	17,422.2
Motor vehicles (cars, trucks, chassis)	17,103.9
Synthetic textiles (piecegoods)	14,865.0
Forest products (lumber, paper and products)	13,694.4
Sugar	12,190.1
Other textile materials (yarns, used clothing)	11,839.8
Engines and spare parts (automobiles, spare parts)	11,425.8
Fruit and vegetables (fresh, canned)	10,747.2
Construction and farm machinery (earthmoving, tractors)	10,246.5
Electrical machinery (generating, transmission, fans)	9,388.8
Vegetable oils and animal fats	7,791.3
Cereals	7,353.3
Tires and tubes	7,060.8
Glass (ceramics)	5,476.8
Dairy products (meat, eggs, honey)	2,477.1
Total, including all others	**341,976.0**

*Latest available year.
Source: Iraq Ministry of Planning, Central Bureau of Statistics.

Opportunities Change

A glance at the twenty major items that comprise over 75 per cent of Iraq's imports as shown in Table I reveals that it consistently purchases large quantities of basic commodities such as foodstuffs, electrical and non-electrical machinery, steel products, textiles and chemicals. This year, imports of these products are expected to increase, with some cutbacks in purchases of consumer goods, motor vehicles and luxury products. If Table I (Iraq's principal imports) is compared with Table II (Canada's main exports to Iraq), it becomes evident that our sales efforts could profitably be reappraised and focused on items that offer the best prospects. The accent on consumer goods may have to be changed but there is room for expanding exports of industrial machinery, electrical and communications equipment, spare parts and lumber.

Purchasing Is Centralized

One favourable aspect of state trading as it affects Canadian sales potential is the streamlining and centralizing of purchasing. Formerly a number of departments placed government orders; now a central buying office has been set up in each Economic Establishment. For example, the Government Purchasing Board is playing an increasingly important role in the import and distribution of several basic foodstuffs. The GPB has a monopoly on imports of tea, sugar and rice but also competes with private merchants in the import, local purchase and distribution of other food products. It controls a chain of over 1,000 privately-owned retail stores throughout the country and operates three large outlets of its own. Volume buying is possible and this opens the door to Canadian foodstuffs previously uncompetitive in price because of small shipments and correspondingly high ocean freight rates. The same is true of other goods such as stationery, tools, synthetic yarns and fabrics, copper and chemicals required by the various government purchasing departments.

The recently appointed state purchasing companies, departments and boards are not yet operating at top efficiency but their personnel are quickly becoming familiar with the new procedures. Heads of purchasing are readily accessible and

TABLE II

WHAT CANADA SELLS TO IRAQ

Commodity Group	**1963**	**Ten months 1964**	**Commodity Group**	**1963**	**Ten months 1964**
	(Can.$'000)			**(Can.$'000)**	
Sugar	1,709.5	....	Construction and farm machinery (spare parts)	57.5	8.2
Iron/steel products (sheet, strip, etc.)	798.4	104.1	Engines and spare parts (fasteners)	47.9	54.6
Commercial appliances and machinery (refrigerators, washing machines and parts)	168.8	159.9	Industrial machinery (shoe-making equipment)	36.8	1.2
Asbestos fibres	91.0	137.7	Electrical machinery (transmission equipment)	30.8	0.9
Motor vehicles (automobiles and chassis)	81.1	....	Plastics and synthetic rubber	25.5	20.8
Dairy products (milk powder and skim milk)	76.9	....	Copper alloy (pipes, tubes)	....	61.8
Fruit and vegetables (canned baby foods)	68.2	65.8	Firebrick	....	23.6
Aluminum (pigs, ingots, slabs)	62.6	....	**Total exports, including all others**	**3,375.5**	**737.9**
Pharmaceuticals (biologicals, antibiotics, vitamins)	62.0	33.3			

Source: Dominion Bureau of Statistics.

co-operative; foreign businessmen have reported no difficulty in arranging appointments, no doubt because the buyers prefer to deal direct with the supplier. It is important that a company representative make the initial sales approach; a local agent is still important but is most effective for liaison and the follow-up necessary to secure repeat orders. The Beirut office is familiar with the organization and specific purchasing responsibilities of each Economic Establishment or nationalized company and can counsel Canadian businessmen on the most effective sales approach.

Exchange Holdings Substantial

Canadian suppliers need not worry about Iraq's ability to pay for the goods or services it contracts for. The balance-of-payments position is strong and foreign exchange holdings at the end of last October stood at approximately Can.$310 million, the highest in five years and equivalent to about ten months' imports. This favourable position stems almost entirely from oil revenues, expected to reach an all-time record of Can.$360 million for 1964. Higher receipts from inheritance and income taxes thanks to recent changes in the law and the new revenues from nationalized companies have also expanded state income.

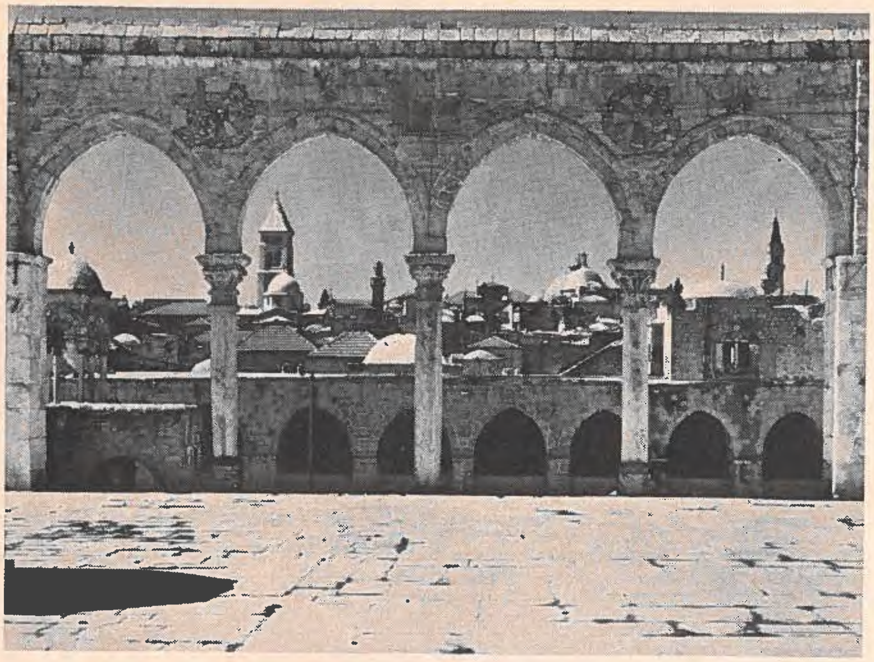
Solid government control, a carefully planned approach to development expenditures, and a year of relative political stability have prompted offers of loans and credits from several international sources. The United States, in addition to carrying over undelivered commodities from its last $2 million PL 480 contract, is reported to be negotiating a new PL 480 agreement, mostly for wheat. It has also provided $5.5 million for a power plant expansion and funds for improving the date-processing industry. Late in 1964 the World Bank granted a loan of U.S.$23 million for new roads and bridges.

Agricultural Output Low

Agriculture is not a strong point in the Iraqi economy. The latest wheat harvest, although larger than in 1963, is insufficient to meet the country's needs and foreign exchange will have to be spent on imports not covered by foreign aid. Barley stocks are adequate but there is less for export to traditional markets. The 1964 rice crop is said to be as good as in 1963 and imports of this commodity are expected to be limited. Cotton made the best record: production doubled during 1964 and the Government authorized exports.

Personal Contact Needed

All things considered, the economy of Iraq appears well managed, on a solid footing, and set for expansion in 1965. So far the country has avoided the more rigid or exclusive buying practices of some other state-trading countries. But Canadian exporters and potential exporters must adjust their approach to the new conditions. Business by correspondence, firm prices, honouring of delivery dates and, especially in government tenders, strict adherence to contract specifications is not enough—personal contact has taken on new importance. New state purchasing officials want to meet suppliers and the confidence of agents needs to be restored by the active support of their principals. A business trip to Iraq can be easy, enjoyable and profitable, and economic changes and adjustments over the past seven months now make it almost a necessity. ●



Jordan as an independent state is a twentieth century development but the country is steeped in history. Bethlehem, Jericho and the old section of Jerusalem lie within its borders. Here is a view that might have greeted the Crusaders riding into the city.

Jordan

- **Economy improving but foreign aid still needed.**
- **Industrial and agricultural production increasing.**
- **Effective promotion could increase Canadian sales.**

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

JORDAN'S economy made significant gains in 1964 after two years of relative stagnation. A record agricultural crop, an increase in the tourist trade, expanded exports of phosphates, and continued external aid achieved an estimated 10 per cent advance in the gross national product. The balance-of-payments and budgetary situations improved and imports decreased.

The tourist trade is the brightest spot on Jordan's economic horizon. Authorities estimate that over 350,000 visitors came to Jordan in 1964, the fifth successive year in which tourist numbers and revenues have risen impressively. In 1963, income from tourists totalled approximately Can.$7.3 million.

Jordan requires foreign aid to balance its international trade and finance development projects. The United States is the major contributor, with grants of U.S.$33 million in 1965. Britain makes an annual grant of £1.5 million. In addition, the United States, Britain, West Germany, the World Bank and the Kuwait Fund for Arab Economic Development make loans for specific projects.

Agriculture Being Modernized

The majority of Jordan's 1.5 million people earn their living from agriculture. Until recently agricultural practices had changed little since Biblical times but modern methods and the use of machinery are taking hold. Most of the country is desert and only 10 per cent of it is under cultivation. With water in short supply, the amount of rain determines the size of the crops. In 1963, the important East Ghor Canal scheme made it possible to irrigate several thousand more acres of land. The main crops are cereals, fruits and vegetables.

The Jordanian Government is making major efforts to encourage the expansion of agricultural production. The recently created Agricultural Credit Corporation, with U.S. assistance, makes small loans to farmers. An Export Marketing Association was established to control the processing, grading and exporting of fruits and vegetables. The association is seeking a greater share of the Persian Gulf, Syrian and Lebanese markets. Trial exports of citrus fruits have been made to Britain and Germany.

In 1964, early rains encouraged farmers to expand wheat and barley acreage. The timing, distribution and quantity of the later rainfall resulted in an increase of about 30 per cent in these crops.

Industrial Output Rising

Industrial production is also rising. In 1963, phosphates accounted for 25 per cent of total exports and shipments are said to have increased last year. Sales contracts were negotiated with countries in Eastern Europe and South Asia and prospects for additional exports seem brighter. New finds are being exploited and shipping facilities at Aqaba improved. A new pricing arrangement agreed upon by Jordan and other Arab phosphate-producing countries should further strengthen Jordan's export position.

Cement production rose from 235,000 tons in 1962 to 258,000 tons in 1963. This covered Jordan's needs and permitted small exports to Saudi Arabia. A new wet-cell battery plant expanded output sufficiently to start exporting to neighbouring Arab countries. Production at the Jordan oil refinery was up by 10 per cent in 1963 and now meets domestic needs except for diesel fuel. Cigarette production rose slightly and the vegetable oil factory increased output to 5,976 tons in 1963, or almost 50 per cent.

New industries were started to manufacture toilet soap, soft drinks, chocolates, glucose, paints, tin cans, blankets and rugs. The Ministry of National Economy has issued new licences for factories to produce plywood, textiles, cement pipes, paper bags for cement, fruit and vegetable juices, foam rubber and pharmaceuticals.

Development Planning

The Government hopes to attract more foreign investment for new industries. The Seven-Year Development Plan (1964-1971) charts investment opportunities in Jordan's growing private sector at more than Can.$300 million. Much of this private investment is to come from the country's own business community but at least a third must come from outside sources, either as independent enterprises or as joint ventures with Jordanian nationals.

Over the seven-year period, public sector investment will cover two main agricultural projects: the Yarmouk Dam and the irrigation of the Jordan Valley at an estimated total cost of Can.$90.6 million. The Yarmouk hydro-electric project alone is expected to cost Can.$27 million. Other investment will be made in phosphate production, copper mining, Dead Sea potash production and the railway.

The Development Board hopes to raise the GNP by 50 per cent by 1969/1970. This will substantially reduce Jordan's dependence on foreign aid.

Trade Deficit Large

In 1963, Jordanian exports rose to Can.$16.6 million compared with $14.8 million in 1962. Over the same period, however, imports rose from Can.$137.7 million to Can. $153.4 million.

Principal customers were the Arab League States, which took 72 per cent of Jordan's total exports and particularly vegetables, fruit, olive oil and cigarettes. Yugoslavia, Czechoslovakia, India and Poland were the main purchasers of Jordanian phosphates. Canada imported $2,744 worth of goods in 1963, chiefly Holy Land handicraft items. For the first nine months of 1964, Canadian imports totalled Can.$2,809.

Britain is Jordan's largest single supplier and in 1963 provided 14.5 per cent of total imports. The United States followed closely with 13.8 per cent, the European Economic Community sold 18.8 per cent, and Japan 4.4 per cent. In 1963, Canada's sales totalled Can. $243,827, or about 0.8 per cent of Jordan's total imports. For the first nine months of 1964, Canadian exports reached $163,300, a drop from the $195,795 of the same period in 1963 (See Table I).

Canadian Exports

Of the 76 commodities Jordan bought from Canada in 1963, washing machines, automobiles, laminated plastic materials, tires and wheat flour were the main items. Washing machine sales showed a 300 per cent gain over 1962.

TABLE I

CANADA'S EXPORTS TO JORDAN

	(Canadian $)
1960	131,499
1961	297,690
1962	145,050
1963	243,827
1963 (Jan.-Oct.)	195,795
1964 (Jan.-Oct.)	163,300

In this market, the price of a product rather than its quality is the prime consideration. The Canadian goods currently being sold have the twofold advantage of competitive prices and excellent workmanship. The Canadian manufacturers who share this business follow similar approaches. They each have active agents and back them up with ample promotion support and personal visits. Their success has prompted inquiries from Jordanian businessmen who wish contact with other Canadian companies. There is no shortage of qualified agents in the major cities of Amman, Nablus and Jerusalem.

Future Prospects

In all probability, Jordanian imports last year did not maintain the high level of 1963. In 1963 there was a 40 per cent drop in gross reserves and in commercial bank reserves. To counteract this downward trend, a number of measures were introduced last year to limit imports. Banks tightened up credit terms. Customs duties were raised by 3 per cent and an additional 1 per cent was added to finance the building of a new sports stadium and extensions to the university. The measure requiring agents for consumer goods to deposit 25 per cent of the value of letters of credit upon opening them will restrict these imports. It is the Government's policy not to grant import licences and foreign exchange for goods produced in sufficient volume locally.

It must also be remembered that the small population, the low per capita income of the Jordanians ($214), and the competition of low-priced European goods will continue to limit sales of Canadian products. However, sales could rise if Canadian exporters pay greater attention to small-volume customers. There are opportunities for selling foodstuffs, pharmaceuticals and domestic appliances and development schemes will require heavy machinery, equipment and capital goods. Some of these projects, notably those financed by international agencies, may provide opportunities for Canadian and technical services.

A local agent is essential in this market, whether a company is selling food products or capital goods and engineering services. Canadian companies desiring a representative in Jordan should contact our office in Beirut. We shall be pleased to put interested firms in touch with active agents who can keep Canadian products and services in front of Jordanian consumers and government organizations. ●

Saudi Arabia

- **Thriving oil industry has created new consumer demands.**
- **Many new industries and development projects planned.**
- **All manufactured goods and many foodstuffs imported.**

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

SAUDI ARABIA is one of the wealthiest of the Middle East oil states. Royalties from oil production, salaries paid to local workers, investment in the oil industry, and purchases by the oil companies from Saudi Arabian suppliers are the main sources of income. Oil revenues alone account for 86 per cent of revenues. The Saudi Arabian Monetary Agency, which fulfills the functions of a central bank, values these revenues for 1963 at $456.2 million (1964 figures not available). Another major source of income is the pilgrimage to Mecca made by Moslems from other countries who spend about $50 million each year in Saudi Arabia.

But the Government is not content with an oil-based economy and is working to improve investment and develop other resources and industries. In 1962 it set up the General Organization for Petroleum and Minerals (PETROMIN) which will participate in projects in which private capital may be unwilling or unable to invest. The Government continues to be concerned with improving investment in the private sector and recently announced a foreign investment law. It is carrying out aerial and geological surveys to assess the mineral wealth and is considering the development of a fisheries industry, following the FAO report that there is plenty of fish in the Red Sea.

Perhaps the most impressive achievement in the field of economic development in the last few years has been the sharp increase in spending under the Projects Budget, which accounts for 20 per cent of total government spending. Last year close to 80 per cent of the amount allocated was used. Table I gives a breakdown of Saudi Arabia's Projects Budget for 1963/64.

Agriculture Needs Irrigation

Although agriculture was the traditional basis of the Saudi Arabian economy, production is not sufficient and staple foods and some cereals must be imported. The Government is making determined efforts to improve output and is offering services and assistance to farmers through an agricultural credit bank. The development program includes the provision of machinery, fertilizers, and irrigation facilities, and the improvement of livestock and methods of cultivation. The Ministry of Agriculture is promoting modern farming techniques and mechanization is slowly spreading—tractors are becoming a familiar sight and farmers are beginning to use insecticides. A complete study of all plant life to determine its economic use has been undertaken, a fertilizer industry is being planned, and cereal growing and the improvement of cotton crops encouraged.

Half of Saudi Arabia is desert; the other half ranges from fair to poor farm land. The main crops are dates, alfalfa, wheat, barley, millet, rice, and some vegetables and fruit. Cultivation is limited by the lack of water and the Government has implemented or planned a number of irrigation projects. These include the Kutaif Water Distribution and Irrigation Plan, the Wadi Jisan Dam in the south to irrigate about 50,000 acres, the

TABLE I

SAUDI ARABIA'S PROJECTS BUDGET

	Total allocations (millions of U.S.$)	Per cent
Transport and communications*	43.8	28.0
Roads	24.3	15.5
Ports	3.8	2.4
Railways	1.0	0.6
Civil Aviation and Saudi Airways	8.8	5.6
PTT	5.8	3.7
Agriculture; livestock and water	19.2	12.2
Petroleum and minerals	5.1	3.3
Industry and commerce	1.9	1.2
Studies and surveys	1.3	0.9
Others	50.9	26.6
	155.9*	100.0

*Does not include $16.2 million allocated for PETROMIN projects (an iron and steel factory and an oil refinery in Jeddah).

