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FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

Canada in Japan

FOREIGN TRADE

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COVER: Japan buys hundreds of products from Canada but wheat continues to be the leader, as young Japanese learn to eat bread as well as the traditional rice. For a close look at Canada's trading relations with Japan and the imaginative way in which these and other ties are being strengthened, see the articles on pages 2 to 24.

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The Hon. MITCHELL SHARP, Minister.

J. H. WARREN, Deputy Minister.

O. MARY HILL, Editor.

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COMING——DISTRIBUTION PATTERNS ARE CHANGING, MARCH 20 ISSUE

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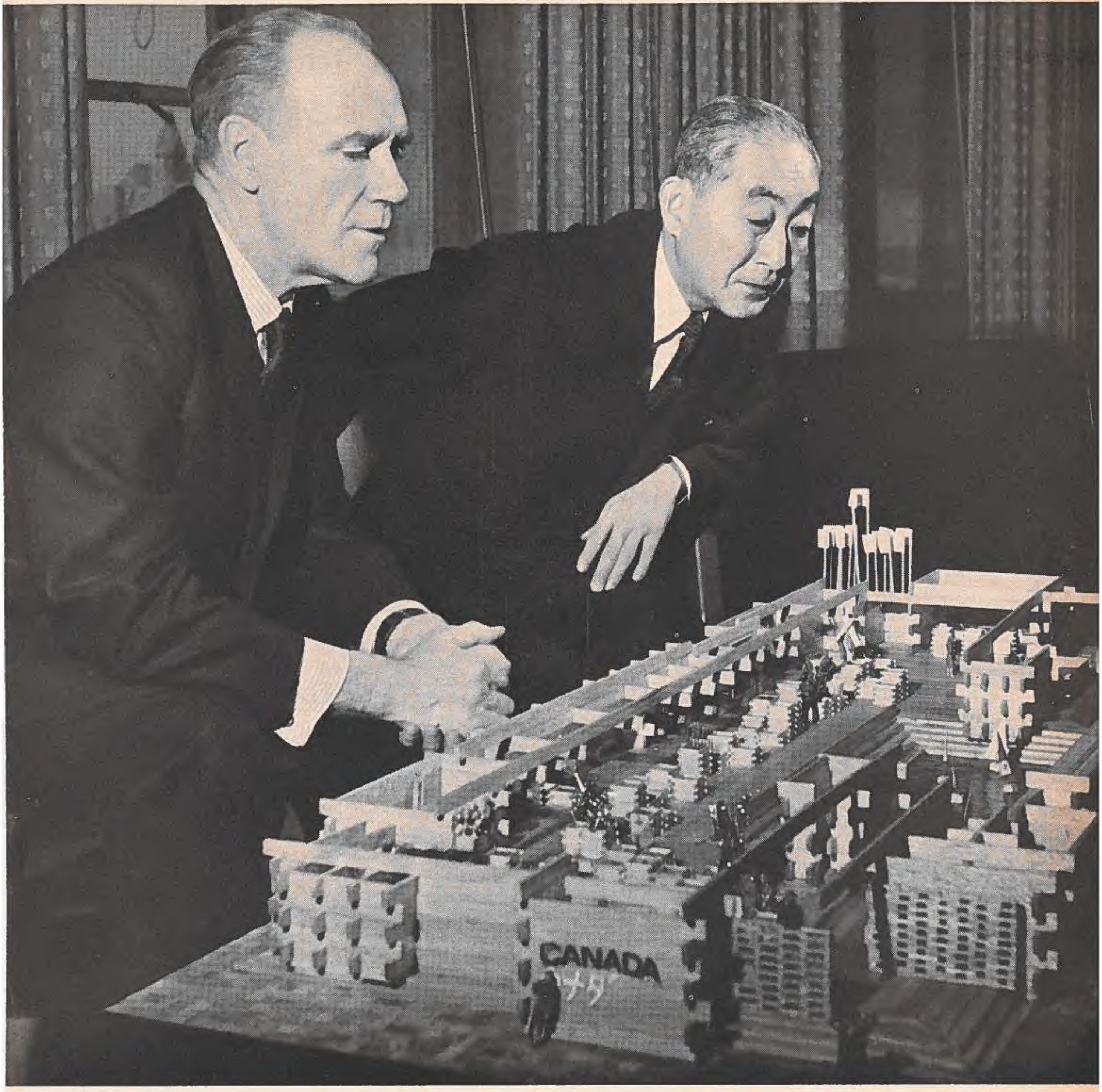
*カナダ