Saudi Arabia, one of the wealthiest Middle East oil states, exported 1.6 million barrels of crude and refined oil products a day in 1963. That year, the refinery at Ras Tanura, where this supertanker was photographed, processed 97.5 million barrels.

Abha Dam project to store rainwater to irrigate land for growing apples, olives, grapes and figs.

New Industries Planned

Construction is probably the most important industry in Saudi Arabia today; others are the manufacture of cement, bricks, tiles, furniture and footwear, and an iron works and fruit drink bottling plant. Government plans include the establishment of rolling mills to manufacture reinforcing steel bars from imported steel billets, a petrochemical project, and an oil refinery on the west coast (construction of the first phase has been awarded to a British firm). A training program will be set up to provide Saudi technicians for future industries. Local investment will be encouraged in the industrial districts projected for Jeddah and Riyadh; a Pakistani engineering firm has been asked to conduct a survey and recommend industries suitable for these two complexes.

An agreement has been concluded between PETROMIN and two foreign firms to construct and manage two factories to produce liquid ammonia and sulphur. They will be built in Dammam and the Government will pay part of the construction cost.

Regulations now in force to protect and encourage national industries exempt tools, equipment and materials from customs duties. Other concessions include a tax-free period of operation. The Government is eager to encourage foreign participation in industrial development.

Development Program

Communications have priority in Saudi Arabia's development program. So far, hundreds of kilometres of road have been asphalted and more are under construction to meet the goal of 5,000 kilometres. Modernization work continues on the Hejaz railway line; a certain amount of equipment will be replaced but there will probably not be an immediate demand for locomotives and rolling stock. A British firm has been awarded the contract for a study of extensions to the port of Jeddah; improvements to the port of Yambo in the north and to other ports on the Persian Gulf are being considered. Several international companies have submitted tenders for a study of airport improvement projects. The installation of an automatic telephone system is also planned.

An agreement has been concluded between the Saudi Arabian Government and the Government of France to prospect for minerals and to conduct the processing and marketing inside and outside the country of any that are discovered. United States and Japanese geological missions are conducting a regional survey of mineral resources. Negotiations are under way to award oil concessions to oil-prospecting companies.

The Ministry of Agriculture has reached an agreement with a Swedish consulting firm for building a water-supply system in Riyadh. Two schemes to use desalinated seawater are being considered: a technical committee has been set up to study one that would use the water to produce hydroelectric power in Jeddah. U.S. experts under the United Nations are conducting a feasibility study of a second plan that would desalinate seawater for drinking and irrigation.

Foreign Trade

Trade has always been important to the Arabian economy. Before 1939, funds to pay for imports were earned from a few exports (mainly agricultural) and from expenditures by the pilgrims to Mecca. After

TABLE II

SAUDI ARABIA'S FOREIGN TRADE

	Exports	Imports
	(millions of Saudi riyals)*	
1958-59	2,947.9	964.7
1959-60	3,316.5	917.6
1960-61	3,888.5	1,052.9
1961-62	4,231.0	1,155.2
1962-63	4,405.3	1,385.8
1963-64 (9 mos.)	†	1,047.7

*From 1954 until 1960 the official exchange rate was 3.75 Saudi riyals to the U.S. dollar; in 1960 the official value of the riyal was lowered to 4.5125 per U.S. dollar.

†Not available.

Source: Saudi Arabian Monetary Agency.

World War II, imports rose rapidly as the oil industry boomed. They have continued to increase—from a value of about $150 million in 1958/59 to over $300 million in 1962/63, and to about $233 million for the first nine months of 1963/64. The United States is the leading supplier and is steadily increasing its share of the market. Britain is second, followed closely by Japan, West Germany and the Netherlands.

Saudi Arabian imports cover a wide field but the major ones are automobiles and trucks, heavy machinery for power generation, radios and household appliances, farm machinery, foodstuffs, textiles, furniture, chemicals and pharmaceuticals, lumber, jute and building materials. There are relatively few restrictions on imports; alcoholic beverages and pork products are among the few that are restricted.

Exports, 99 per cent of which consists of oil, reached a value of almost one billion dollars in 1962/63. The remaining 1 per cent was made up of hides and skins, wool, and other animal byproducts.

At present, there is no official estimate of Saudi Arabia's balance of payments. The Monetary Agency has attemped to provide tentative estimates, but these are based on simplified assumptions and information. Rough figures show that annual receipts of about $1,050 million are derived almost entirely from oil exports. In all, about 93 per cent of the foreign exchange receipts are related to oil. The most important single item in the payments account of about $850 million is investment, followed by imports, which have averaged about $270 million over the last five years and account for one third of total payments.

With a stable currency, plenty of money, and no exchange controls, Saudi Arabia offers attractive and increasing opportunities for investment. Consequently, it is safe to assume that the outflow of capital should decrease in the years ahead as development projects become more important and the balance of payments remains favourable.

TABLE III

CANADA'S TRADE WITH SAUDI ARABIA

	Canadian Exports	Canadian Imports
	(Can.$ million)	
1958	2.02	68.0
1959	2.87	70.7
1960	2.90	37.4
1961	2.69	41.4
1962	3.25	40.5
1963	3.55	50.3
1964 (Jan.-July)	1.4	12.7

DBS statistics.

Trade with Canada

Canadian exports to Saudi Arabia reached $3,547,731 in 1963. In the first ten months of 1964 they declined slightly compared with the same period of 1963—from $2,735,002 to $2,255,508—but the total for the full year 1964 is expected to equal or even exceed the 1963 figure. Canadian imports from Saudi Arabia consist almost entirely of crude oil; in 1963 they totalled $50,299,569, and in the first seven months of 1964, $12,697,218. Table III gives the values of our exports and imports for the past seven years.

The principal Canadian commodities shipped to Saudi Arabia are seed wheat and wheat flour, automobiles, tires and tubes, home electrical appliances, radio and TV equipment, milk powder, pharmaceuticals, aluminum, copper and steel products. Wheat sales make up about 60 per cent of the total.

Exporters Should Note

Rapidly growing prosperity, a rising standard of living, and a growing urban middle class that is acquiring Western tastes are creating new demands in this developing market, and consequently it is highly competitive. Saudi merchants are alert to quality, price, delivery and service. Here are some important facts about the Saudi Arabian market that potential exporters should note.

- New exporters to Saudi Arabia should get in touch with the Department of Trade and Commerce in Ottawa or the Commercial Counsellor's office in Beirut to acquaint themselves with the import regulations and the documentation required.

- All shipments into Saudi Arabia must show the country of origin and be accompanied by an attested certificate of origin. Proper and complete documentation is essential to prevent tiresome and wasteful delays for the Saudi importer.

- Measurements on containers must be in the metric system which has been in force here since May 1964.

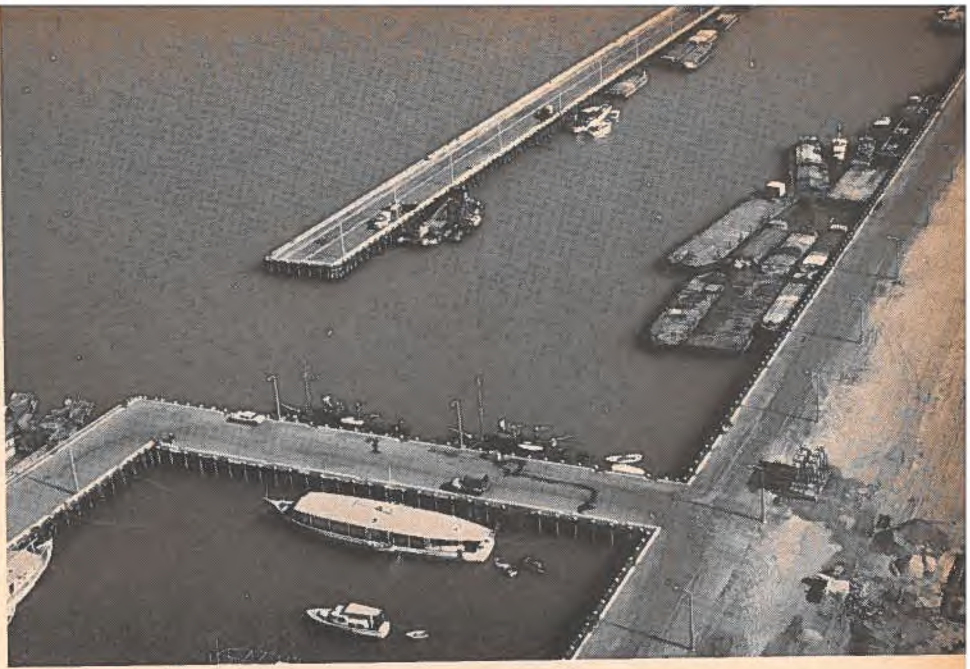
- Pharmaceuticals must be registered with the health authorities.

- Canadian products receive the same tariff treatment as those from other countries, with the exception of the Arab states, which are given special preference.

- Agents in other Arab states cannot be used to do business in Saudi Arabia: an agency law recently promulgated in the Kingdom necessitates the appointment of Saudi agents. Because of the size of the country, it may be essential to appoint agents not only in Jeddah but also in Dammam, the east coast commercial centre.

- Personal visits of adequate length by senior officers of Canadian companies are essential to success in this market.

The fact that Saudi Arabia must buy abroad all the manufactured goods and a large quantity of the staple foodstuffs it needs, plus the large number of development projects planned, makes this a market worth pursuing. There is no reason why Canadian firms should not compete successfully, provided they make the proper agency arrangements, visit the market personally and have the patience to overcome some minor and temporary difficulties familiar in a rapidly developing economy ●



Oil has changed the city of Kuwait from an old-fashioned dhow port into a thriving modern city. The bustling port of Shuwaikh has been expanded and improved and over 700 ships a year drop anchor there. It offers them all modern cargo facilities and services.

Persian Gulf States

- Oil sales have meant greater prosperity.
- Foreign exchange reserves are high; currency restrictions few.
- More scope for Canadian sales, particularly in the consulting and contracting fields.

EMILE MAKLOUF,
Commercial Assistant, Beirut.

THE economies of the Arab Sheikhdoms bordering on the Persian Gulf were until recently comparatively poor. This situation was not expected to change because the area is virtually a desert and the small population lived on a subsistence level. But today the earnings per inhabitant are higher in two states (Kuwait and Qatar) than the per capita income in the United States.

The cause of this prosperity is the oil industry which continues to develop at a fast pace. Beneath the barren wilderness and the Gulf waters lies so much oil that the reserves are estimated to be probably the largest in the world. Shipments are now made from Kuwait, the Neutral Zone, Bahrain Island, Qatar, and lately from Abu Dhabi on the Trucial Coast. Oil has not yet been found in the other Trucial States, but active exploration is going on in all parts of the Arabian peninsula.

The Kuwait Oil Company, a British-U.S. company, is the major producer. Other British, U.S., French and Japanese firms are also operating in the region. The Bahrain Oil Company, a subsidiary of CALTEX, is registered in Canada and has a refinery that processes 11 million tons of crude oil brought by under-water pipeline from Saudi Arabia, as well as crude from the local fields. The over-all output in 1964 reached a record high and is likely to keep rising; royalties totalled approximately $700 million. Table I shows the quantities of oil produced.

TABLE I

OIL PRODUCTION

	1962	1963	1964
	(in million tons)		
Kuwait	92	97	105
Neutral Zone*	13	16	18
Bahrain	2	2	3
Qatar	9	9	10
Abu Dhabi	0	2	8

*Royalties shared by Kuwait and Saudi Arabia.

Development in Progress

The oil revenues that helped bring about these high living standards are a vital element in the development of the Sheikhdoms. Kuwait, which received $560 million last year, provides free education, medical, telephone and television services. Its first five-year program is a comprehensive blueprint of economic, investment and social planning. It envisages and facilitates development by private interests. A contract of $14 million has already been awarded to a London organization for an industrial chemical complex and a steel-pipe plant will soon begin operations. A modern flour mill and an asbestos plant have been built. A scheme for a fishing industry has been drawn up by fisheries experts of FAO and plans have been made for a cement factory. Projects under study include a tannery, paint, textile and paper works, and a plant for assembling air conditioners.

Another important project is the water pipeline from Iraq which, with the distillation units around Kuwait city and the underground water reservoirs, will create a sizable agricultural potential, hitherto lacking. Thus a broader basis is being provided for diversifying the economy. Development in the public sector includes the supply and installation of equipment for the second phase of the Kuwait sewerage scheme, the improvement of telecommunications, a 2,000 kw. radio broadcasting station, and a geological survey to determine mineral resources other than oil. Kuwait will also have a new Hilton Hotel. However, the oil industry still predominates and continues to expand.

The authorities of Bahrain are also seeking to reduce the island's dependence on a single source of income. Small industries have been set up for manufacturing ice, distilled water, carbon dioxide, lime, cement blocks, woollen clothes and soft drinks. Projects recently completed include a second slipway for ship repair and a stockyard for fabricating components for oilfield equipment. Export, re-export and entrepôt trade also contribute to the economy.

Qatar and the Trucial States have extensive development programs too. Among the projects are roads, water supply, electricity, schools, hospitals and public buildings. Dredging is going forward to make Doha, Qatar's capital, an efficient lighterage harbour. A bridge for Abu Dhabi and an international airport are under study. Dubai, the main commercial centre of the Trucial Coast, is thriving despite its lack of oil. With British and Kuwaiti financial assistance, it has instituted projects for agricultural improvement, an airport, town planning and a deep-water jetty. In Sharjah, near Dubai, a fishing concession has been granted to a British company.

Investments and Loans

The building up of substantial capital reserves has been helpful to Kuwait in issuing its own currency, the Kuwaiti dinar, in substitution for the Indian rupee. Now Bahrain is following suit.

At this stage the financial outlook is good, especially in Kuwait, whose enormous wealth continues to increase. Its foreign assets total over $2 billion and the constant increase enables the Government to pursue a liberal policy of investment at home and loans abroad. Town planning, housing and the development of basic facilities have been the principal investments at home. The Government also participated in the capitalization of several companies, with equities ranging between 25 per cent and 60 per cent of the total capital. It has also given more attention to investing part of the reserves in development projects in neighboring countries. This financial aid is effected through loans, mainly from the KFAED (Kuwait Fund for Arab Economic Development), and these have gone to the Sudan for railways; to Jordan for the Yarmouk River project, phosphates and small industries; to Tunisia for an agricultural project and a power plant; to Algeria, Lebanon, Dubai, Iraq and the United Arab Republic.

Imports Remain High

To meet their needs, the Persian Gulf markets rely heavily on imports, which have risen rapidly during the last decade and between 1958 and 1963 more than doubled. There was a momentary recession in Kuwait last year but the volume of trade was expected to be roughly the same as in 1963, if not higher. Because of the increase in oil production and development activity, the 1965 purchases of Bahrain and the other Gulf states are likely to be larger than in previous years. Table II shows the value of these imports for 1962-63.

TABLE II

PERSIAN GULF IMPORTS

	1962	1963
	(in million dollars)	
Kuwait	285	323
Bahrain	65	69
Qatar	33	30
Dubai	21	24

The main imports are foodstuffs (the most important), followed by building materials and transport equipment. The U.S. and Britain are the prime suppliers, with about 40 per cent of the trade between them. Japan and Germany provide close to 20 per cent of imports and India approximately 5 per cent. Other suppliers include Italy, France and the Netherlands.

Trade with Canada

Canada's exports have declined, particularly to Kuwait, which bought aircraft in 1963 but none in 1964. Sales of the main items—automobiles, asbestos and flour—have dropped, and the wheat shipments of 1963, though small, were not repeated. However, sales of certain lines—such as rubber-fabricated materials, outerwear, clocks, brake linings and domestic appliances—improved during the first ten months of 1964. Canadian imports consist entirely of crude oil. Table III gives details on the value of export trade with the Gulf states.

New Commercial Regulations

The freedom to import without restrictions on exchange has continued much as before, but during the past few months Kuwait and Qatar have begun to regulate commercial activity. In Qatar, a business may now be set up only by

TABLE III

CANADA'S TRADE WITH PERSIAN GULF STATES

		1962	1963	1964 Jan.-July	1964 Jan.-Oct.
		(in thousand dollars)			
Kuwait	Canadian Exports	1,040	2,750	....	693
	Canadian Imports	10,030	5,170	7,060	....
Bahrain	Canadian Exports	210	162	....	105
	Canadian Imports	....	1,362	....	....
Qatar	Canadian Exports	213	245	....	215
	Canadian Imports	6,270	8,670	1,550	....

Qataris, and importing, civil contracting and agency firms not wholly owned by Qatari nationals must cease operations after December 31, 1965. New industries must have at least 51 per cent Qatari capital unless this condition is waived in individual cases in the public interest.

The turning point was marked in Kuwait by the passing of a law making import licences a requirement for all products privately imported with the exception of foodstuffs. Under another law, a Central Tenders Board has been set up for public tenders and government departments may only negotiate contracts under 1,000 dinars.* However, purchases of military materials and certain products for the Health Ministry are excluded from the provisions of the law on tenders. Kuwait has also passed a ruling that all agencies must register with the Ministry of Commerce and must be held by Kuwaitis or companies with at least 51 per cent Kuwaiti ownership. On state projects, consultants and engineering firms must remain free from connections with local agents and deal directly with the Government's Planning Board.

The underlying motive for these measures is rising nationalism, plus growing self-sufficiency in commercial operations but the tendency for too many importers and retailers to go into business, which has resulted in overstocking, was also taken into account. The situation became rather serious—particularly in Kuwait—when the public began to buy less. In addition, the Government took nearly six months to reorganize its tendering procedures and during that time no large contracts were awarded.

*1 dinar=$2.80 U.S.

Bahrain, which benefits from re-export, transit and entrepôt trade, maintains the free trade and free enterprise system, in conformity with the Ruler's policy of economic development, but the authorities hold to the rule that all firms must be registered. Without registration, the Bahrain Customs will not allow goods to be cleared.

There are no restrictions on imports into the Trucial States, but for exchange-control purposes the regulations are administered by the British Political Agents in Abu Dhabi and Dubai. Under the impact of oil receipts and prospects of oil discoveries in the other Sheikhdoms, dollars and other convertible exchange are readily available.

Outlets for Export

There are, broadly speaking, three main channels for exporting to the Persian Gulf:

1. Selling goods and services to Governments. They are important customers because their responsibilities range from the social sector, where they run hospitals, schools and utility services, to communications and public works. To mention one example, a $17 million housing project has been started in Bahrain by a British company in association with a local contractor, the company acting in a management and consultant capacity. Canadian engineers are completing their investigation and design work on Kuwait's waterfront corniche which will cost over $40 million.

2. Selling to the oil companies. Whenever possible, the companies purchase locally so that the domestic community may benefit. However, they still buy technically advanced equipment direct from manufacturers. Details are given in the special article on selling to the oil companies on page 22.

3. Selling to the public through local importers or agents. Many local merchants also keep in close touch with the oil companies and the authorities and are well placed to advise their principals of further opportunities for major sales or contracts.

There are many merchants in the Gulf States and exporters should have no difficulty in finding active representatives. It is usually advisable to appoint separate agents in each centre, and this office will be glad to help Canadian firms select those who can exploit the markets in the best possible way. Visits are useful in establishing personal contacts with the Arabs, who appreciate meeting the people with whom they are dealing. There is a desire to expand trade with Canada and the interest shown by Canadian consulting and contracting firms is in turn reflecting the increased interest of local organizations, both government and private, in getting to know them. The consulting engineering and contracting field continues to present an excellent potential and opportunities for commodity sales remain favourable. Customs duties are low, currency transfers unrestricted, and revenues more than adequate to finance purchases. These markets are extremely competitive but as a whole, the area provides particularly good opportunities for Canadian companies who can meet this competition. ●

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Selling to the Oil Companies

Does your firm sell equipment or services to North American oil companies? Don't neglect the large market that the Middle East oil industry offers. This report tells you who these Middle Eastern buyers are and where to approach them.

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

CANADIAN manufacturers who have succeeded in selling goods and services to oil companies in North America may be missing an opportunity if they are not seeking aggressively a share in the huge market that the Middle East oil industry offers.

Today the oilfields of the Middle East contain more than two-thirds of the free world's reserves of crude oil (including the Canadian Arctic) and produce over one-quarter of the free world's requirements. As world demand increases, they will supply an even larger share.

The spectacular rise of the Middle East as an oil-producing area has taken place since the Second World War. It has required large investment in equipment and materials to create existing facilities but development has not stopped nor even slackened. Dynamic exploration programs are continually uncovering new fields. This expansion adds to the sales possibilities for drilling machinery, bits, chemicals, pipes, pumps, refining equipment and thousands of other things —ranging from foodstuffs to consulting and contracting services.

Frankly, it will not be easy for Canadian suppliers to break into this market at this stage but the potential rewards make a concerted sales effort worthwhile. Over the years, oil companies operating in the area have standardized on some items but a large percentage of purchases are still made to specifications. Current suppliers are not so well entrenched that they cannot be supplanted by superior Canadian products offered for prompt delivery at competitive prices. In some instances a Canadian supplier may even have a slight sales advantage over a foreign competitor. Table I indicates that United States interests hold approximately 60 per cent of concessions in the area. This is important because a number of these oil companies operate in Canada and are familiar with Canadian products. With them, it is a matter of the Canadian supplier applying the "hard sell", with the objective of having his product marketed in the Middle East also.

The Sales Approach

There are two ways of introducing Canadian products to local oil companies and both must be employed for satisfactory sales results.

- First, it is necessary in nearly all instances to call on or write to the head offices of the companies to acquaint them with the goods or services offered. This applies particularly to technical, specialized or "one call" items and to design and contracting services.

- Second, a resident agent, sponsor, partner or representative should be appointed in each country to promote sales and follow up with the local operating offices.

The field offices expect to find and place orders in the local market for repeat items such as valves and fittings, lumber, bits, cement, and sometimes technical equipment that requires periodic replacement. It is also becoming company policy to procure as much as possible through local merchants, even highly specialized products. In these deals, the local merchant processes the paper and collects a commission. Further, most oil-producing coun-

Table I

Ownership of Representative* Middle East Oil Companies

	(per cent)
BAHRAIN	
The Bahrain Petroleum Company Limited	
Standard Oil Co. of California	50
Texaco Inc.	50
IRAQ	
Iraq Petroleum Company Limited	
British Petroleum Co. Ltd.	23.75
Royal Dutch/Shell Group	23.75
Compagnie Francaise des Petroles	23.75
Near East Development Corp. (Standard Oil Co. (N.J.) 50) (Socony Mobil Oil Co. 50)	23.75
Participations & Explorations Corp. (C. S. Gulbenkian Estate)	5.00
Basrah Petroleum Company Limited (same ownership as IPC Ltd.)	
Mosul Petroleum Company Limited (same ownership as IPC Ltd.)	
Petroleum Administration Board (Khanaqin)	
Iraq Government	100
KUWAIT	
Kuwait Oil Company Limited	
BP (Kuwait) Ltd. (British Petroleum Co. Ltd.)	50
Gulf Kuwait Company (Gulf Oil Corporation)	50
Kuwait Shell Petroleum Development Co.	
Royal Dutch/Shell	100
QATAR	
Qatar Petroleum Company Limited (same ownership as IPC Ltd.)	100
Shell Co. of Qatar Ltd.	
Royal Dutch/Shell	100

	(per cent)
SAUDI ARABIA-KUWAIT NEUTRAL ZONE	
American Independent Oil Company	
Philips Petroleum Company	37.34
Signal Oil & Gas Company	33.58
Ashland Oil & Refining Company	14.13
J. S. Abercrombie	7.07
Globe Oil & Refining	3.53
Sunray Mid-Continent Oil Company	2.94
Pauley Petroleum Inc.	1.41
Getty Oil Company Limited	
J. Paul Getty interests	79
Other stockholders	21
Arabian Oil Company	
Saudi Arabian Government	10.0
Kuwait Government	10.0
Kansai Power Company	7.3
Tokyo Power Company	6.9
Yawata Steel Company	6.9
Fuji Steel Company	6.9
Nippon Kokan	6.9
Other companies and individuals	45.1
SAUDI ARABIA	
Arabian American Oil Company	
Standard Oil Company of California	30
Texaco Inc.	30
Standard Oil Co. (N.J.)	30
Socony Mobil Oil Company	10
ABU DHABI	
Abu Dhabi Marine Areas Ltd.	
British Petroleum Co. Ltd.	66⅔
Compagnie Francaise des Petroles	33⅓
Abu Dhabi Petroleum Company (Same ownership as IPC Ltd.)	100

*Source: Middle East Petroleum Data, ARAMCO—Sept. 1963.

tries have enacted laws specifying that all goods or services for use in the country must pass through the hands of a resident national or a company with at least 51 per cent national ownership. A local representative is therefore essential but the overwhelming argument in favour of this approach is "service after sales". This is no less important to Middle East purchasers than it is to oil firms operating in Canada.

The following paragraphs, covering each country of the Beirut office territory, tell Canadian firms how to concentrate their sales efforts.

Kuwait

Kuwait Oil Company Limited—A producing and refining company with transmission and shiploading facilities, and the largest single buyer in Kuwait after the Government. Approximately Can.$10 million in orders are placed annually through Kuwaiti merchants and contracts of roughly the same value are awarded to local businessmen. Because the two total 90 per cent of company procurements, a Canadian supplier's main sales efforts should be directed to the K.O.C., Kuwait office. Write to or see: General Superintendent, Commercial Department, Kuwait Oil Company Limited, P.O. Box 393, Kuwait, PERSIAN GULF.

It is best to follow up in Kuwait but if this is not always possible or practical, contact the London office. The address is: Services Department, Kuwait Oil Company Limited, Burgan House, 105 Wigmore St., London W.1, ENGLAND.

Kuwait National Petroleum Company (KNPC)—Holds the sole rights for distribution and sale of petroleum products in the State of Kuwait. To date purchases have been limited to petroleum marketing equipment but the company will soon build its own refinery and thus become a more important buyer of a wider range of oil equipment. Contact: Kuwait National Petroleum Company P.O. Box 70, Kuwait, PERSIAN GULF.

Kuwait Shell Petroleum Development Company (KSPD)—Has been granted the Kuwait offshore concession but because of uncertainties about boundaries with neighbouring countries has been unable to exploit its leases fully. More exploration and drilling activity is expected in the future. Approach this company through: Kuwait Shell Petroleum Development Company, 65 Thunayan Al-Ghanim Bldg., Kuwait, PERSIAN GULF. And in London: Shell Centre, London, S.E.1, ENGLAND.

Kuwait Petrochemical Company (KPC)—Is now building a petrochemical plant to use the natural gas and crude oil available in huge quantities in the State of Kuwait. Its address is: Kuwait Petrochemical Company, Shuaiba, Kuwait, PERSIAN GULF.

Kuwait-Saudi Arabia Neutral Zone

Arabian Oil Company Limited (AOC)—A Japanese company formed to exploit the offshore area outside the territorial water limits of the Kuwait-Saudi Arabia Neutral Zone. It operates newly completed gas-separation, producing and loading facilities in the neutral zone. There is a trend towards more purchasing by the Kuwait office but in most instances, the Japanese head office must also be approached. The addresses are: Arabian Oil Company Limited, P.O. Box 1641, Kuwait, PERSIAN GULF and Materials Department, Arabian Oil Company Limited, Chiyoda Denden Bldg., No. 6, 1-Chome, Otemachi, Chiyoda-Cgu, P.O. Box 1679, Tokyo, JAPAN.

Getty Oil Company—Holds the Saudi Arabian undivided half-interest in the Kuwait-Saudi Arabian Neutral Zone onshore concession. The company operates producing, transportation and refining facilities at Mina'ah Saud in the Neutral Zone. Contact this firm through its offices at: Getty Oil Company, P.O. Box 187, Kuwait, PERSIAN GULF, and Getty Oil Company, Pennsylvania Bldg., Wilmington 1, Delaware, U.S.A.

American Independent Oil Company (AMINOIL)—Holds the Kuwaiti undivided half-interest in the Kuwait-Saudi Arabian Neutral Zone onshore concession. It is engaged in petroleum exploration, producing, refining and transportation. Procurement is done through the local and head offices at: American Independent Oil Company, Mena Abdulla, Kuwait, PERSIAN GULF and American Independent Oil Company, 50 Rockefeller Plaza, New York, N.Y., U.S.A.

Iraq

Iraq Petroleum Company (IPC)—Is engaged, with its associated companies (the Mosul Petroleum Company and the Basra Petroleum Company) in the production and export of crude oil from Iraq. A large percentage of its concessions has been relinquished to the Government and this has meant a cutback in exploration, drilling and, of course, purchasing. Nevertheless, the firm remains an important buyer and should not be overlooked. Procurement of equipment made in North America is handled by: ESSO International Inc., 15 West 51st St., New York 19, N.Y., U.S.A.

Although Canadian companies should not fail to register their products with the New York office, the IPC London and Baghdad offices should also be approached. The addresses are: Iraq Petroleum Company, Commercial Department, P.O. Box 61, Baghdad, IRAQ, and Iraq Petroleum Company, 33 Cavendish Sq., London, W.1, ENGLAND.

Government Oil Refineries Admin (GORA)—Is the sole refiner and marketer of petroleum products in Iraq. GORA's requirements cover a wide range of products, including lithographed tinplate, refinery chemicals and equipment, etc. Larger purchases are often put to international tender and present interesting possibilities for Canadian suppliers. Procurement is controlled by: Government Oil Refineries Administration, Baghdad, IRAQ.

Iraq National Oil Company (INOC)—This is the government body formed to exploit the concessions relinquished by IPC. Its policy for developing the acquired areas has not been finalized and at this stage it is not known whether the leases will be awarded to international oil companies or be worked by INOC itself.

Saudi Arabia

Arabian American Oil Company (ARAMCO)—Holds the exclusive concession for Saudi Arabia, including offshore areas. Operates extensive exploration, refining, transportation and ship-loading facilities, and is the major buyer in Saudi Arabia after the Government. It is company policy to procure as much as possible in the Saudi market through the Dhahran office; purchases worth approximately $12 million were made in this way in 1962. However, North American suppliers must first register their products with the head office in the United States: Arabian American Oil Company, 505 Park Avenue, New York 22, N.Y., U.S.A.

Travel to Saudi Arabia is restricted and ARAMCO will not submit the "request for visa" required by the Saudi Government unless the sales trip has first been approved by its New York office.

Bahrain

Bahrain Petroleum Company Limited (BAPCO)—Holds the exclusive onshore and offshore concessions for the entire area under the jurisdiction of the Ruler of Bahrain. The company's producing facilities are inadequate to meet the demands of its refinery and the additional requirements are purchased from ARAMCO. The company can be approached through its offices at: Bahrain Petroleum Company Limited, Awali, Bahrain, PERSIAN GULF, and c/o AMOSEAS, 485 Lexington Avenue, New York 17, N.Y., U.S.A.

Qatar

Qatar Petroleum Company Limited—Holds the onshore concessions in the Sheikhdom of Qatar and operates producing and loading facilities there. The company has the same ownership as IPC and can be approached in the same manner and through the local office at: Qatar Petroleum Company Limited, c/o P.O. Umm Said, Qatar, PERSIAN GULF.

Shell Company of Qatar Limited—Holds the underwater concessions covering an area of the Persian Gulf outside Qatar's territorial limits. Conducts exploration and drilling operations on its leases. Shell can be contacted through the local office: Shell Company of Qatar Limited, Doha, Qatar, PERSIAN GULF, and through the Shell Centre, London, S.E.1, ENGLAND.

Abu Dhabi

Abu Dhabi Marine Areas Limited—Operates newly developed drilling, producing and shiploading facilities off Das Island in the Persian Gulf. Can be approached through: Abu Dhabi Marine Areas Limited, Britannic House, Finsbury Circus, London, E.C.2, ENGLAND.

Abu Dhabi Petroleum Company Limited—Has the same ownership as IPC. Operates onshore concession in Abu Dhabi and has drilling, transportation, and producing facilities in this area. Can be approached in the same manner as IPC.

Syria

Syria does not have fully developed oilfields. However, leases have been awarded and exploitation of several fields is expected soon. The Government operates a refinery in central Syria and Canadian companies interested in its requirements should contact: The Central Petroleum Authority, Homs, SYRIA.

Lebanon

This country does not have proven oil resources, but carries on two refining operations as well as bulk shiploading facilities for the two pipelines which cross the Lebanon and terminate on the Mediterranean coast. The refinery in South Lebanon is owned jointly by Socony Mobil and California Texas Oil Company. Contact: Mediterranean Refining Company, Sidon, LEBANON.

The South Lebanon pipeline and terminal at Sidon are operated by Trans-Arabian Pipeline Company which transports ARAMCO crude oil from Saudi Arabia. Local purchasing is controlled by: Trans-Arabian Pipeline Ltd., Local Purchasing Section, Hamra St., Beirut, LEBANON.

The second refinery and the pipeline terminal is at Tripoli in northern Lebanon. It is operated by IPC and procures its North American goods in the same way. For local purchases contact: Stores Department, Iraq Petroleum Company, Tripoli, LEBANON.

Jordan

Concessions have recently been granted to MECOM for exploration work in Jordan but to date there are no producing oilfields. There is an oil refinery in Zerka and its requirements can be ascertained by approaching: The Jordanian Refinery Company, Jabal Amman, Amman, JORDAN.

Once a Canadian company has made its initial and, hopefully, successful sales approaches to the oil companies listed above, it will be necessary to appoint local agents. The Beirut office can help because many active firms are listed in our records and some specialize in selling to oil companies. Picking the right representative will be the easiest part of a Canadian company's over-all sales approach. The most difficult will be getting its products accepted by the oil companies. But this is not impossible and the returns can be profitable. ●

Tendering in Kuwait

CANADIAN contracting companies who wish to register in Kuwait as the first step in participating in internationally financed projects in that country should be aware of the reorganization of tendering procedures there.

Previously contractors had to register with each Ministry for which they wished to carry out work; in most instances, the Ministry of Public Works. A Central Tenders Committee has now been set up and under the new system is responsible for issuing tenders for all government Ministries. Each Ministry has turned its list of registered firms over to the CTC. In future, therefore, interested Canadian firms should file particulars on their companies directly with Mr. Salah Abdul Malak, President, Central Tenders Committee, Kuwait. At the same time, it will do no harm to send background information to the Ministry concerned or to the Planning Board of the Ministry of Finance and Industry.

Consulting firms should remember that they must not have any connection with firms in Kuwait and must not have Kuwaiti agents, sponsors or partners. On the other hand, the CTC will not register a contracting company unless its application gives the name of its Kuwaiti representative. Because association with a Kuwaiti is therefore essential and must be inscribed in the Register of Commerce, interested Canadian contractors should first select their representatives and then have these representatives take the necessary steps for registration with the CTC. The Beirut office of the Trade Commissioner Service will be glad to supply other information or to assist in the choosing of a representative. ●

Israel

Israel is Canada's largest single Middle East market and Canadian sales in 1964 totalled some $9 million. In this photograph of the port of Haifa, stevedores are stacking part of a recently arrived shipment of Canadian lumber. In the background is a modern grain elevator in which another Canadian product—wheat—is stored.

- **Growing economy has increased demand for industrial machinery and equipment.**
- **Many items freed from import licensing restrictions; licences for others granted freely.**
- **Competitive Canadian manufacturers of appliance and electronic components could find steady market here.**

G. L. GAGNÉ, *Assistant Commercial Secretary, Tel Aviv.*

HAVE YOU tried selling in Israel? Many Canadian businessmen have and the result for Canada was some $9 million worth of exports in 1964. There is promise of even greater sales in the near future.

Last year was, for the most part, a good one for Israel's economy, with an increase in the gross national product of 11 per cent over 1963. Industrial production rose by 14 per cent and agricultural output by 10 per cent. Industrial exports increased by U.S.$38 million during the same period to a total of U.S. $285 million.