in JAPAN

The steady growth of trade between Canada and Japan since the end of World War II will be symbolized this year in a strikingly designed Canadian Pavilion at the Tokyo International Trade Fair. The Pavilion will not only be the world's biggest log cabin (covering 6,000 square feet) but, according to Tokyo architects and builders, will revive construction techniques not seen in Japan since the days of the ancient temples or "Azekuratsukuri", built a thousand years ago. Made entirely of massive, rough-hewn

*The Japanese characters say Canada.



Studying intently the model of the Canadian Pavilion at the Tokyo International Fair that opens on April 16 are: (left) the Hon. Mitchell Sharp, Minister of Trade and Commerce, and His Excellency Hisanga Shimadzu, Ambassador of Japan to Canada.

LOYD E. BEAMISH,
Director, Trade Publicity Branch.

Douglas fir timbers, the Pavilion will reflect Canada's traditional role as an important supplier of many raw materials to Japan. Exhibits will feature the agricultural and forest products, the minerals and metals from Canada that go into the manufacture of thousands of Japanese products for domestic consumption and for export around the world.

The wood for the building—more than 330,000 board feet, weighing roughly 1.3 million pounds was shipped from Vancouver in January and February and unloaded at Yokohama. Construction began in Tokyo as soon as the cargo arrived.

Giant timbers, 6 × 16 inches and up to 50 feet long, will form the Pavilion walls, stacked upon each other something in the manner of piled lumber and bolted together. The building will be irregular in shape and the roof will have five different levels, ranging from 8 to 15 feet above the floor. Maximum length of the building will be 135 feet and the width 57 feet. The Pavilion will be built on a 10,000-square-foot area on the trade fair site. The space surrounding it will be paved with foot-square wooden blocks.

Interior displays will be in harmony with the atmosphere engendered by the building design. Clusters of lighted boxes made of wood stacked in the manner of fences or corrals will be located throughout the building. The top surface of each will be an illuminated giant color transparency. These photographs will show the various Canadian raw materials and the Japanese products that are made from them. Each cluster of light boxes will be devoted to a single raw material. The focal point of each product cluster will be a major work of sculpture made of the raw material illustrated by leading Canadian artists.

Prime centre of interest in the Canadian Pavilion will be a 50 × 35 foot pool, spanned by a bridge made of wood laminated into a single piece 56 feet long. The bridge, which will be the only fully finished wooden article in the building, will be nearly 6 feet wide and 16 inches thick and will weigh close to ten tons. The pool and its bridge will be the setting for two special events that will provide an extra attraction for visitors six to eight times a day.

Officials of the Tokyo International Trade Fair Commission have already seen the plans of the building and photographs of the model, one of which appears on page 3. Their reaction was aptly expressed by one official who said: "Instead of being a building to house an exhibit, your building will itself be an exhibit."

The contract for erection of the Pavilion was awarded in February to Fujita-Gumi Co. Ltd., one of Japan's largest construction contractors. Mr. Kazuaki Fujita, president of the firm, is also president for Japan of the International Young Presidents Organization—a highly influential group composed of company presidents who are 40 years of age or under.

Vancouver Architects Chosen

The Pavilion was designed by the prominent Canadian architectural firm of Erickson-Massey, of Vancouver. Arthur Erickson, who did architectural research in Japan in 1961, has won many awards, including the Pan-Pacific Citation of the American Institute of Architects, Hawaiian Chapter in 1963. His partner, Geoffrey Massey, is the son of the motion picture star, Raymond Massey, and a nephew of Canada's former Governor-General, the Rt. Hon. Vincent Massey. Associated with them as an advisor is a Japanese architect, Junji Maekawa of Tokyo, who recently designed the $16 million Simon Fraser University now being built on top of a British Columbia mountain.

Special Events Planned

Canada will be only one of more than 50 nations represented at the Tokyo Fair. Consequently, although the unique Pavilion will ensure a considerable degree of public interest among fair visitors who see it, an integrated program of collateral activities will be necessary to establish its unique qualities in the minds of the millions of Japanese people planning to visit the fair.