Israel has one of the highest standards of living outside Western Europe and North America, with a per capita income of U.S.$950 per year. The 1964 wage rise of 14 per cent greatly increased demand for food and services and pushed prices up by 5 per cent.

Israel is expending great efforts and resources on developing its export industries as a counterbalance to the sharp rise in imports. Among the most promising ventures is the continued expansion of the Dead Sea Works at Sodom, producing potash, table salt and bromine. Export of these products will reach $20 million in 1965. In conjunction with this plant, a $15 million complex will be developed at Arad to produce 100,000 tons of granulated fertilizers and 40,000 tons of potassium metaphosphates and other derivatives.

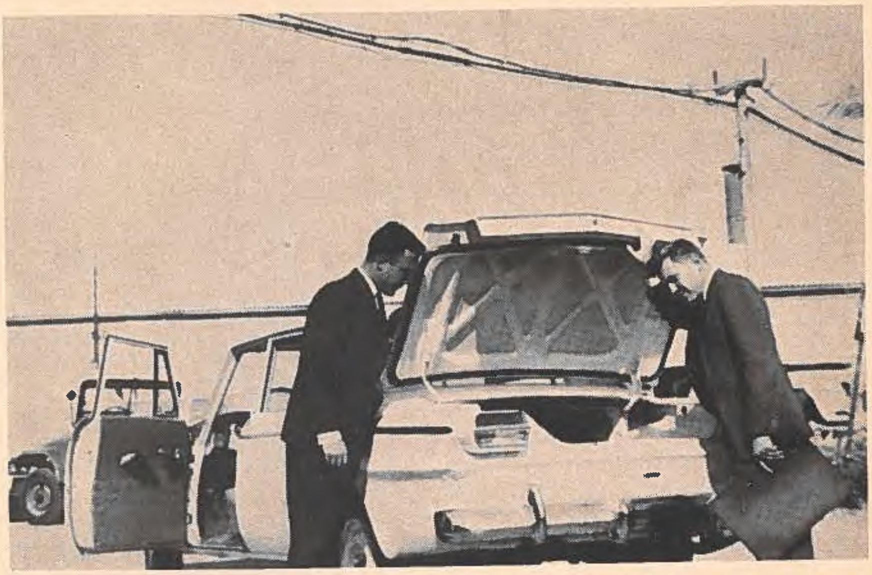
Port development and modernization of transport facilities are also part of the program to reduce the cost of imports and exports. The already busy port of Haifa is undergoing extension and improvement to speed cargo handling. A new deep-water port is being built at Ashdod, 30 miles south of Tel Aviv, the main production and consumption centre. In addition to relieving the congestion at Haifa, its proximity to Tel Aviv will result in lower freight costs.

One of Israel's main problems is to link the northern population centres with the southern port of Eilat on the Red Sea. This involves building either a road or a railway through 200 miles of the Negev desert. A recent study made by a French firm recommended improved roads between Beersheba and Eilat rather than building a railway. Transportation by truck between these two points is considered more economical until increased traffic warrants the establishment of a modern railway system.

One of the great problems in Israel is the shortage of water. All available natural sources of fresh water are not enough to meet the constantly growing needs of agriculture and industry. Desalination of sea water appears to be the only solution. The Government of Israel in conjunction with the United States has already started studies for the construction of a dual purpose nuclear reactor-desalination plant. Should any major breakthrough in cost result from this scheme, Israel will have an economic solution to one of the greatest problems confronting arid regions.

Imports Liberalized

The Government has pledged to liberalize imports of a wide range of products by removing most of the licensing controls by the end of 1965. The growth of Israel's imports in the last five years is impressive, as Table I shows. Israel has already freed a long list of items from import restrictions. In addition, the authorities have declared that licences for a number of other items which remain subject to restrictions will be granted freely under an "automatic approval" system. The rates of duty on various products in the latter category are quite high, particularly if the goods are of a kind manufactured in Israel. But they apply equally to imports from all countries and do not place Canadian exporters at a disadvantage compared with other suppliers. It is now the stated policy of the administration to allow the entry of competitive products progressively, to encourage more efficient domestic production and to counteract existing inflationary pressures.



On the right G. L. Gagné, Assistant Commercial Secretary, Tel Aviv, examines a Studebaker-Lark produced in Canada and assembled in Haifa. The Canadian-made Larks are popular in Israel and imports in 1965 are expected to reach 1,000 units.

TABLE I

ISRAEL'S IMPORTS

	From all sources (U.S.$ million)	From Canada (Can.$'000)
1959	427.3	4,556
1960	495.6	6,184
1961	583.9	8,747
1962	626.2	6,231
1963	661.4	8,163
1964	489.0 (6 mos.)	8,097 (10 mos.)

Sources: Israel Foreign Trade 1964; DBS Canada.

Products Canada Could Supply

A number of products of special interest to Canadian exporters have been recently placed under automatic approval. The following are worth noting: leather uppers, precision-made steels, most electrical household appliances and accessories, tools, street lamps, sporting goods, aluminum pipes for irrigation and furniture, pipe fittings of steel, electrolytic copper wire, electrodes, office and domestic furniture made of steel, corrugated paper boards, electric wire and cables, refractory bricks, record players, cellular panels of wood, P.V.C. products, stearate chemicals, phenol formaldehyde, synthetic yarns, sodium bisulphate and sodium fluorosilicate.

Israel's imports totalled more than $1 billion in 1964 and are expected to pass the $1.2 billion mark in 1965. Although this country is our largest single market in the Middle East, Canada is not one of the main suppliers.

Most imports are raw materials needed by Israel's growing industry. However, approximately one third consists of industrial machinery and equipment and includes semi-finished parts and components for further processing. Imports of industrial chemicals—including rubber, plastics and synthetic fibre—exceeded a gross value of $75 million in 1963. This is a field with excellent possibilities for Canadian firms. Canadian sales of chemicals to Israel did not even reach $500,000 in 1963. Table II gives a list of chemicals which Israel imported in large quantities in 1963.

Many of the products in Table II could be exported from Canada in spite of the relatively high tariffs mentioned previously because Israel does not accord a tariff preference to any country.

It should be possible to expand our exports of industrial machinery and material. Most manufacturers in Israel import a wide variety of parts and components to complete their products; this is especially true of the domestic appliance and elec-

TABLE II

ISRAEL'S IMPORTS OF CHEMICALS, 1963

Products	(U.S.$'000)
Polyacids	933
Monoacids	902
Antibiotics for medical preparations	529
Sulphur	1,680
Zinc oxide	106
Carbon and acetylene black	728
Titanium oxides	510
Lead oxides, orange lead	119
Sulphates and persulphates	193
Phosphite and hydrophosphites	270
Anhydrous sodium carbonate	689
Salts of metallic acids	120
Hydrocarbons	975
Vinyl chloride	350
Methanol	209
Phenol	524
Esters and derivatives	150
Ketones and quinones function compounds	318
Organic sulphur compounds	559

tronic industries. Canadian producers of components could find a steady outlet for their varied products if they are in a position to offer competitive prices and delivery dates.

Exporting to Israel

Attractive and detailed descriptive literature is the cheapest and most efficient way to introduce a product to the Israeli market. Photographs are also useful when literature is not available or is being printed.

Producers should ensure that weights and measures in their descriptive literature and on labels are clearly stated in the metric system. This will avoid unnecessary correspondence and delay in selling not only to Israel but to any country using the metric system. Furthermore, price quotations should be f.o.b. a well-known Canadian port and c.i.f. Israeli ports if possible. Quotations f.o.b. plant are of little use to the potential Israeli importer who, not knowing the geography of Canada, finds it difficult to estimate freight costs from plant to port.

Visit Israel

Why not plan a trip to Israel? A visit to Tel Aviv, Jerusalem and Haifa, all within 100 miles of each other, will allow you to cover a market with a yearly potential of $1 billion. Fly in from any capital of Europe in four hours, check into a modern hotel, take a refreshing swim in the blue Mediterranean, and make a call on the Trade Commissioner. If you have written to him in advance, he will have arranged interviews with interested businessmen and will give you all the help you need to establish good business relations.

And who is to stop you from visiting one of the many archaeological sites where new antiquities are uncovered every day? In addition, you will also be able to enjoy a few of those meals for which Israel is famous. Where else can you do all this in three days and still make profitable business contacts? ●

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

Cyprus

Some 40 per cent of Cypriots earn their living from the land and foodstuffs make up 32 per cent of the island's exports; go mainly to Britain and Western Europe. These girls are busy bagging carrots for shipment.

- **Business and the tourist trade hard hit by civil strife.**
- **Imports of machinery and automotive products dropped sharply; purchases of foodstuffs increased.**
- **Canadian basic foodstuffs and other staples could be sold here.**

JUST before New Year's Day 1964, Cyprus was disrupted when fighting broke out in the capital, Nicosia. The effects on foreign trade, local business and the tourist industry in particular soon became apparent.

The tourist trade is vital to the economy of Cyprus and the Government has invested heavily in improved accommodation. The investment proved profitable and in 1963 about 75,000 tourists visited the island compared with 26,000 in 1962. The civil strife in 1964 affected the tourist trade more than any other industry and almost no visitors arrived. To some extent, however, this loss of revenue was offset by the money spent by the 7,000 troops of the United Nations' peacekeeping force.

Imports Affected

Merchants started widespread inventory reduction and total imports dropped 28 per cent to $90 million. Machinery and transport equipment imports were hard hit and fell to $17 million, reflecting the decision of farmers, truckers and other operators to delay purchases. Imports of other manufactured products dropped to $30 million.

Imports of basic foodstuffs and seed, on the other hand, increased from $16 million to $18 million. Wheat supplied by the U.S., including sales under PL480, rose from less than $1 million to $2.4 million. Seed potato imports from Britain and Ireland reached $674,000. Sugar, peas, beans and lentil imports also increased but shipments of canned salmon, butter, cheese, bacon, sausages and luxury food products declined.

Though trading fell off, its direction remained much the same; Britain was the biggest customer, taking 47 per cent of total exports, and the leading supplier, shipping 30 per cent of total imports. Italy provided Cyprus with 10 per cent of its needs and West Germany and the U.S. followed with 6 per cent each. Imports from all countries except the U.S. declined. At no time during the first ten months of 1964 did the monthly import totals equal those of the corresponding month of 1963.

Even in a good year, such as 1963, Cypriot foreign trade customarily shows a heavy imbalance of imports over exports. The resulting foreign trade deficit is compensated by British armed forces' expenditures, emigrant remittances, the tourist trade and, more recently, foreign aid.

Cypriot-Canadian Trade

Canadian exports to Cyprus in 1963 were nearly double those in 1962. During the first nine months of 1964, however, they dropped to less than half of the 1963 figure of $512,000. With no direct shipping between Canada and Cyprus, goods have to be transhipped, which adds to their cost. In the past few years Canadian sales consisted largely of automotive products and imports of these have unfortunately been severely affected. Canadian cars are considered luxuries and have therefore suffered a proportionately greater reduction in sales. Sales of Canadian washing machines and stoves have suffered for the same reason.

Canadian exports to Cyprus for the period January to September 1964 totalled $146,000. Automobile sales fell from $208,000 to $22,000 —which very nearly accounts for the total decline. Exports of other Canadian products remained steady, with staples largely replacing less essential items. Sales of flue-cured tobacco, which had been introduced in 1963, reached $63,000 and made it the leading Canadian export. Baby chicks, another product introduced in 1963, climbed to $8,586. Leather sales improved and Canadian whisky sales rose when barmen stocked up for the Canadian troops.

Four commodities made up Cypriot exports to Canada in the first seven months of 1964. A July shipment of 3,500 tons of chrome ore, valued at approximately $107,000, was the first in over a year; it reversed the decline in imports from Cyprus which had been running at only a third of the 1963 level. Wine and brandy sales amounted to $11,500, almost 50 per cent below the 1963 level, and pigments held steady at $2,150. No olive oil or fruit juice concentrates were sold during the period, though both were prominent in 1963.

Inventories are low and there may be certain restocking, but orders for goods other than staples must await the return of more normal conditions. Opportunities may well arise for sales of skim milk powder, rapeseed oil, insecticides, leathers, newsprint and other paper, tires for trucks and cars, automotive parts, synthetic fibres, nails, bolts and nuts, hand tools, certain chemicals and pharmaceuticals.

Foreign Brews Attract West Germans

CONNOISSEURS the world over have long considered West German brewery products something to smack the lips over. Now the West Germans themselves, in a spirit of international good fellowship, are showing an increasing willingness to sample other people's brews. The domestic brewing industry still plays by far the largest role in slaking West German thirst but imports bearing foreign labels have nearly doubled in the past five years. Sales of foreign brewery products in West Germany totalled 3.7 million gallons in 1959 and 4.9 million in 1962. By 1963, they had risen to 7 million gallons. ●

United Arab Republic

In the middle of this square in the heart of the busy city of Cairo, directly behind the fountain in the picture above, stands a statue of Rameses. At the right is Rameses Street, leading to the airport, and left, the railway station.

- **Shortage of foreign exchange continues to be a problem.**
- **Expansion of industry going forward.**
- **Raw materials bulk large in Canadian sales.**

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

THE rapid industrialization has imposed certain strains on the Egyptian economy, but the regime has some impressive accomplishments to its credit. The Suez Canal, for example, continues to be efficiently run and its capacity and equipment enlarged to cope with the ever-growing size of the oil tankers that are important users of this route. From April to December 1963, Canal earnings reportedly rose to E£71 million compared with E£54 million in the same period a year earlier.

The Government has also recognized the importance of the tourist trade in increasing foreign exchange earnings. Thanks to a vigorous hotel-building program and good tourist promotion, the tourist trade now ranks next to cotton and the Suez Canal as an earner of foreign exchange. Visitors from the United States alone doubled in 1963 over the previous year.

The most important developments during 1964 were a severe shortage of foreign exchange and a tendency to rely more on credits from Eastern European countries. One encouraging result of the exchange shortage was that the Government took steps to allocate its convertible currency earnings more carefully, following study under a committee headed by the Prime Minister.

Aid from East and West

The credits received from Eastern European countries are headed by the much publicized loan from the Soviet Union of £100 million. This loan has been confirmed by the new regime in Moscow, is intended chiefly for financing industrial projects, runs for five years, and bears an interest rate of 2½ per cent. The U.S.S.R. has also undertaken to reclaim some 84,000 acres of land under the same conditions and to create a model farm of 20,000 acres at no cost to the Egyptians. Several other Eastern European countries have granted good-sized loans at low rates of interest. All this financial aid is in addition to the substantial Soviet help in the completion of the Aswan High Dam. Most of the cotton crop, a good one bringing good prices, is going to the Soviet Union and to Czechoslovakia to meet the commitments Egypt has entered into with those countries. Among the Arab sources of aid is oil-rich Kuwait, which has granted the U.A.R. a loan of £35 million at 4 per cent interest, running for 15 years with five years of grace.

Egypt has not abandoned its basic policy of non-alignment and Italy and West Germany, sometimes in concert with other European countries, seem to be prepared to extend further loans. West Germany earlier granted a $62 million loan for approximately a dozen infrastructure projects that are all under way; the terms were 16 years at 3 per cent. A new West German loan is expected to be negotiated within a few months. The Italians, with substantial quantities of earthmoving equipment still in the country after completing some irrigation and land-reclamation work, are understood to be arranging credits for

Canada's Trade with the U.A.R. 1963

TABLE I

WHAT CANADA SOLD

	(E£'000)	(metric tons)
Asbestos	356	5,238
Plastics and synthetic rubber	33	139
Pulp for papermaking	124	1,454
Unwrought aluminum	13	54
Machinery for bread grain milling industry	33	23
Others	18	16
Total	**577**	**6,924**

TABLE II

WHAT CANADA BOUGHT

	(E£'000)	(metric tons)
Fresh onions	9	354
Dehydrated onions	7	29
Peanuts	22	200
Articles of leather not specified	2	3
Cotton yarns	10	19
Other articles of copper	1	1
Others	6	20
Total	**57**	**626**

further projects on a large scale. The French are also believed to be negotiating good-sized deals with Egypt.

A speech by President Nasser in December attracted considerable attention in the world press. He made the point that Egypt could, if necessary, get along without the substantial supplies of agricultural products that have been coming in from the United States at the rate of $140 million a year.

Trade Pattern Changes

Foreign trade is now entirely in the hands of the Government and this has meant fundamental changes in the trade organizations and import techniques in Egypt. (These changes were explained in an article in *Foreign Trade* in the February 22, 1964, issue.) In addition, the type of imports needed has altered radically since the advent of the new regime twelve years ago. Starting with a base of agriculture and a textile industry, industrial growth has been stressed and some 750 factories have been opened. The greatest import demand now is for raw materials and spare parts, for heavy engineering equipment to be used in creating new factories, for transport equipment, for contractors' plant and earthmoving machinery, and for sophisticated electronic equipment of nearly every type. The country's chief suppliers are the United States, West Germany, Britain and the U.S.S.R., in that order, but most imports from the U.S. come under foreign aid.

Trade with Canada

Figures on Canadian exports to the U.A.R. indicate that we are selling a wide variety of products, including consumer goods, though the majority of the latter presumably represent shipments to the Canadian contingent of the United Nations Emergency Force in the Gaza Strip. Except in unusual circumstances, Canadian firms are unlikely to sell consumer goods here until the massive industrialization plan makes fewer demands on foreign exchange and the products of the new industries begin to bring in export earnings.

Egyptian statistics on imports from Canada during the period July 1, 1963, to June 30, 1964, given in Table I, show what we are chiefly selling. They do not, however, cover one important field in which Canadians have made shipments to Egypt —radio and television equipment and parts. Nor do they include a substantial sale of turbines under subcontract from an English parent company. There has been some interest in Ontario wheat flour but no business has developed because of competition from subsidized exports from other countries.

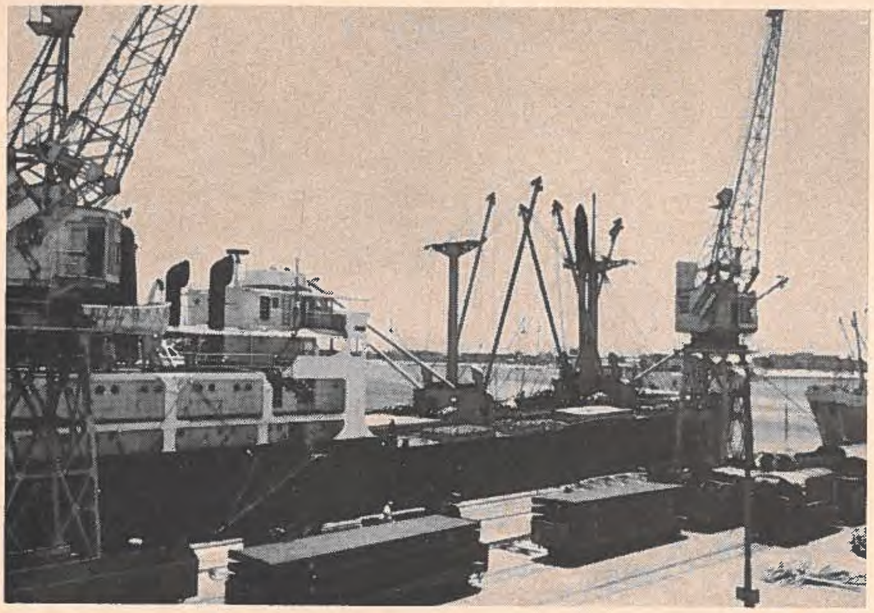
The largest import from Canada is asbestos and the demand may continue to rise with the expansion of industry. According to Egyptian figures, it went up from 6,640 metric tons in 1962 to 7,100 tons in 1963. South African supplies are boycotted. Canadian shipments of aluminum, on the other hand, may decline if Poland provides an aluminum smelter under credit arrangements. This future development has been reported here.

Canadian purchases from Egypt in 1963, according to Egyptian statistics, consisted mainly of six commodities, with fresh and dehydrated onions and peanuts well in the lead. Table II gives details. We buy from Egypt only about 10 per cent by value of what it buys from us.

The extensive development of the U.A.R. will continue to call for large imports of capital goods. These will probably be provided chiefly by the world's leading industrial nations under large aid schemes. In the near future, opportunities for selling Canadian industrial equipment and other capital goods could arise when projects are financed by an international organization or where imports are made for cash.

The Outlook

Egypt has reached a rather difficult point in its ambitious industrialization plans but is determined to go forward with them after a needed pause to consolidate its gains. Much of the large industrial program is keyed to the High Dam, which may not come into full productive use until 1970, when a notable transformation can be expected. An equally important potential source of power lies in the Quattara Depression which West German engineers are studying closely. Nor should one forget the oil potential near the Libyan border which is being explored by U.S. concessionaires. Egypt is already more or less self-sufficient in oil, exporting certain petroleum products and importing others. The successful outcome of this search for oil could alter trade prospects at short notice and, in fact, transform the whole economy. ●



—UN Photo.

Sudanese industry is in the throes of development but agricultural products will remain vital to the economy and important earners of foreign exchange for the indefinite future. Port Sudan on the Red Sea is the main shipping centre and from here cotton, cottonseed, gum arabic, cattle, hides and skins, etc., are exported.

Sudan

- **Ten Year Plan stresses hydroelectric projects, light industry.**
- **Policy restricts imports of luxury and semi-luxury products.**
- **Canadian sales small, but should expand with economic growth.**

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

BUSINESS conditions in the Sudan must be discussed in the light of the political disturbances which began on October 21 and recurred from time to time for nearly two months. They ended six years of calm military rule and came as a surprise to the world at large. It is the intention to hold elections in March if possible, in order to establish a popular government to replace the present provisional group in control of the country, headed by a much respected former civil administrator. Although the revolution appears to have been widely based, the situation is complicated by agitation for greater autonomy in the south. The present regime is endeavouring to find a solution to the problem and already the Minister of the Interior and the Prime Minister himself have visited the southern area. Since then, the country has remained relatively calm.

Forecasts are difficult to make but it is significant that the British business community in Khartoum is reported to be optimistic about the future. There are able Sudanese politicians likely to take high office and the previous record of this country, among the first in the area to achieve independence, is reassuring. Despite the changes in the administration the civil service appears to be operating normally, a matter of some importance to Canadians looking at this market.

Exchange Reserves Decrease

Foreign exchange reserves on September 30, 1964, before the change of regime, had fallen to a new low of about S£28 million compared with some S£50 million on January 1, 1963. This was partly the result of heavy government imports for projects under the Ten Year Plan. The trade deficit rose from S£8 million in the first nine months of 1963 to S£20 million in the same period of 1964.

Nevertheless the foreign exchange position is still basically sound. At the beginning of 1964, the Sudan still had S£37.8 million in unused foreign loans, as Table I shows. The table is subdivided to distinguish between loans still available for use subsequent to 1963, and those which had been fully drawn, but not fully repaid, by the end of 1963.

There have been other loans, few of them large, since these figures were prepared, including a Czechoslovak loan of £5 million for the Ten Year Plan, a Dutch loan of £1 million for 25 years, a Japanese loan for the same amount, and an Indian loan of approximately $12 million for industry. It is also reported that the World Bank has agreed to lend a further $51 million, chiefly for railway projects.

Government debt is not large and development projects, notably for hydroelectric power, have not yet had time to show results. (The main pumps of the Khashm El Girba Dam were opened last May; in that same month it was announced that consulting engineers had been approached about the Roseires Dam power projects.)

Industry Is Encouraged

The Industrial Bank of Sudan put out its second annual report for 1963 just recently, revealing that it had approved 21 out of 121 applications for financial, technical, and managerial assistance for the establishment, expansion or modernization of industrial private enterprises. These loans were small and totalled only S£625,000 but they represented nearly 60 per cent of the investment in the projects concerned. So far, the report says, the Bank is relying entirely on government capital but would like to get some domestic private capital.

Diversifying Agriculture

The Sudan, like so many developing countries, is trying hard to reduce its reliance on agriculture (notably long-staple cotton) by industrialization, but it seems inevitable that agriculture will remain vital to the economy for the indefinite future. The cotton crop is down this year and has been affected by disease. In addition, the workers may be reluctant to harvest it in view of the recent political upheaval. The provisional government, however, is encouraging labour to do the harvesting and there is good reason to believe that the workers will respond positively. Furthermore, the price of cotton is good.

Efforts to diversify by producing crops to replace imports, such as coffee and tobacco, are continuing with some success. Results from a 20,000-acre wheat project have been encouraging but none the less, the United States has recently provided 10,000 metric tons of wheat and flour under a PL480 agreement.

The investment climate is still good and is likely to remain so, provided the political situation remains stable. The Ten Year Plan from 1961 to 1971 calls for expenditures of S£565 million. The large hydroelectric projects will no doubt be completed but shortage of money may delay road construction and railways will have to suffice.

TABLE I

LOANS FROM FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

	Drawings in 1963	Cumulative Repayments to December 31, 1963	Debt Outstanding December 31, 1963	Undisbursed Balance December 31, 1963
	(millions of S£)			
Loans Available				
IBRD Loans:				
Sudan Railways	0.2	1.2	11.8	0.6
Managil Extension	1.0	0.2	4.2	1.0
Roseires Project				
IBRD loan	0.9	....	1.6	5.2
IDA loan	0.8	....	1.3	3.2
West German loan	1.0	....	1.6	4.8
Yugoslav credit	....	0.3	1.7	5.8
U.S.S.R. credit	1.0	....	1.1	6.6
Kuwait loan	3.3	....	3.3	3.7
British Second ECGD credit	....	....	....	4.9
United States aid:				
Industrial bank	....	....	....	0.7
Khartoum North sewerage system	....	....	....	1.3
	8.2	1.7	26.6	37.8

	Repayments in 1963	Cumulative Repayments to December 31, 1963	Debt Outstanding December 31, 1963
	(millions of S£)		
Loans Drawn			
British ECGD credit	0.8	4.0	....
German credit	0.6	0.6	1.3
	1.4	4.6	1.3

SOURCE: Bank of Sudan Annual Report, 1963.

The former Minister of Works and Mineral Resources has announced that a team of Sudanese geologists recently found iron, manganese, lead, zinc, kaolin, copper, and mica. Neither coal nor oil, however, has yet been discovered to supply needed energy, hence the importance of hydroelectric power developments. An iron and steel industry has been approved but the country will probably concentrate first on light industry and on the processing of agricultural products.

New plants successfully operating include those turning out glucose, crown corks, paints and matches, and an automatic bakery. A third sugar factory is planned with British backing and this should save foreign exchange. Cement production is being increased by 100,000 tons a year. An ultra-modern oil refinery is now in full production, turning out 20,000 barrels a day. The Sudan has been trying for some time to find a local alternative for jute in the making of sacks and studies on this are now being financed by the IFC. There have been several attempts to prove the feasibility of making pulp and paper from papyrus and Japanese interests are now engaged in this research. A newly created industrial research institute, with domestic financing, is working in co-operation with the UN Special Fund.

Imports, Import Policy

With the decline in foreign exchange reserves, more austerity is being exercised in the administration of import policy. Credit was tightened up a year ago and now certain luxury goods (such as quick-frozen foods and automobiles of a value exceeding S£500 c.i.f. Port Sudan) are prohibited entry. Import duties have recently been raised on many semi-luxuries. Rates of duty apply equally to imports from all countries except for some preferences accorded to the United Arab Republic.

Protection of infant industries continues, with only marginal import quotas available for goods produced in adequate quantity in the country. Recent visitors to Khartoum report that there are adequate supplies of merchandise in the shops.

Britain remains much the most important supplier but West Germany and Italy are gaining ground. India is the Sudan's best customer, taking most of the principal export, cotton. West Germany and Britain rank second and third.

Trade with Canada

Canadian exports to the Sudan are small and not gaining ground. Distance and lack of direct shipping service are creating difficulties. For manufactured goods requiring servicing and parts, suitable agents are not easy to find and a new agency law restricting profits for agency firms and trying to improve their efficiency by keeping down the number of agencies held will not help the situation.

Canadian exports in the first ten months of 1964 amounted to only $97,659 compared with $148,669 in the same period of 1963. Prominent among the reasons for the decline are the restriction on North American-type passenger cars and the development of a paint factory in the Sudan. Our current exports consist chiefly of plastics and synthetic rubber, disc harrows, ploughs and parts, trucks, refrigerators, aluminum, tires and tubes, and shoe machinery. We may be missing opportunities in such items as fungicides, earthmoving machinery, and lift trucks. We import only gum arabic and gum amber from the Sudan.

Most imports are likely to remain on Open General Licence, however, and one can look to an expanding Sudanese market for a wide variety of goods in small but growing volume, as this large country with its previous stable record continues with its active plans for economic growth. ●

If You Want to Sell in Turkey . . .

The Canadian supplier who would like to try selling his products in Turkey should remember that:

1. The market calls for hard work for a small initial return.

2. A personal visit is almost a necessity to assess the market for a product under local conditions.

3. Prices must be the lowest possible to meet strong competition from other suppliers much closer to Turkey.

4. Agents are a must and need maximum support from their principals in promoting sales—such as help with advertising, provision of credit for local purchases, etc.

5. Buying on letter of credit is expensive for the Turkish importer because the cost of borrowing money may run as high as 30 per cent. Cash against documents terms are in demand. Free list imports, however, must be paid for by letter of credit only. For quota list goods, cash against documents or cash against goods terms are permitted.

6. Transactions involving medium and long-term credit are limited to capital equipment, usually purchased for government account.

7. Correspondence can be carried on normally in English, though a few government purchasing authorities and private firms use French and German.

8. The Government makes routine purchases in free dollars by letter of credit. This makes it a prime sales target for international suppliers.

Turkey

- **Restrictions on imports cut down trade deficit in 1964.**
- **Sales opportunities limited to products or services needed for economic development.**
- **Canadian exports dropped last year, as foreign exchange tight.**

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

TURKISH economic activity in 1964 did not keep pace with the encouraging advances made in the two preceding years. In a preliminary estimate released in December 1964, the State Planning Organization forecast a growth rate of only 4 per cent compared with a rate of 7 per cent set under the First Five Year Development Plan.

A number of factors contributed to this slowdown in expansion, including an undercurrent of hesitation and uncertainty traceable to the Cyprus dispute. Restrictive credit and rediscounting practices, stricter controls on imports, and delays in obtaining and using foreign aid further discouraged business activity and led to a slowdown in both public and private investment.

The second half of 1964 saw the market become a bit more active because of an increase in credits and news of good crops of tobacco, cotton and hazelnuts.

Industrial production increased slightly last year, although output of steel, pig iron and rolled products decreased in the first half. Prices remained stable and in some instances dropped slightly.

Export earnings were down slightly in January-October 1964, but a 20 per cent reduction in imports helped to ease the balance-of-payments problem.

Investment and Development

Joint venture contracts signed in 1964 included one for an American-Turkish aluminum fabricating project (Can.$6 million), a Finnish-Turkish cable factory (Can.$21.5 million), and a U.S.$7 million U.S.-Turkish brewery enterprise, for which a Canadian consulting engineering firm has been retained.

The huge Eregli Steelworks project built with U.S. and Turkish capital began regular production late in the year and will turn out tinplate, cold-drawn steel sheet, pickled steel sheet, sheet plate and pig iron for the domestic and export markets. This steel complex is expected eventually to supply products which formerly had to be imported at a value of U.S.$70 million.

According to a release by the State Planning Organization, 103 foreign firms invested more than TL.249.6 million (Can.$30 million) between 1951 and 1963. United States investors accounted for 34 per cent of this, followed by Switzerland (18.6 per cent), the Netherlands (18 per cent), and West Germany (9.5 per cent). Favourite projects for foreign participation in this period were rubber (21.1 per cent), pharmaceuticals (17.8 per cent), and foodstuffs (13.5 per cent). The foreign investment target for the Development Plan is U.S.$25 million a year.

A proposed amendment to the Law for the Encouragement of Foreign Capital Investment calling for widening the fields open to foreign investment, providing more substantial protection against nationalization, and easing the formalities for profit transfer has been rumoured but has not yet come into force.

Total investment in 1965 is set at TL.12.7 billion (Can.$1.5 billion), an increase of almost 11 per cent over last year. TL.5 billion (Can. $600 million) has been allotted to the private sector, where housing and manufacturing will receive major attention.

In the public sector, agriculture, communications, manufacturing industries and power development will be emphasized, in that order. In manufacturing, chemicals, foodstuffs, paper, textiles, clothing and cement are being stressed.

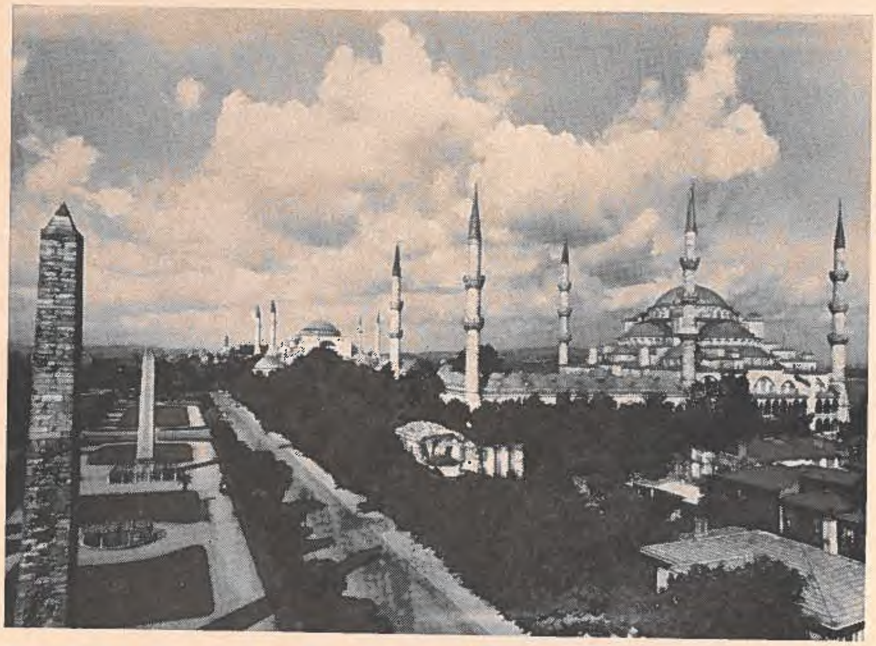
The 1965 program foresees a rise in GNP of 7 per cent and in per capita income of 4 per cent, and a net foreign exchange deficit of U.S. $254 million.

Under the Agreement of Association with the European Economic Community, Turkey is to receive a total of U.S.$175 million in low-interest, long-term loans for infrastructure and industrial development projects. The European Investment Bank will advance these loans in equal annual instalments for five years. According to press reports, potential hydroelectric and pulp and paper projects received special attention from an EIB delegation that visited Ankara recently.

Balance of Payments

Year-end figures were not available at the time of writing but after the first 11 months of 1964 the trade deficit stood at U.S.$147 million, compared with U.S.$279 million in the same period of 1963. This was the result of the current import program.

Net invisibles (excluding interest payment on foreign debt of U.S. $134 million in 1964) are again expected to show a deficit despite an announced increase in tourist income of 26 per cent and larger remittances from Turkish workers abroad (1965 estimate: $20 million). Aid loans extended to Turkey by members of the OECD consortium (including EMA and IMF credits) totalled about U.S.$185 million in 1964, and U.S.$175 million has been promised for 1965. An aid agreement with Germany



The minarets silhouetted against the Istanbul sky mark, in the foreground, the Sultan Ahmet Mosque and in the background the Church of Saint Sophia, now a museum.

was ratified late in December; as a result, Turkey will receive an additional U.S.$40 million for debt servicing, project financing, and paying for imports.

Export Commodities Limited

Nearly 70 per cent of Turkey's foreign exchange earnings on current account comes from sales abroad of dried fruit, nuts, tobacco and cotton. This dependence on exports of a small number of commodities causes problems. Recent years have brought a revival in exports of olive oil and expansion of shipments of petroleum products from $230,000 in 1961 to $8.2 million in 1963. Shipments of citrus fruit, livestock and cotton textiles have also expanded but those of mineral ores have declined. However, the size of the crops and the variations in world market prices for the traditional main exports account almost entirely for the fluctuations in export values since 1959.