To this end, the Department's Trade Publicity Branch has developed a schedule of special events and supporting activities designed to call attention to Canada's participation long before the fair opens and to hold public interest throughout its duration—April 16 to May 6—and even beyond.

Keystone of the supporting program will be the selection of a young Japanese woman to symbolize Japan-Canada Friendship. Trade Minister Mitchell Sharp, in announcing the search for a Miss Japan-Canada Friendship last month, said that its purpose was to call public attention to the growing bonds of trade and friendship between the two countries.

"Trade between Canada and Japan has been growing steadily in recent years," he said. "Last year, new records were established almost every month. When final figures have been processed, total trade between our two countries in 1964 will be seen to have exceeded $500 million. Many close personal and corporate friendships have developed from this increased mutual trade. The Tokyo International Trade Fair provides an appropriate occasion on which to symbolize, in this personal way, the deepening goodwill and understanding that exist between our two countries."

Miss Japan-Canada Friendship

Seven distinguished Japanese leaders in cultural, educational and trade fields, together with Canadian Ambassador R. P. Bower and Canada's Minister (Commercial) R. G. C. Smith, will select Miss Japan-Canada Friendship from hundreds of entrants, nominated by universities, business firms and other organizations in all the prefectures of Japan. The Japanese judges include:

Dr. Masatoshi Matsushita, Ph.D., president of Rikkyo University, Tokyo, who has visited many foreign countries as a Special Envoy of Japan. He has close links with Canada and Canadian educationists as a result of numerous visits to this country.

Mr. Yoshihiro Inayama, president of Yawata Iron and Steel Co. and chairman of the recent Japanese Economic Mission to Canada.

Mr. Taizo Ishizaka, president of the Federation of Economic Organizations in Japan and board chairman of Toshiba Electric Co.

Mr. Yasunari Kawabata, one of Japan's foremost novelists, member of the Japan Academy of Arts, president of the Japan Pen Club, and vice-president of the International Pen Club.

Mr. Sofu Teshigawara, chairman of Ikebana International and a leading cultural authority in Japan. Founder of the Sogetsu Flower Arrangement School.

Mr. Taro Okamato, considered by many to be Japan's most influential artist painting in oils and a noted critic of culture, whose comments have been carried by all national media in Japan.

Mr. Yasushi Akutagawa, one of the leading contemporary composers and conductors in Japan, who is also renowned as a radio and TV commentator on cultural matters.

Invitations to universities, business firms and others to nominate candidates for the honor of becoming Miss Japan-Canada Friendship were sent out early in February. More than a thousand nominations had been received when the entries closed on February 19, accompanied by detailed resumés of each candidate's cultural, academic and community service record.

Will Tour Canada

Applications were screened by the board of judges during the last ten days of February and some 50 were selected for personal interviews in Tokyo on March 8 and 9.

These giant Douglas fir timbers, up to 50 feet long and weighing 500 tons, will form the walls of the Canadian Pavilion at the Tokyo Fair. Inspecting them just before they were shipped from Vancouver are (left to right), F. R. Hamilton of the Department's Trade Publicity Branch, Noboru Imajo, Japan's Consul-General in Vancouver, who has since returned to Tokyo, and his secretary, Miss Judy Amano.

Ten finalists will appear before the board of judges and invited guests at the Canadian Embassy on March 10, at which time Miss Japan-Canada Friendship will be chosen.

The young woman selected to represent the growing bonds of friendship, trade and cultural relations between Canada and Japan will fly to Canada on March 19 for a whirlwind tour of this country. She will visit six provincial capitals and Ottawa in three weeks and return to Tokyo just before the trade fair opens.

She will be accompanied by a corps of outstanding Japanese newspaper, magazine and television commentators, who will report back to their homeland on the manners, morals, customs, trade, industry and economy of Canada, as they see them.

"I'm sure this tour of Canada, brief as it must be, will contribute materially toward a better knowledge in Japan of Canada and its trade and travel resources," Mr. Sharp said in the course of his announcement. "At the same time, it will serve to bring Japan and the Japanese people into sharper focus for Canadians."

The Japanese visitors will see Vancouver, Banff, Calgary, Regina, Winnipeg, Montreal, Quebec, Ottawa, Toronto, Niagara Falls, Edmonton and Victoria during their busy schedule. Through the co-operation of provincial officials, the Canada-Japan Trade Council, the Canada-Japan Association, the Japanese-Canadian Cultural Centre and various civic bodies, the party is expected to have a full program of activities in each city visited.

Canada's major airlines, railways and hotel systems are co-operating generously in the project to ensure that the visitors enjoy the best of transportation facilities and accommodation wherever they may go.

Log Rolling Too

Another pre-fair activity that is expected to arouse widespread interest in the Canadian Pavilion at Tokyo centres around one of the attractions that has been scheduled for regular display during the fair.

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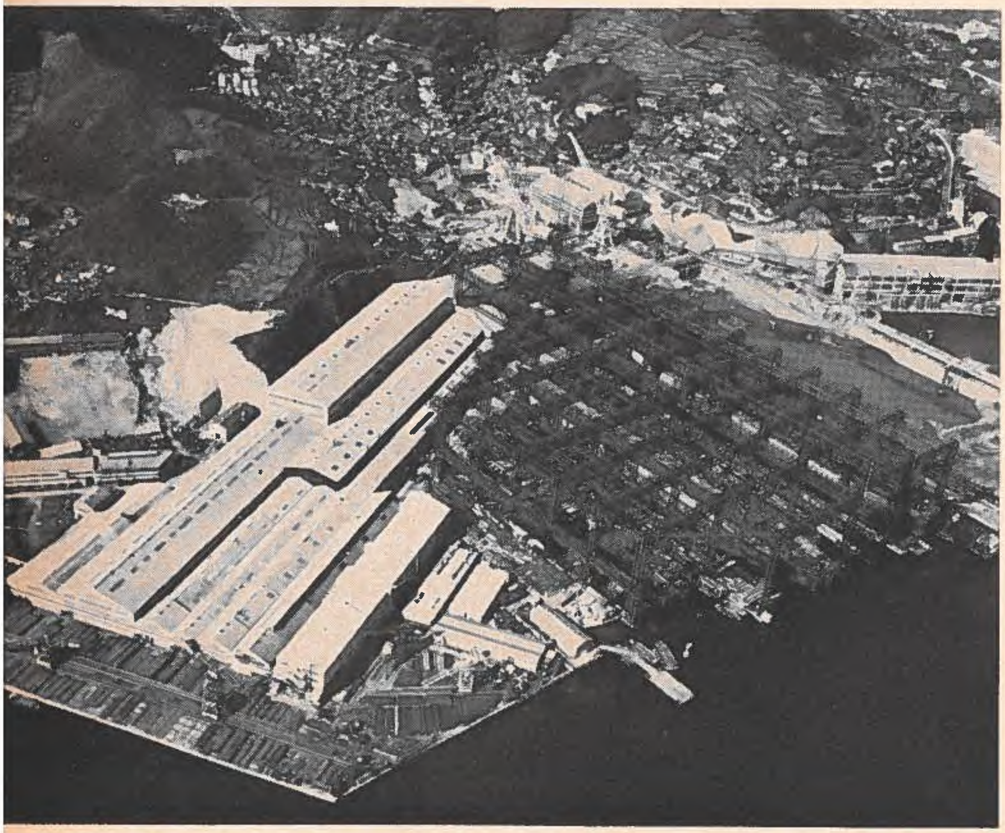
At least four times a day during the fair a display of log rolling will be given in the Canadian Pavilion pool by two Sooke, B.C., lumberjack brothers, who have held the world log-rolling championship between them for the past ten successive years.

Jubiel Wickheim, who has held the championship for the past three years, (plus 1956, 1957, 1959 and 1960), and his brother, Ardiel, who held it in 1955, 1958, and 1961, will stage exhibitions of championship log "birling" throughout the duration of the fair.

Their forthcoming arrival in Tokyo inspired the suggestion from Japanese lumber operators that two of their countrymen should have an opportunity to match rolls, spins and snubs with the world champions. Accordingly, elimination log-rolling competitions are currently being held in all the Japanese prefectures where logging operations are in progress. The champions of each prefecture will be brought to Tokyo by the Department of Trade and Commerce for a series of further eliminations, which may be conducted in Japan's famous Olympic swimming pool, before crowds of spectators. The Japanese champion and runner-up will then stage exhibition matches with the two Canadian brothers.