Given Turkey's largely agricultural economy—from which nearly 40 per cent of the national income is still derived—and the small percentage of manufactured goods in Turkish exports, any major expansion in export trade will depend for some time to come on improving agricultural production through irrigation works and land reform measures and developing better processing and marketing facilities.

Many Imports Restricted

Imports in 1962 and 1963 considerably exceeded expectations and this added to the strain on foreign exchange reserves. Accordingly, the 1964 program-within-the-Plan not only reduced the original Five Year Plan import projections but imposed new import restrictions to ensure that these projections would not be exceeded. As a result, imports from January 1 to October 31, 1964, were valued at U.S.$466 million compared with U.S.$550 million for the same period in 1963.

Nine-month imports of capital equipment and plant machinery in 1964 were slightly smaller than in the previous year but were expected to reach the target figure of U.S. $280 million set by the Plan authority. Most other categories of imports also decreased.

The Import Program for 1965 provides for a total planned expenditure of U.S.$665 million. Of this, U.S.$294 million will be in the form of investment goods, U.S.$291 million in raw materials, and U.S.$80 million in consumer goods. Bearing in mind that a large proportion of expected imports will be made within the framework of restrictive import lists, bilateral agreements, government-to-government credits, and tied project aid, the import opportunities are not as encouraging as they seem at first glance.

The import-export regulations for the first half of 1965 are virtually identical with those for the second half of 1964. Rates of guarantee and deposits on import licences are unchanged. The "AID only" list has been relaxed slightly and certain items of possible interest to Canadian suppliers have been freed, such as calf hides, aluminum foil and strip, and irrigation systems and parts. (Pipe casing, supplied under a large contract last year, was moved to the "AID funds only" list in July 1964.)

Exporters who wish information on individual items in the Turkish free, quota and AID lists should write to the Asia and Middle East Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa.

Trade with Canada

Imports from Canada fell from $2.25 million in the first nine months of 1963 to $1.2 million in the same period of 1964. (See Table II.) Three commodities alone accounted for a drop in sales of well over one million dollars. Shipments of harvester combines were down by $440,000, of radio and TV equipment and parts by $422,000, and of pipe casing by $361,000. Exports of zinc ingot, passenger automobiles and chassis, truck and bus tires, asbestos shorts, hides and refractory bricks also showed significant declines. Sales of the following commodities, on the other hand, increased: aluminum ingot, up $167,-

TABLE I

WHAT TURKEY SOLD TO CANADA

Item	Nine Months 1963	1964
	(Can.$)	
Filberts, shelled	244,853	342,149
Cotton linters and fibres	115,693	189,920
Tobacco, unstemmed	105,642	87,480
Walnuts, shelled	80,173	4,053
Figs and fig paste	74,403	106,516
Chrome ore	43,538	....
Peas, dried	4,883	1,046
Vegetables, dried, preserved	5,662	1,581
Crude herbs, plants for medicine	1,464	1,432
Spices and herbs	1,335	1,650
Smokers' accessories	382	2,038
Musical instruments and parts	....	679
Miscellaneous	5,012	352
Totals (all items)	**683,040**	**738,896**

000, chemical elements $69,000, and insulated wire and cable $25,000. Twelve other items also sold in greater volume but the gains were not sufficient to offset losses in other fields.

Despite smaller sales, harvester combines still topped the list of Canadian exports to Turkey. Less free foreign exchange was set aside for combine imports last year but recent news of a U.S.$4 million allocation for combines and threshers in 1965 augurs well for this segment of Canadian industry.

Purchases by Canada from Turkey in the first nine months of 1964 rose slightly—from $683,040 in 1963 to $738,896 in 1964, as a result of larger shipments of shelled filberts, cotton linters and fibres, and figs and fig paste.

Doing Business in Turkey

There are two distinct types of sales opportunities in Turkey today. One is selling to those engaged in expansion and development projects in the public sector directed by the Government. This includes the state economic enterprises, which together account for 40 per cent of Turkish manufacturing output. Each Ministry and each state enterprise has its own spending program and usually does its buying through local or international calls for tender. The

TABLE II

WHAT CANADA SOLD TO TURKEY

Item	Nine Months 1963	1964
	(Can.$)	
Harvester combines	744,318	304,408
Primary aluminum	85,316	252,849
Chemical elements, n.e.s.	27,210	96,515
Whisky	44,648	76,667
Parts for combines, reapers, threshers	50,408	53,631
Radio, TV equipment and parts	448,720	42,469
Card punch machinery, computers and parts	43,395	34,182
Dairy produce, n.e.s.	....	29,092
Medical and pharmaceutical products	8,109	26,950
Insulated wire and cable	....	25,240
Oats	....	20,000
Stationery and office supplies	14,674	19,404
Cheese, n.e.s.	....	16,228
Organic acids and derivatives	....	15,609
Metalworking equipment, machinery and parts	....	14,891
Engines, motor vehicles and parts	....	12,587
Household, personal equipment and parts n.e.s.	4,296	12,032
Special industrial machinery and parts	10,579	11,680
Textile industry machinery and parts	24,066	11,519
Passenger autos and chassis	39,046	11,507
Asbestos milled fibres	30,721	5,328
Pipes and tubes, iron and steel	361,393	....
Primary zinc	95,352	....
Truck and bus tires	47,366	....
Laboratory, optical, scientific instruments and parts	28,733	....
Cattle hides, raw	26,269	....
Other products	118,088	129,943
Total	**2,252,707**	**1,222,731**

difficulty of learning about calls for bids published, as required by law, in the local press, translating local terms and conditions (invitations to bid written in English are still the exception rather than the rule), and dispatching the information quickly to Canada points up the need for having an alert agent. The purchasing offices of the state enterprises often require a potential supplier to provide in advance evidence of competence and ability, plus catalogues and price lists, before they will send him invitations to tender.

Selling to the private sector differs because there is no centralized purchasing. Private organizations are, however, also subject to a rigidly controlled import program which excludes goods not considered essential to economic development. The restrictions also limit consumer durables to products not made locally, assembled from imported components, or for which a suitable Turkish substitute cannot be found. Import lists are issued twice a year and lay down exactly what can be brought in.

In the past year, the restrictions on imports of consumer goods have confined sales opportunities for Canadian firms largely to goods and services that fit into Turkey's Development Plan. This year the best opportunities will probably lie in communications and industrial equipment (including equipment for the cement industry), agricultural machinery, engineering supplies, transport equipment, various chemicals and automotive parts.

The Canadian exporter to Turkey faces a number of problems in addition to the rigid import control. Among these are distance, the relatively high freight rates, infrequent deliveries, and the rather high price of Canadian goods in a market where the per capita income is only $210 a year. Then too, good agents are hard to find, as they are in most countries. The larger firms may have all the agencies they can handle and the newer ones are inexperienced or only want to take on a product that looks like an easy seller. The Commercial Division of the Canadian Embassy in Athens will be glad to help choose an agent for a Canadian firm, but the results are usually better if the Canadian principal makes his own assessment on the spot.

At Your Service

Coming from the press is a new edition, in French and in English, of the booklet, *Trade and Commerce at Your Service*. It outlines the organization of the Department and the services it offers to the Canadian businessman. For a free copy, write to the Media Relations Division, Trade Publicity Branch, Department of Trade and Commerce.

Iran derives the bulk of its national income from oil; second in importance only to oil is the textile industry. Each year Iran produces over 200 million metres of textiles. Behshawr, one of the three major textile centres, is the location of this factory.

Iran

- **Industrial development continuing; new plants projected.**
- **Development Plan presents opportunities for consulting work and engineering.**
- **Raw materials needed for industry have best sales prospects.**

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

IRAN is industrializing rapidly. New industries are springing up daily; they include plants turning out textiles, tires, paint, domestic appliances, gas stoves and refrigeration units, and factories assembling automobiles and radio and TV sets. Using certain imported parts, Iran also makes its own buses, including double-deckers. Plans have been approved for a steel works, a paper mill and more fertilizer factories. Initial blueprints for a petrochemical industry are currently being drawn up.

Most of this progress has been achieved during the past five years and many of the industries in this period have passed through adolescence and are on the road to maturity. The emphasis has been on quality and the majority of the products turned out are good enough for them to be accepted as imports by Iran's neighbours. Products now exported include cement, plastic goods and shoes to the Persian Gulf countries and India, cigarettes to Afghanistan, and textiles to Ceylon. Government policy is directed towards protecting local industries and attracting new capital investment, either totally Iranian or with some foreign participation.

The present 5½ Year Plan gives some indication of the direction of Iranian progress and Table I lists estimated expenditures on the various sectors during the year April 1, 1964, to March 30, 1965. The budget for the entire Plan totals 200 billion rials and by the end of March the amount allocated and used will reach 58.6 billion rials.

Expansion, Then Restriction

The year 1964 began with the Government taking certain measures to aid business expansion. Credit was made easier and the deposits required for opening letters of credit were decreased. The maturity of bills for the import of machinery to be used in expanding industry was extended from two years and three months to four years.

Toward the middle of the year, however, the effects of the severe winter of 1963 began to be felt. Dairy products, animal feeds, livestock for slaughter and more wheat than usual had to be imported because domestic production fell short. Payment for these imports, plus the heavy expenditures under the land reform program, resulted in serious financial problems.

In order to control the situation, the Government applied to several commodities, effective November 20, 1964, price increases and new internal taxes. The price of gasoline was doubled and prices of paraffin and fuel oil were raised. Travel by Iranian nationals in foreign countries was restricted and an austerity program proposed. It was made mandatory that the deposits collected by banks opening documentary letters of credit be placed with the central bank.

Imports of non-essential and semi-essential products continued

TABLE I

BUDGET ALLOCATIONS FOR DEVELOPMENT PLAN, 1964/65

	(millions of rials)
Agriculture and irrigation	8,700
Industries and mines	3,500
Power	2,500
Communications and telecommunications	9,500
Education	2,100
Health	2,000
Manpower training	800
Urban development	3,150
Statistics, etc.	250
Total allocation	**32,510**

to be strictly controlled. The export/import regulations for 1965 will not be made public until March, but it is the consensus that they will be similar to those in 1964. Raw materials will continue to be regarded as essential imports and this is welcome news to Canadian shippers.

Trade with Canada

Canadian exports to Iran were valued at $3.8 million in 1963 and at $2.5 million for the first ten months of 1964. Once again, raw materials—asbestos fibres, synthetic yarn and thread, aluminum ingots, and steel—bulked large in our sales. We also marketed, to a smaller extent, staple fibres, synthetic rubber, nuts and bolts, copper tubing, and automobile parts. (See Table II.) Canadian prices, however, often are still higher than European prices for similar products.

Canadian exporters, particularly of raw materials, should make a vigorous effort in this market. Many Iranian importers are turning from their old lines and concentrating on the new demand for raw materials, and this is where opportunities lie.

The large amount of consulting and engineering work called for in the Development Plan should be kept in mind by Canadian companies which can undertake consulting work on their own or cngineering contracts in co-operation with Iranian firms. To obtain business, a visit to this country is essential; only by personal discussions can a firm understand and appreciate the complexities of engineering problems here. The visitor should talk with Plan Organization officials and government departments and then submit details of work done by his firm and its qualifications to the former. Once this information has been studied and approved, the Canadian firm will be invited at the appropriate time to bid for a specific consulting engineering contract. Before the businessman returns to Canada, he should appoint a suitable Iranian representative—a person who will transmit information on the changing situation in Iran's development projects.

TABLE II

CANADIAN EXPORTS TO IRAN

	1963	1964 9 mos.
	(Can.$)	
Radio and TV equipment and parts	631,383	119,086
Sheet and strip steel n.e.s.	571,433	336,262
Aluminum ingots and slabs	402,902	230,017
Yarns and threads	205,590	123,480
Plastics and synthetic rubber	139,516	85,978
Asbestos milled fibres	135,150	277,200
Tallow, inedible	113,736	131,580
Passenger autos and chassis	96,083	119,140
Copper pipe and tubing	62,539	25,036
Nuts and bolts	47,946	72,849
Communications and related equipment	27,199	120,040
Total exports, including all others	**3,833,755**	**2,456,347**

Canadian engineering abilities and equipment are known and respected in Iran and during the past year a continuous flow of information was brought to the attention of the Plan Organization and the private sector. But this is not enough. Canadian engineers and manufacturers of engineering equipment must visit Iran continually to tell the appropriate people about their equipment and new techniques that the Iranian planners can use in the development program. ●

Benelux Reaches Twenty

THE governments of the Benelux countries—Belgium, the Netherlands and Luxembourg—have celebrated the 20th anniversary of the first measures for creating the Benelux Economic Union. For the occasion a postage stamp with a portrait of the three reigning sovereigns has been issued.

On September 5, 1944, in a British Government office in London, the Customs Union agreement was signed by the three Ministers of Foreign Affairs, M. Spaak, Herr van Kleffens and M. Bech, and on January 1, 1948, the Benelux Customs Union began functioning. The common customs tariff of the three countries came fully into force and customs duties between Belgo-Luxembourg and the Netherlands were completely and finally abolished.

On February 3, 1958, the Benelux Economic Union Treaty was signed in the Hague. Since then work has been in progress on the transfer of passport control activities to the Benelux external frontiers; on the harmonizing of legislation on trademarks; on a mutual support convention relating to the collection of transmission tax, and on the creation of a Benelux Court of Justice and a number of similar questions.

In 1948, Belgian exports to the Netherlands were valued at Can.$261.3 million, or 14.7 per cent of total Dutch imports. By 1963, Belgian exports to the Netherlands had increased to Can.$1,241.5 million and accounted for 19.3 per cent of total imports into the Netherlands. Over the same period, Dutch exports to the Belgo-Luxembourg Union had grown from Can.$155.2 million (or 8.3 per cent of total Belgo-Luxembourg imports) to Can.$814.2 million (or 14.7 per cent of the Belgo-Luxembourg total). The Netherlands has become Belgium's first and most important market. Belgium ranks second among the Netherlands suppliers and the Netherlands ranks third among suppliers to the Belgo-Luxembourg area. ●

Shipping Services from Canada to the Middle East

TO:	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
CYPRUS*	Italnavi Lines *(Vanport Shipping Agency Ltd., Vancouver)* Splosna Plovba Line *(B. W. Greer and Son (1947) Ltd., Vancouver)* Zim Line *(North Pacific Shipping Co. Ltd., Vancouver)*	American Export Isbrandsten Lines *(Watts Watts Shipping Agencies Ltd., Toronto)* Canada Orient Line *(Keel Shipping Ltd., Toronto)* Hellenic Line *(Furness Withy and Co. Ltd., Toronto)* Niagara Line/Concordia Line *(Canadian Overseas Shipping Ltd., Toronto, Hamilton)* Orient Mid-East Great Lakes Service *(Hurum Shipping and Trading Co. Ltd., Toronto)* Yugoslav Great Lakes Line *(The Robert Reford Co. Ltd., Toronto)* Zim Line *(March Shipping Agency Ltd., Toronto)*	American Export Isbrandsten Lines *(Watts Watts Shipping Agencies Ltd., Montreal, Quebec City, Halifax, Saint John)* Canada Orient Line *(Keel Shipping Ltd., Montreal, Saint John)* Hellenic Line *(Furness Withy and Co. Ltd., Montreal, Saint John, Halifax)* Montship Lines Ltd. and Capo Line—G.E.N. *(Montreal Shipping Co. Ltd., Montreal, Saint John, Halifax)* Niagara Line/Concordia Line *(Canadian Overseas Shipping Ltd., Montreal)* Orient Mid-East Great Lakes Service *(Hurum Shipping and Trading Co. Ltd., Montreal)* Yugoslav Great Lakes Line *(The Robert Reford Co. Ltd., Montreal)* Zim Line *(March Shipping Agency Ltd., Montreal; Pickford and Black Ltd., Halifax; J. T. Knight and Co. Ltd., Saint John)*
ETHIOPIA (via Djbouti on inducement)	Nedlloyd Lines *(Dingwall Cotts and Co. Ltd., Vancouver)*	Nedlloyd Line *(Montreal Shipping Co. Ltd. Toronto)* Hellenic Line	Nedlloyd Line *(Montreal Shipping Co. Ltd., Montreal, Saint John, Halifax)* Hellenic Line
IRAN	Nedlloyd and Hoegh Lines *(Dingwall Cotts and Co. Ltd., Vancouver)*	Nedlloyd Line Orient Mid-East Great Lakes Service	Hansa Line *(Watts Watts Shipping Agencies Ltd., Montreal, Saint John, Halifax)* Nedlloyd Line Orient Mid-East Great Lakes Service
IRAQ	Nedlloyd and Hoegh Lines	Hellenic Line Nedlloyd Line Orient Mid-East Great Lakes Service	Hansa Line Hellenic Line Nedlloyd Line Orient Mid-East Great Lakes Service
ISRAEL	Zim Line	Zim Line	Zim Line
JORDAN		Hellenic Line Nedlloyd Line Orient Mid-East Great Lakes Service	Hansa Line Hellenic Line Nedlloyd Line Orient Mid-East Great Lakes Service

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

Shipping Services from Canada to the Middle East

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

Import and Exchange Regulations in the Middle East

THE following paragraphs summarize import and exchange regulations affecting shipments to the Middle East, but do not include information on the documents which must accompany shipments. In a number of Middle Eastern countries, these requirements include special documents which must accompany all imports. Canadian exporters who require detailed information on such regulations should address their inquiries to the Asia and Middle East Division, Office of Trade Relations, Department of Trade and Commerce.

BAHRAIN

Import licences are not generally required, but imports of certain goods such as firearms, alcohol, and ammunition require special permits. All firms wishing to import goods into Bahrain must register with the Chamber of Commerce and the Financial Department and obtain a trade registration number, without which goods cannot be cleared through the Customs.

There are no exchange restrictions and banks are authorized to deal in dollars and sell them freely to residents. There are no restrictions on the manner of payment for imports but importers normally make payment only after merchandise has landed on the Customs wharf. Goods which have not been cleared Customs in six months may be sold at auction.

CYPRUS

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

ETHIOPIA

Imports are not subject to import licensing but exchange licences are required for the payment of foreign exchange. An application for foreign exchange must be accompanied by the supplier's invoice in triplicate, certified as being true and correct.

The National Bank of Ethiopia administers the foreign exchange regulations through its Exchange Control Department, including the authorization of foreign exchange licences. It is customary for drawees to make payment only upon arrival of merchandise. Payment for most imports may be made on any terms, including mail or telegraphic transfer, letter of credit, cash against documents at sight or on acceptance, with credit terms clearly stated on applications. Payment for certain goods classified as non-essential is authorized on similar terms subject to usance in not more than ninety days. Documentary evidence of the import of goods must be submitted to the Import Control Department at the State Bank within a maximum of three months from date on which payment under licence is effected.

Merchandise should be cleared through Customs within ninety days from date of payment. If it is not cleared within six months, it may be confiscated or sold at public auction.

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

IRAN

Import licences from the Customs authorities are required for the purpose of clearing merchandise through Customs. The licence is issued without a specific validity period on receipt of documents indicating payment has been arranged through an Iranian commercial bank.

New import schedules are issued each Iranian year (March 21 to March 20) by the Ministry of Commerce and include both a prohibited list and four classifications of merchandise by essentiality.

The Bank Markazi Iran, the central bank, controls foreign exchange. For purposes of payment for imports the Bank has established four schedules, each subject to a different rate of exchange, as follows:

- Schedules 1 and 2: Goods may be imported on documentary collection basis. Drafts are normally issued for a period ranging from three to 27 months. If a letter of credit is used to import goods in these schedules, the importer is required to deposit with the central bank the value of the letter of credit at the rate of 11.50 rials per U.S. dollar.

- Schedule 3: Goods may be imported only on letter of credit, at the rate of 30.60 rials per dollar.

- Schedule 4: Goods may be imported normally on letter of credit, at the rate of 76.50 rials.

The validity of a letter of credit is limited to four months, although this may be extended for three months without reference to the central bank. Importers normally make payment after arrival of the goods. Goods uncleared eight months after arrival are subject to sale at auction.

IRAQ

All imports except commercial samples up to a value of ID10 are subject to a licence, which must be obtained from the Directorate General of Imports and Exports before orders may be confirmed abroad. Licences are issued for goods shipped on a c. & f. (cost and freight) basis only; insurance must be arranged in Iraq. Shipments arriving in Iraq without a licence are considered as smuggled and become liable to confiscation. Licences are not approved after arrival of the goods.

Goods classed as essential are given priority in the issuance of import licences and allocation of foreign exchange. Licences for luxury goods are granted infrequently and almost none are issued for commodities that compete with those produced in Iraq. Import licences are valid for one year and a letter of credit must be opened within three months from the date the licence is issued. For shipments on a collection basis, drawing on the importer must be made within six months of issue date of licence. If a shipment does not reach Iraq within the validity period of the licence, applications must be made for an extension or a new licence; these applications are generally approved.

All transactions in foreign exchange are subject to prior approval of the central bank of Iraq (exchange control department). Foreign exchange is not released without presentation of a valid licence. Banks generally require a cash deposit of 25 per cent when an import letter of credit is opened.

It is the practice of Iraqi importers to make payment only after arrival of the merchandise. Goods may remain in Customs for six months and in bonded warehouses for three years. Merchandise stored in excess of these periods becomes liable to sale at public auction.

Various sectors of the Iraqi economy have been nationalized and imports of goods in these sectors may be made only by authorized organizations. Included are drugs, chemicals, automobiles, tea, foodstuffs, grain, cement, tobacco and paper.

ISRAEL

In order to import, a merchant must obtain from the Israeli Government an approved importer's certificate, which must be renewed annually. Import licences are required only for goods not included on the official free list. Imports requiring licences include commodities which are semi-liberalized, for which import licences are granted automatically. For the remainder, licences to import are issued on the merits of the individual application. The validity of import licences ranges from nine to twelve months. The arrival of merchandise without the required licence may result in confiscation or the imposition of fines unless permission for its return is obtained.

Operations in foreign exchange are governed by the Ministry of Finance, and are conducted through authorized banks. Exchange for merchandise on the free list is granted automatically. Otherwise import licences provide for the allocation of and right to purchase foreign exchange. When a letter of credit is opened, the bank usually requires a full or partial deposit, which varies according to both customer relationship and the percentage of foreign exchange required by the import licence.

Drawees normally make payment only after arrival of merchandise. To avoid high storage costs, shipments should be cleared through Customs within seven days of arrival. Goods are transferred to bonded warehouses if they are not cleared after 30 days. After one year they become subject to sale at public auction or to confiscation.

JORDAN

Most imports require licences issued by the Controller of the Import Department of the Ministry of National Economy. The import of cement other than white cement, arak, carbonic acid gas, alcohol, aerated waters, pyjamas and cigarettes is prohibited. Goods the c.i.f. (cost-insurance-freight) value of which is less than JD50, or the foreign currency equivalent, do not require an import licence. Import licences are normally valid for six months and may be extended. Goods which arrive not covered by a valid import licence are subject to confiscation or the imposition of fines.

Most imports require exchange permits as well as import licences but the issuance of an import licence constitutes a commitment that the necessary foreign exchange will be granted.

If goods are imported under documentary letter of credit, the credit must be opened within 45 days of the issue of the import licence. Goods shipped under letter of credit must arrive in Jordan not later than one month after the original expiration date of the import licence, although this may be extended up to four months.

Drawees generally make payment only upon arrival of the merchandise. Goods may remain in Customs up to three months, after which they are subject to being sold at public auction.

KUWAIT

Effective from November 26, 1964, almost all imports into Kuwait with certain exceptions require an import licence issued by the Minister of Trade. Exempt from the above provisions are: imports under irrevocable letters of credit opened by a bank in Kuwait before November 29; imports of fresh vegetables, fruits, and livestock to be used for food unless otherwise prohibited; imports by the Government and its entities; imports by the diplomatic corps and international missions.

Prohibited from import into Kuwait are alcoholic liquors and arms and ammunition except by special permit, as well as dangerous drugs and mixed spirits, except by order of the Public Health Department. Other prohibited goods include: opium, certain printed matter, forged or false currency, weights and measures.

There are no exchange regulations covering imports and foreign exchange is available on the official exchange market. Drawees generally await arrival of the merchandise before making payment. Goods not cleared through Customs within ten days are subject to demurrage charges. If they are not cleared within one year of arrival, they may be sold at auction.

LEBANON

The Ministry of National Economy has responsibility for imports and exports. With the exception of certain listed goods, mainly foodstuffs, imports do not require a licence. Licences are valid for six months. There is a free market in which all foreign exchange transactions take place. There are no restrictions on the manner of payment for imports.

Merchandise remaining in Customs after eight days is subject to surtax. Goods may remain uncleared for six months, after which they become liable to confiscation or sale at public auction. If storage charges are paid, shipments may remain in bonded warehouses up to two years before becoming liable to sale at auction. There are free zone facilities in Beirut and Tripoli.

LIBYA

Most goods may be imported into Libya freely. Some require individual import licences issued by the provincial authorities in Tripoli, Benghazi, or Sebha. Merchandise requiring an import licence which arrives not covered by a licence is subject to confiscation and the importer is liable to a fine. Licences for import are valid for six months but may be renewed for an additional three months. Import of some 21 items is prohibited.

Foreign exchange transactions are controlled by the Bank of Libya and payment for imports is effected through authorized banks. Exchange permits required for imports effected under valid individual import licence may be obtained automatically upon presentation of that licence. Exchange permits for imports admitted freely may be obtained upon presentation of shipping documents or evidence of firm contract. Drawees usually make payment after arrival of the goods. Payments for imports from any country may be made in any currency.

Goods not cleared within 30 days are moved from the port transit shed to a Crown warehouse in port area. Goods remaining in the Crown warehouse more than one month are subject to sale at auction. However, if goods are declared within 30 days of arrival and Customs accepts the declaration, they may be transferred to port authority bonded warehouse where they may remain for six months, after which Customs may consider them abandoned and sell them.

QATAR

Licences are not required for imports except for firearms and alcoholic beverages. The import of opium, cocaine, other dangerous drugs and cultured pearls is prohibited.

Foreign exchange to pay for imports is freely available. There are no restrictions on the manner of payment for imports.

Drawees normally make payment after arrival of the merchandise. Fines may be imposed on merchandise not cleared within 20 days. After six months, uncleared merchandise is subject to sale at public auction.

SAUDI ARABIA

With certain exceptions, goods may be imported freely into Saudi Arabia. Goods prohibited import are: articles contrary to Islamic religion and culture; alcoholic drinks of all kinds; opium and other dangerous drugs, except for medicinal purposes; arms, ammunition and war material, except imports by the Government; articles of food injurious to health or unfit for human consumption.

Foreign exchange transactions are free of restrictions. There are no restrictions on the manner of payment for imports. Because payment of interest is not allowed, drafts should not carry interest clauses. Certain imports such as wheat, medicines, milk, milk powder, and vegetable oils are subsidized but to obtain the subsidy these goods must be imported under letters of credit.

Drawees normally make payment only upon arrival of the merchandise. Merchandise not cleared through Customs within seven days is subject to heavy demurrage charges. If it is still uncleared after a year, it is subject to confiscation and sale at auction. There are no bonded or public storage facilities.

SUDAN

All goods imported into the Sudan are subject to official controls administered by the Ministry of Commerce, Industry and Supply. Merchandise considered essential, such as raw materials for domestic industries and certain textiles, may be imported under Open General Licence. For such goods the importer registers a pro forma invoice with the Ministry. The importer is then given a registration form which for exchange control and Customs purposes serves as an import licence.

Other imports require an import licence. The normal period of validity of a licence is three months but extensions may be granted.

Exchange control is administered by the Bank of Sudan through authorized banks. Import licences and registration forms include authorization to purchase the required foreign exchange. Imports from Canada may be paid for in either sterling or Canadian or U.S. dollars. The opening of a letter of credit must be accompanied by a 40 per cent deposit.

It is customary for drawees to defer payment until arrival of goods. Merchandise must be cleared through Customs before the expiry date of either the import licence or the registration form, whichever is applicable. Merchandise not cleared within six months is subject to sale at auction.

SYRIAN ARAB REPUBLIC

The import of most merchandise is subject to import licence issued by the Ministry of National Economy, and licences are valid for four months. Commodities are classified into four categories: non-essential or prohibited goods, commodities the import of which is temporarily suspended, non-essential goods subject to licence, and goods admitted freely but without foreign exchange from the central bank. Other goods may be freely imported but foreign exchange for payment must be obtained from the central bank. All goods must be imported direct from the country of origin.

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

In January 1965, the Government nationalized over 100 industrial companies. It appears that import licences issued to these firms constitute the assurance that foreign exchange for payment is available.

TURKEY

Regulations affecting both import and export trade are issued at the beginning of each licensing period, January to June and July to December.

Imports are divided into two main groups: free list and goods subject to quota. The first group includes two lists of liberalized goods subject to the different deposits, and the second group comprises goods for which licences are allocated on the basis of global quotas. Applications for goods included in the quota list must be made within one month and must not exceed 20 per cent of the quota to which they refer. No time limit is required for goods included in the free import list.

Imports may be effected only by holders of an importer certificate issued by a Chamber of Commerce and/or Industry. Industrialists, exporters, mine-owners and tourist establishments do not require a certificate when importing for their own use. An application for an import licence must be accompanied by a deposit in either cash or bonds. For imports on the free list this amounts to 70 per cent or 100 per cent and for goods subject to quota to 30 per cent for importers and 10 per cent for industrialists. Licences are valid for six months and imports must be effected within that period. For goods requiring a supplementary time limit for manufacturing, a permit must be obtained from a Chamber of Commerce or Industry. Import licences are valid only for the tariff headings indicated in the licence and goods must be indicated against such headings.

The granting of a licence guarantees the necessary foreign exchange. Payments for trade with countries with which Turkey has no payments agreements (including Canada) are made in U.S. dollars for the dollar currency area and in U.S. dollars or in currencies convertible into dollars for other areas. Free list imports must be paid for by letter of credit as opposed to quota list items, for which cash against documents (c.a.d.) or cash against goods (c.a.g.) are allowed.

UNITED ARAB REPUBLIC

All commercial imports require licences. In general, imports of articles produced locally, as well as various foodstuffs, cement, luxury goods and certain chemicals, are not permitted. Each permit is valid for one year, and merchandise must arrive in Egypt before it expires. A licence may be renewed upon submission of appropriate documentation and justification. Because all import trade is in the hands of the State, applications for import licences can be made only by government-owned or government-controlled importing organizations, each of which imports certain commodity groups, and by factories. Factories may import directly raw materials, spare parts and machinery only for their own requirements, subject to clearance by the Ministry of Economy. All other organizations must import through an authorized government-controlled company.

Upon obtaining a licence, the importer is permitted to open a letter of credit and buy the required currency from the authorized bank. Exchange can be remitted before goods are cleared from Customs. Importers can open letters of credit or effect payment in advance for any amount not exceeding E£100. For larger amounts, authorization must be obtained from the exchange control authorities. If goods are not cleared through Customs within a year of arrival, they are liable to be sold at auction.

The Ocean Freight Market

THERE was a marked increase in the average rates for most trades in the fourth quarter of 1964 compared with the third quarter, and in many trades the rates reached their highest levels since the beginning of the year. Rates for grain from eastern North American ports rose sharply during October but, in the absence of a sustaining demand, declined to early October levels by the end of the quarter. Rates for grain from Pacific ports followed a similar pattern but with narrower rate variations. Rates for scrap iron, steel and lumber remained fairly stable at higher levels than in the previous quarter.

The tanker rate for black oil from the Caribbean to United States North Atlantic ports declined during the first two months of the fourth quarter. A sharp upturn took place early in December, the rate then holding at the higher level.

A vigorous expansion of world trade in 1964 produced rate levels that were higher in the dry cargo sector than at any time since the Suez crisis of 1957. In the petroleum trades however rates were generally lower than in 1963 but higher than in the period between 1958 and 1962.

CHARTER RATES—FOURTH QUARTER 1964

The rates shown in column A are in sterling or U.S. dollars with the Canadian dollar equivalent in column B calculated at £=\$2.99 and U.S.\$=\$1.07. For comparison, the rates a year ago are shown in column C with the Canadian dollar equivalent in column D calculated at £=\$3.02 and U.S.\$=\$1.08.

TIME CHARTERS

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

	1964 Fourth Quarter		1963 Fourth Quarter	
	A £ or U.S.$	B Can.$	C £ or U.S.$	D Can.$
General Trading (approximately 6 months)				
Motorships, 9,000-10,999 dwt., 11-12.9 knots	$3.48	3.72	$2.94	3.17
Motorships, 9,000-10,999 dwt., 13-15 knots	....	....	$3.58	3.86
Motorships, 11,000-12,999 dwt., 13-15 knots	$3.47	3.71	$3.82	4.13
Motorships, 13,000-14,999 dwt., 13-15 knots	$3.38	3.62	$3.48	3.76
Motorships, 15,000-16,999 dwt., 13-15 knots	$3.58	3.83	....	....
Steamships, 9,000-10,999 dwt., 9-10.9 knots	$2.88	3.08	$3.05	3.29
Steamships, 9,000-10,999 dwt., 11-12.9 knots	$3.66	3.92	....	....
Steamships, 9,000-10,999 dwt., 13-15 knots	....	....	$3.64	3.93
General Trading (approximately 12 months)				
Motorships, 9,000-10,999 dwt., 9-10.9 knots	....	....	$3.92	4.23
Motorships, 9,000-10,999 dwt., 11-12.9 knots	$2.75	2.94	$3.51	3.79
Motorships, 9,000-10,999 dwt., 13-15 knots	$3.50	3.75	$4.14	4.47
Motorships, 11,000-12,999 dwt., 11-12.9 knots	....	....	$3.07	3.32
Motorships, 11,000-12,999 dwt., 13-15 knots	$3.26	3.49	$3.73	4.03
Motorships, 13,000-14,999 dwt., 13-15 knots	$3.24	3.47	$3.50	3.78
Motorships, 15,000-16,999 dwt., 13-15 knots	$3.13	3.35	....	....
Steamships, 9,000-10,999 dwt., 9-10.9 knots	$2.64	2.82	$2.62	2.83
Steamships, 11,000-12,999 dwt., 11-12.9 knots	....	....	$3.39	3.66
West African Rounds				
Motorships, 9,000-10,999 dwt., 11-12.9 knots	23s. 9d.	3.55	26s. 7d.	4.01
Motorships, 9,000-10,999 dwt., 13-15 knots	$4.18	4.47	29s. 1d.	4.39
Steamships, 9,000-10,999 dwt., 9-10.9 knots	17s. 9d.	2.65	....	....
Steamships, 9,000-10,999 dwt., 11-12.9 knots	....	....	27s. 6d.	4.15

TRIP CHARTERS

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

	1964 Fourth Quarter		1963 Fourth Quarter	
	A	B	C	D
	£ or U.S.$	Can.$	£ or U.S.$	Can.$
Heavy Grain (per long ton)				
St. Lawrence to Britain	46s. 10d.	7.00	61s. 2d.	9.24
St. Lawrence to Belgium/Holland	$5.07	5.42	$7.66	8.27
St. Lawrence to France	$6.67	7.14	....	....
St. Lawrence to West Germany	$4.78	5.11	....	....
St. Lawrence to Italy	$7.61	8.14	....	....
St. Lawrence to Japan	$10.88	11.64	....	....
St. Lawrence to Poland	$5.98	6.40	....	....
St. Lawrence to U.S.S.R. Black Sea	....	....	$9.58	10.35
Churchill to Britain	....	....	70s. 0d.	10.57
Great Lakes to Britain	76s. 0d.	11.36	106s. 6d.	16.08
Completing St. Lawrence	39s. 5d.	5.89	....	....
Great Lakes to Belgium/Holland	$8.91	9.53	$10.40	11.23
Completing St. Lawrence	$4.79	5.13	$6.35	6.86
Great Lakes to West Germany	$8.97	9.60	....	....
Great Lakes to Venezuela	$12.00	12.84	....	....
Halifax/Saint John to Britain	35s. 0d.	5.23	48s. 10d.	7.36
Halifax/Saint John to Belgium/Holland	$3.92	4.19	$5.35	5.78
Halifax/Saint John to France	$5.35	5.72	....	....
Halifax/Saint John to West Germany	$3.93	4.21	....	....
Halifax/Saint John to Bulgaria	$8.65	9.26	....	....
Halifax/Saint John to U.S.S.R. Black Sea	....	....	$9.25	9.99
British Columbia to Britain	$7.49	8.01	$10.54	11.38
British Columbia to Belgium/Holland	$6.85	7.33	$8.49	9.17
British Columbia/North Pacific to Japan	$7.09	7.59	$7.55	8.15
British Columbia to west coast of India	....	....	87s. 0d.	13.14
British Columbia to east coast of India	76s. 0d.	11.36	....	....
British Columbia to Communist China	44s. 2d.	6.61	51s. 10d.	7.82
Coal (per long ton)				
Hampton Roads to Belgium/Holland	27s. 4d.	4.09	34s. 8d.	5.23
Hampton Roads to Japan	$7.81	8.36	$9.33	10.08
British Columbia to Japan	....	....	$6.10	6.59
Iron Ore (per long ton)				
British Columbia to Japan	$4.50	4.82	....	....
Lumber and General Cargo (per long ton)				
British Columbia to Britain	$14.34	15.34	$14.80	15.98
British Columbia to Australia	$15.53	16.62	$18.47	19.95
British Columbia to Italy	$14.25	15.25	....	....
Oil Black (per long ton)				
Venezuela to Portland, Maine	$1.82	1.95	$2.24	2.42
Persian Gulf to Portland, Maine	$4.45	4.76	....	....
Venezuela to Montreal	$2.31	2.47	....	....
Oilseeds (per long ton)				
British Columbia to Japan	$7.00	7.49	....	....
Potash (per long ton)				
British Columbia to Brazil	$10.15	10.86	....	....
British Columbia to Japan	$6.70	7.17	....	....
Scrap Iron and Steel (per long ton)				
Great Lakes to Italy	$10.84	11.60	....	....
U.S. Atlantic to Italy	$9.11	9.75	....	....
U.S. Atlantic to Japan	$13.46	14.40	$16.28	17.58
California to Japan	$8.44	9.03	$9.33	10.08
Sulphur (per long ton)				
British Columbia to India	....	....	$11.75	12.69
British Columbia to Britain	....	....	51s. 3d.	7.74
British Columbia to Italy	$10.00	10.70	....	....