To add a further fillip to the elimination contests, the British Columbia Lumber Manufacturers Association is currently planning to bring the two top Japanese log rollers to Canada during the summer to take part in the 1965 world championship meet, which will be held in the U.S. Midwest. Japan has never before been represented in the annual "Roleo". There is also the possibility that the Japanese champion and the runner-up may appear at the Canadian National Exhibition in the fall.

The Canadian Government Exhibition Commission—which designed the Canadian Pavilion and its exhibits and will direct the construction of it—arranged for the Canadian log rollers to attend the fair and stage their show. Trade Publicity Branch co-operated with the Commission in arranging the Japanese elimination tournament.



In the sprawling shipyards of Mitsubishi Heavy Industries at Nagasaki, pictured here, two tankers ordered for the Canadian Pacific will soon be taking shape.

Furs and Ships

Another feature arranged by the Exhibition Commission is a fur fashion show, which will be held on the bridge across the pool between each appearance of the log rollers. The Fur Fashion Council of Canada and the Canadian Fur Trade Association are providing a collection of custom-designed fur jackets, stoles and coats which will be modelled by Japanese women. The furs, estimated to be worth more than a quarter of a million dollars, will be turned over to the custody of Miss Japan-Canada Friendship in Toronto on March 31, following a special fashion show preview to be held in the Japanese-Canadian Cultural Centre. She will carry them with her on her return flight to Tokyo, April 9.

Three ships of the Royal Canadian Navy will be in Tokyo harbor on an official visit during two weeks of the trade fair. Berthed at piers close to the trade fair site, they will be the scene of receptions, press conferences and other functions related to the fair. A Navy band is also expected to be there and will take part in ceremonial parades and other functions arranged by the Tokyo International Trade Fair Commission.

Miss Japan-Canada Friendship will be an honored guest at the Canadian Pavilion throughout the fair and will appear on Japanese television network programs before, during and after its run. At date of this writing, she has already been requested to appear on 16 television programs and several national circulation women's magazines are bidding for first rights to her report on her Canadian tour. ●

Map courtesy of "Overseas Trading", Department of Trade and Industry, Australia.

JAPAN IN BRIEF

Area: 142,726 square miles.

Population: 96.7 million (May 1964). Labour force 48.57 million, mainly engaged in manufacturing, agriculture, forestry, mining and refining.

Climate: winter moderate; summer hot, with high humidity.

Government: constitutional monarchy; head of state, Emperor Hirohito; Prime Minister, Eisaku Sato, Liberal Democratic Party.

Topography: comprises four major islands, mostly covered by mountains and forests. Cultivated land is only 16 per cent of total and is being encroached upon by industrial requirements.

Language: Japanese; correspondence and sales literature in English understood by most large trading firms, but language is a problem with many manufacturers and smaller firms. This puts a premium on use of trading firms.

Currency: Yen; one Canadian dollar=333 yen.

Import and exchange controls: many imports are admitted freely by licences which are granted automatically. However, a number of imports are restricted and subject to individual application for licence. Some major commodities subject to state monopoly or state trading agencies, i.e., wheat and barley, tobacco. Import controls, administered by authorized banks, implement policy prescribed by Japanese Ministries.

Weights and measures: metric system.

Capital: Tokyo.

Chief ports: Yokohama, Kobe, Osaka, Nagoya, Shimizu.

Marketing centres: population (in millions)—Tokyo (metropolitan area) 10.6, Osaka 3.2, Nagoya 1.6, Kita-Kyushu 1.0, Yokohama 1.6, Kyoto 1.3, Kobe 1.2.

Economy: natural resources limited. Manufacturing, agriculture, fishing, mining and forestry mainstays of economy. Heavy industries—including shipbuilding, chemicals, petrochemical and automotive—expanding rapidly. Large imports of raw and semi-manufactured materials and of food and feed products.

Total Japanese imports: (U.S.$ million)—1960, $4,491; 1961, $5,810; 1962, $5,633; 1963, $6,736; 1964, $7,944.

Chief imports: oil, iron ore and scrap, sawlogs, machinery and equipment, raw cotton, wool, coal, wheat, soybeans.

Chief suppliers: United States, Australia, Canada, Kuwait, Philippines, West Germany, Malaysia, Saudi Arabia, U.S.S.R., Britain.

Value of imports from Canada: (Can.$ million)—1960, $178.9; 1961, $231.6; 1962, $214.6; 1963, $296.0; 1964, $303 (11 months).

Chief imports from Canada: wheat, copper concentrates, iron ore, lumber, wood pulp, oilseeds.

Total Japanese exports: (f.o.b., U.S.$ million)—1961, $4,236; 1962, $4,915; 1963, $5,450; 1964, $6,678.

Chief exports: textiles, iron and steel products, ships, motor vehicles, radio receivers, fabricated metal products, optical instruments, tea, fertilizers, plywood, textile machines and parts.

Chief markets: United States, Hong Kong, Thailand, Korea, U.S.S.R., Australia, Britain, India, Canada, West Germany.

Value of Canadian purchases: (DBS statistics, Can.$ million) 1961, $116.6; 1962, $125.4; 1963, $130.5; 1964, $123.3 (Jan.-Sept.)

Chief Canadian purchases: fabrics and cloth, manufactures of iron and steel, items of clothing, transistor radios, toys, plywood, sewing machines, fish nets, canned tuna.

Prices: quote in Canadian or U.S. dollars, preferably c.i.f.

Usual credit terms: most imports on letter of credit, bulk commodities and raw materials usually cash, but credit up to 120 days may be offered on consumer goods, depending on experience.

Samples: dutiable only if of commercial value; drawback paid for travellers' samples on re-export.

Visas: a visa is not required for visits under three months by Canadians.

Trade agreement: Agreement of Commerce concluded with Canada effective June 7, 1954. Canada and Japan both are members of GATT and accord each other GATT treatment.

Correspondence: airmail must be used; 25 cents per half ounce.

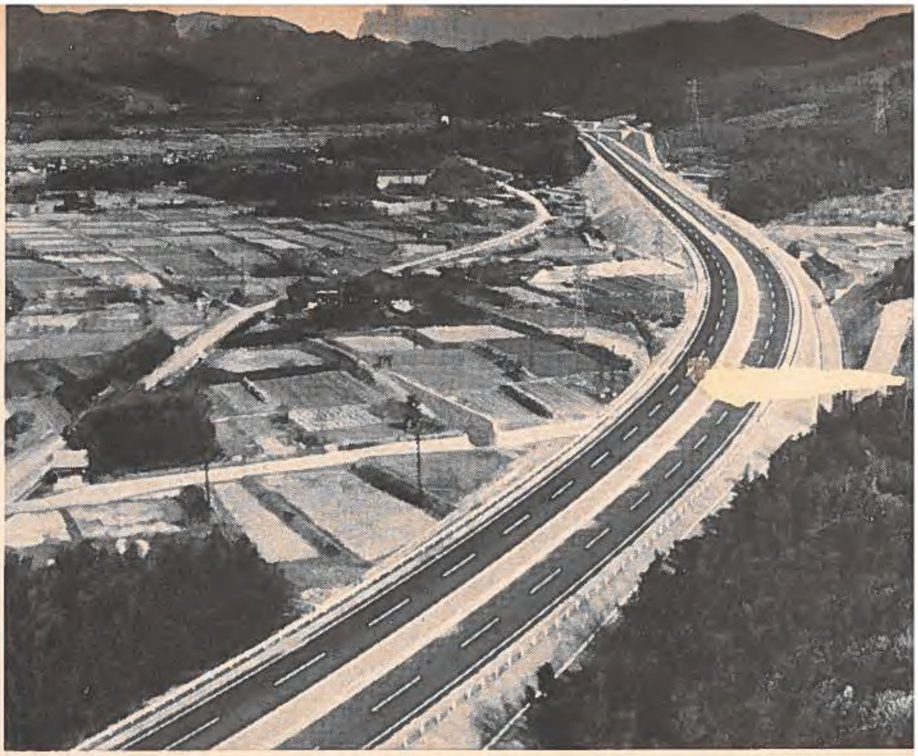
For detailed information on this market, write to:

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

or

Minister (Commercial)
Canadian Embassy
c/o Akasaka Post Office
Tokyo, Japan

R. G. C. SMITH,
Minister (Commercial), Tokyo.



JAPAN:
the Problems of Growing

The Japanese are producing more, earning higher wages, and spending more on imported goods. But their very success in expanding the economy is bringing problems in its wake. What are these problems—and what are the implications for Canadian trade?