COMMODITY NOTES

Aerosols

WEST GERMANY—A press release from the West German Aerosol Trade Association states West Germany now comes second only to the United States in aerosol production. In 1964, 150 million units were manufactured, an increase of 600 per cent over 1959. Production is expected to reach 190 million units this year.

In 1962, some 95 million units were produced and German per capita consumption was two tins compared with 6.5 tins in the U.S. One third of these units were used for hair sprays, followed by deodorants, suntan lotions, plant sprays and insecticides. Air fresheners, paints or lacquers each accounted for 6 per cent and pharmaceutical products for only 2 per cent of total production—Bad Godesberg.

Benzene

ARGENTINA—For the first time benzene is being produced in Argentina. This important chemical used extensively in the production of phenol, synthetic detergents, anilines, DDT and other products, is being produced by Petroquimica Argentina S.A. at its plant at Puerto San Martin, near San Lorenzo. Annual production of benzene will total 32,000 cubic metres—Buenos Aires.

Housing

NORTHERN IRELAND—Between June 1, 1944, and June 30, 1964, 117,191 houses were built in Northern Ireland. Of these, 43,884 were built by local authorities, 27,436 by the Northern Ireland Housing Trust, 42,836 by private enterprise, and 3,035 by other agencies. A further 941 dwellings were conversions of existing buildings. Some 5,889 houses have been demolished—509 under clearance orders, 2,781 under demolition orders, and 2,599 by other means. In addition, 312 temporary bungalows have been demolished—Belfast.

Iron and Steel

TURKEY—Trial production has begun at the new Eregli Iron and Steel Works and initial supplies of tinplate, steel sheet and pig iron are expected to be on the market by the end of 1964.

The Eregli Iron and Steel Works, under construction since 1961, is a Turkish-American joint venture financed in part by a U.S.$129 million loan from the Development Loan Fund, with controlling interest retained by a U.S. group comprised of Koppers Co. Inc., Westinghouse Electric International Company and Blaw-Knox. The large industrial complex is located near the Zonguldak iron ore and coal deposits on the Black Sea coast.

Initial planned annual capacity at Eregli is 268,000 tons of hot and cold rolled products—including sheets in coils, steel plates, pipe strip in coils, electrolytic tinplate and 100,000 tons of blooms. The latter will be used to meet the rolling mill needs of the nearby state-owned Karabuk Iron and Steel Industries, whose output includes pig iron, ingot, billets, blooms, round bars, sheet, sections, pipe and castings—Athens.

Lumber

GREECE—According to figures released by the Forestry Division, Ministry of Agriculture, the demand for lumber in Greece has reached 523 million board feet a year. This includes all types of lumber for interior and exterior use.

Domestic production in 1964 will amount to about 148 million board feet, leaving a gap of some 375 million board feet to be filled by imports.

Consumption of lumber in Greece is rising at an annual rate of more than 20 million board feet. The estimated annual increase in local production is only 6.3 million board feet—Athens.

Microwave Equipment

INDIA—Microwave equipment of Indian design will be manufactured for the first time this year by the Indian Telephone Industries, Bangalore. The equipment will be of 7,000 megacycles, a 4.5 cm. wave length, and will be capable of providing 300 circuits over long distances. The Posts and Telegraphs Telecommunication Research Centre at New Delhi is preparing designs for equipment that will provide circuits of 1,200 to 1,800—Bombay.

Newsprint

BRAZIL—The Brazilian Government has authorized the Bank of Brazil to provide financing to publishers of newspapers, books and magazines of a technical, scientific or philosophical nature for the purchase of national or imported newsprint. This financing may cover a maximum of 30 per cent of total imports and domestic purchases of newsprint made during the two-year period ended April 1, 1964—Rio de Janeiro.

Nuclear Power

ITALY—The "Enrico Fermi" nuclear power station of Societa' Elettronucleare Italiana SELNI at Trino Vercellese (near Milan), which went critical on June 21 last, is now ready to produce electric power at a rate of over 2 billion kwh. per year. Design work on this station, the largest of its type in the world, was first begun in 1955. Using enriched uranium, it is modified by pressurized water; there are two turbo-alternators with a total capacity of 300 megawatts. The cost of the plant totalled about 45 billion lire, representing a capital cost of 150,000 lire per kw. The nuclear reactor and its primary circuits were supplied by Westinghouse Electric International Co. and the two turbo-alternators by Tosi-Marelli. The remaining components were supplied by several hundred firms, mostly Italian. The nuclear fuel is being obtained from the United States through the agency of Euratom—Rome.

Oil Products

SWEDEN—Sweden is the U.S.S.R.'s best customer for refined oil products such as petroleum, paraffin and fuel oils, and its 1963 imports of over 3 million tons constituted 15 per cent of Russia's total exports of such products. However, Sweden's 1963 purchases of crude oil from Russia came to only 10,900 tons. Italy's total imports of crude oil and refined oil products from the U.S.S.R. came to 7 million tons, about equal to imports by Poland and Czechoslovakia together. Soviet refined oil products accounted for 17 per cent of Sweden's total oil requirements in 1963.

Total exports of oil from the Soviet Bloc are estimated at 38 million tons in 1964 and 44 millions in 1965. This 15 per cent annual increase is likely to continue. The U.S.S.R.'s oil exports enable it to import industrial goods produced in Western Europe, hence the westward emphasis on oil exports. Europe takes 75 per cent of all Soviet oil exports, although the total quantity bought covers only 8 per cent of requirements—Stockholm.

Paper

PAKISTAN—West Pakistan's first papermill, estimated to cost about Rs.60 million ($12.6 million approximately) will be established at Lahore and will make Swedish-type packaging paper. The new factory will produce paper for Packages Limited, a company partly owned by Akerlund and Rausing of Sweden and Pakistani interests. As well, it will make special paper for Tetra Pak aseptic milk packages. Pakistan will be the first country outside Sweden with domestic production of this special paper that makes it possible to store milk for several weeks without refrigeration.

An installed capacity of 12,000 tons will be attained at the Lahore plant by 1970. It will use rice and wheat straw and waste from cotton plants as raw material—Karachi.

Refrigerators

COSTA RICA—A Costa Rican firm has begun production of refrigerators, with an initial capacity of 200 units per month. The company expects to increase its output and also to add washing machines and freezers—Guatemala City.

Textiles

UNITED STATES—The new permanent press, currently popular in the men's wear field, is rapidly gaining popularity in women's wear. Industry studies indicate that 80 per cent of all men's and boys' pants and 60 per cent of women's slacks will be permanently pressed in 1965. The processes used involve resins, sulfone chemicals and "engineered" cloth of cotton/nylon and cotton/polyester composition—Chicago.

Wood

ISRAEL—The director of the Government Institute of Fibres and Forest Products has recently announced that a new process has been discovered for fireproofing wood, the fruit of four years' research sponsored by the Government of Israel.

The newly patented process uses bromine, a raw material which Israel produces in large quantities from the Dead Sea. Bromine-treated wood does not catch fire and is also resistant to fungus. The process costs $25 to $30 per ton of wood—Tel Aviv.

Trade Commissioners on Tour

In Territory

Barbados—L. D. R. Dyke, Commercial Secretary in Port-of-Spain, Trinidad, will visit Barbados April 12-15.

Canary Islands—R. M. Dawson, Commercial Secretary in Madrid, Spain, will visit the Canary Islands March 8-13.

Pakistan—R. D. Sirrs, Commercial Secretary in Karachi, will visit Lahore, Rawalpindi and Peshawar March 3-9.

R. D. Lee, Assistant Commercial Secretary in Karachi, will visit Dacca and Chittagong, East Pakistan, March 14-21.

South Africa—S. B. McDowall, Assistant Trade Commissioner in Johannesburg, will visit Durban and Natal and the surrounding area for ten days beginning April 20.

H. W. Richardson, Trade Commissioner in Cape Town, will visit the Northern Cape March 8-15.

R. G. Godson, Assistant Trade Commissioner in Cape Town, will visit the Eastern Cape February 22-March 4.

Taiwan—R. C. Anderson, Consul and Trade Commissioner in Manila, Philippines, will visit Taipei March 17-26.

United States—A. W. Evans, Consul and Senior Trade Commissioner in Cleveland, will visit the following cities in his territory: Youngstown and Warren March 2-4, Mansfield and Marion March 9-11, Lima and Findley March 16-18.

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

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

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

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

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

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

For conversion to United States dollar equivalent multiply by .9305.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 8	Units per Canadian dollar	Notes (see below)
Algeria	Dinar		.2193	4.56	
Argentina	Peso	Free	.007150	139.86	
Australia	Pound		2.4030	.4161	
Austria	Schilling		.04159	24.04	
Bahamas	Pound		3.0038	.3329	
Belgium and Luxemburg	Franc		.02165	46.19	
Bermuda	Pound		3.0038	.3329	
Bolivia	Peso		.09135	10.95	
Brazil	Cruzeiro	Official Free	.0005849	1,709.69	
Britain	Pound		3.0038	.3329	
British Guiana	Dollar		.6258	1.60	
British Honduras	Dollar		.75095	1.33	
Burma	Kyat		.2257	4.43	
Ceylon	Rupee		.2253	4.44	
Chile	Escudo	Bank rate	.3764	2.66	
		Free	.3161	3.16	
Colombia	Peso	Free	.08050	12.42	
		Certificate	.1194	8.38	
Congo, Republic of	Franc		.007165	139.57	(1)
Costa Rica	Colon		.1622	6.17	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1493	6.70	
Denmark	Krone		.1554	6.44	
Dominican Republic	Peso		1.07469	.9305	
Ecuador	Sucre	Official	.05970	16.75	
		Free	.05803	17.23	
El Salvador	Colon		.4299	2.33	
Fiji	Pound		2.7061	.3695	
Finland	Markka		.3358	2.98	
France-Monaco, etc.	Franc		.2193	4.56	(2)
Franco-African Republics, etc.	Franc		.004386	228.00	(3)
French Pacific	Franc		.01206	82.92	(4)
Germany	D Mark		.2700	3.70	
Ghana	Pound		3.0038	.3329	
Greece	Drachma		.03582	27.92	
Guatemala	Quetzal		1.07469	.9305	
Haiti	Gourde		.2149	4.65	
Honduras	Lempira		.5373	1.86	
Hong Kong	Dollar	Free	.1876	5.33	*Jan. 29
		Official	.1877	5.33	

*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 Feb. 8	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02499	40.02	(1)
India	Rupee		.2253	4.44	
Indonesia	Rupiah		.004299	232.61	(1)
Iran	Rial		.01419	70.47	
Iraq	Dinar		3.0091	.3323	
Ireland	Pound		3.0038	.3329	
Israel	Pound		.3582	2.79	
Italy	Lira		.001720	581.40	
Japan	Yen		.002985	335.01	
Lebanon	Pound	Free	.3522	2.84	
Malaysia	Dollar		.3511	2.85	
Mexico	Peso		.08598	11.63	
Morocco	Dirham		.2149	4.65	
Netherlands	Florin		.2991	3.34	
Netherlands Antilles	Florin		.5699	1.75	
New Zealand	Pound		2.9833	.3352	
Nicaragua	Cordoba		.1535	6.51	
Nigeria	Pound		3.0038	.3329	
Norway	Krone		.1503	6.65	
Pakistan	Rupee		.2253	4.44	
Panama	Balboa		1.07469	.9305	
Paraguay	Guarani	Free	.009135	109.47	
Peru	Sol	Free	.04006	24.96	
Philippines	Peso	Free	.2759	3.62	
Portugal & Colonies	Escudo		.03738	26.75	(5)
Sierra Leone	Leones		1.5046	.6646	
South Africa	Rand		1.5019	.6658	
Spain and Dependencies	Peseta		.01796	55.68	
Sweden	Krona		.2092	4.78	
Switzerland	Franc		.2484	4.03	
Syria	Pound	Free	.2813	3.55	
Thailand	Baht	Free	.05209	19.20	(1)
Tunisia	Dinar		2.0580	.4859	
Turkey	Lira		.1194	8.38	(1)
United Arab Republic	Pound	Official	2.4718	.4046	
United States	Dollar		1.07469	.9305	
Uruguay	Peso	Free	.04265	23.45	
Venezuela	Bolivar	Official Free	.2392	4.18	
West Indies	Dollar		.6258	1.60	(6)
	Pound		3.0038	.3329	(7)
Yugoslavia	Dinar	Official	.001433	697.84	

Notes

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

FOREIGN TARIFFS AND TRADE REGULATIONS

Argentina

ARGENTINA INTRODUCES PRIOR DEPOSITS—Our Commercial Counsellor in Buenos Aires has informed us that, effective from January 12 to April 30, 1965, Argentine importers are required to make a deposit of 100 per cent of the c. and f. value of imported merchandise in special accounts in Argentine banks before customs clearance. This deposit will be held by the banks for a period of at least 180 days.

In effect, therefore, importers must have sufficient funds avialable to cover double the cost of the imports involved: (1) actual payment for the goods, and (2) a deposit of equal value which is not recoverable for at least 180 days.

Imports of machinery and equipment that are subject to regulations stipulating terms of payment (see *Foreign Trade,* January 9, 1965, page 30) are exempt from the prior deposit requirement. Among other exemptions are imports of newsprint, some agricultural products, and polio vaccine, and imports by national, provincial or municipal authorities and other official agencies.

Ceylon

NEW TARIFF—The Government of Ceylon has issued a new Customs Trade Classification and Tariff based on the revised Standard International Trade Classification. The new tariff has been in effect since January 1, 1965. Exporters to Ceylon are advised to check with the Commonwealth Division of the Office of Trade Relations to ensure that they know the rate of duty applicable to their product under the new tariff.

Denmark

FURTHER IMPORT LIBERALIZATION—By notice No. 373 of December 23, 1964, the Danish Ministry of Commerce waived import controls on a number of goods. The following goods may be imported from January 1, 1965, on without import licences:

Chemically pure sugars, including glucose

Adhesive materials with plastic or paper backing

Carbon and tracing paper, in rolls and sheets

Carbon and other copying paper and transfer paper, cut to size, whether or not put up in boxes

Sacks and bags, of a kind used to pack goods

Ironing machines and parts

Drying centrifuges and parts, for household or laundry

Taps, valves and similar appliances for pipes, boilers, tanks and the like (including pressure reducing valves and thermostat-controlled valves)

More detailed information may be obtained from the Office of Trade Relations, Department of Trade and Commerce.

Fiji

DUTY-FREE PRODUCTS—At the beginning of 1963 a limited number of products were permitted to enter Fiji duty free as a means of boosting the tourist industry. This move proved successful and additional duty-free items were added to the list in December 1964. The original list included radios, record players, tape recorders, television sets, watches, binoculars, and cameras and accessories, including movie cameras and projectors not larger than 8 mm. The most recent additions to the duty-free list include furs, portable typewriters, electric razors, and 16 mm. movie cameras and projector screens. Jewellery and imitation jewellery and perfumes from preferential sources will be admitted free of duty, but a 25 per cent rate of duty will be charged when they are from other sources—Wellington.

Ireland

FRESH APPLE IMPORTS—The Minister for Agriculture for the Republic of Ireland has announced that he is prepared to grant licences for the import of fresh apples during the period February 16 to July 7, 1965. Applications for licences should be addressed to the Secretary, Department of Agriculture (Section 4), Dublin 2, and should indicate the quantity it is desired to import—Dublin.

RAW ONION IMPORTS—The Minister for Agriculture in the Republic of Ireland has announced that, effective May 16, 1965, imports into Ireland of raw onions, whether fresh or dried, will be prohibited unless an import licence has been obtained from him. Local importers should apply for licences to the Secretary, Department of Agriculture, Upper Merion Street, Dublin 2.

Canadian exporters should note that all onions consigned to this market must be accompanied by the proper licences for the Colorado Beetle Order, 1945, and the Foot and Mouth Disease (Importation of Plants) Order, 1952—Dublin.

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