TO speak of the development of the Japanese economy as an extraordinary and remarkable achievement has become commonplace. The number of new world records gained at and the scintillating achievements of the last Olympic Games, appropriately held in Tokyo, can be compared with those that this vigorous economy is constantly piling up. The average annual increase in the GNP over the past five years (1959-1963) was 12½ per cent in real terms. If the rate of increase in 1962 and 1963 (6.7 and 8 per cent) was below that of the previous three years, this is remarkable only by comparison. The year 1964 opened with a balance-of-payments problem and a threat of a sharp rise in the cost of living. During the year the first was brought under control, though the problem remains, but the cost of living continued to move up. Meanwhile the growth rate during the year rose, it is estimated, by about 11 per cent in real terms.

This phenomenal growth rate has been sustained by an equally strong growth in exports, which has itself been topped by the annual growth in imports. Table I gives figures on imports and exports over the past few years. These are Customs figures, with exports on an f.o.b. basis and imports c.i.f. Japan.

Because Japan has few natural resources, high costs for power (44 per cent of the power is hydro, 56 per cent thermal), and a population of about 97 million packed into a small land area only 16 per cent of which is available for cultivation, it is inevitable that this rapid growth in the economy and in exports has had to be supported by a build-up in imports. It is equally inevitable that an expansion of such proportions should produce stresses and strains. Without question, the two

One of Japan's continuing problems is the shortage of arable land, intensified by encroachments for other purposes, such as this expressway (left) from Amagasaki to Ritto. The intensive cultivation practised in Japan is illustrated by the picture of a tea plantation on the right.

main issues facing the Japanese economy are strains on the balance of payments and the rising cost of living.

Balance-of-Payments Position

The balance of payments improved considerably during 1964, probably as a result of measures taken early in the year and again in the spring to tighten the money market. The ratio of reserves that the commercial banks are required to maintain with the central bank was increased in December 1963 and the discount rate was raised in March 1964. The latter move was accompanied by an increase in the import deposit rate from 1 and 5 per cent to 5 and 35 per cent, with the lower rate applying generally to basic foods and raw materials. (The import deposit rate is the amount of the invoice value that must be deposited when an importer files an application to import with the bank.)

In 1963 the net outflow on current account reached about $779 million, but this was offset by a net inflow of capital of nearly $775 million. But during 1964, exports increased faster than imports so that the year almost certainly ended with a slight trade surplus in the exchange account—but not according to the Customs figures in Table I. Exchange import figures are f.o.b. port of shipment and they do not include current shipments made on deferred payment, so that there is a wide difference between the "Customs" and "exchange account" trade figures.

Deficit on Invisibles

On the other hand, the invisible items in the current account have been in deficit since 1960 and this deficit has increased each subsequent year. It did not improve during 1964. The total deficit on invisibles went up by nearly $98½ million to almost $415 million for the first eleven months of 1964, compared with the same period last year. The principal deficit item in the invisible account is transportation (including port charges). This adverse balance stems from two main causes. One is that the Japanese merchant marine only handles about 45 per cent of the country's total trade. The other is that most inbound freight is bulk cargo and outbound freight consists of manufactured goods. By reorganizing the merchant marine and by helping in the modernization of the fleet, the hope is that the deficit on the transportation account will be reduced, but this will take time.

Fees, royalty and patent payments also constitute a heavy charge on the invisible account. For the first eleven months of 1964, payments on royalties and patents went up to over $133 million compared with just under $120 million in 1963. This item indicates the importance Japan places on learning from others, but at the same time maintaining control of its production capacity by buying knowhow and patent rights. Foreign investment is strictly regulated and sel-

TABLE I

JAPANESE IMPORTS AND EXPORTS

(millions of U.S. dollars)

	Exports (f.o.b.)	Per cent	Imports (c.l.f.)	Per cent	Balance±
1959	3,456	+20	3,599	+19	− 143
1960	4,055	+17	4,491	+25	− 436
1961	4,236	+ 4	5,810	+37	− 574
1962	4,915	+16	5,633	+15	− 718
1963	5,452	+11	6,736	+23	−1,284
1964	6,678	+22	7,944	+18	−1,266

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dom permitted when the majority ownership is not Japanese.

Capital Account

Among the invisible items, the payments and receipts on "international investment income" (which includes government borrowing and lending) still show as a relatively small part of the account. For the first eleven months of 1964, the difference between payments and receipts under this head resulted in a deficit of almost $61.7 million. If this represented a 24 per cent increase over 1963, it is still less than 15 per cent of the total invisible deficit, only slightly over 10 per cent of the money earned by exports, and well under 10 per cent of the value of long-term capital inflow. During 1964 interest payments increased by about 26 per cent over 1963, but receipts on Japanese investments and loans abroad increased nearly 29 per cent.

Last year long-term capital inflow slackened off somewhat from the heavy inflow of the previous year but short-term capital borrowings were appreciably lower. Nevertheless, the balance on the capital account was more than sufficient to offset the adverse balance in the current account so that at the end of the year the gold and foreign exchange reserves were expected to be larger than the U.S.$1,878 million at the end of 1963.

Cost of Living Rising

Meanwhile the cost of living kept rising, with the rate of increase accelerating toward the end of 1964. By October 1964 the consumer price index was 7.3 points above the index in December 1963, a greater rise than the 4.9 points in the whole of 1963.

The growth in the economy has brought about a steady increase in the standard of living in all segments of the country and a steady rise in wages. There is practically no unemployment. Industry is making constant demands on the farming community for workers and it is not unusual for farmers to work in factories between seasons. Although productivity in the factories shows a commendable improvement, on the farms it has probably remained fairly static. To illustrate the shift to industry, out of a total labour force of just over 43½ million in 1959, about 32 per cent was employed in agriculture and forestry. In 1963, with a labour force averaging over 46 million, only about 27 per cent were working on the farms or in the forests. The productivity index for all industries in 1959 was 88.3. In 1963 it stood at 125.7 and by August 1964 had moved up to 141.

A study of wage rates in Japan is difficult because the basic rate does not reflect the many fringe benefits nor the bonuses almost universally paid by established industry twice a year, which may total from two up to even six months' salary. However, as an indication of wage movement, it is interesting that the monthly wage earned by regular workers (there is little piecework in Japan) including the semiannual bonuses, moved up from 22,608 yen (about $67 Can.) in 1959 to 32,727 yen in 1963. During 1964 the monthly rates have surpassed each month of the previous year, so that the average will show a substantial increase over 1963.

Rapid Growth Creates Problems

Despite the restraints on credit that were introduced at the end of 1963, the rate of advance of the economy actually increased over that of 1963. However, this was accomplished at the expense of small industries generally. Bankruptcies have been going up and although most of them have occurred in small industries, towards the end of the year an important large manufacturer of special steel went to the wall. In addition, several groups of manufacturers, notably electrical appliance producers, have been faced with mounting stocks of finished goods. Some key industries, including steel, are cutting back production schedules. This has resulted in strong pressures on the Government for an easing of the tight money policies. Late in December the bank deposit rate was restored to the level of a year ago and early in January the official bank rate was reduced. Import deposit rates, however, have not been decreased.

Future Outlook Good

Although there is considerable talk that the foregoing facts could lead to a recession, the 1965 forecasts are reasonably optimistic. Even if most predictions foresee a slower rate of growth than in 1964, by any other comparisons the forecasts are for a good year. The Economic Planning Agency, the official advisory body to the Prime Minister, is predicting an increase in the GNP for the fiscal year beginning April 1, 1965, of 7.9 per cent in real terms. This is based on an expected continued growth in personal consumption spending (particularly on housing), a moderate increase in investment in capital equipment, a 10 per cent increase in mining and manufacturing production, and a 14 per cent increase in exports. A consumer price rise of 4.2 per cent is predicted. However, a report issued by five of the leading commercial banks predicts a higher rate of growth than the official forecast (although lower than that of the current fiscal year), and also a much greater rise in consumer prices.

In the face of the current easing of restraints on credit, it is not certain whether the rate of growth will be as low as forecast in the official estimates. (It is worth noting that in Japan, unlike many other countries, the Government is endeavouring to slow down the rate of growth.) Should the economy expand very rapidly, this would create new pressures on the balance of payments, particularly if exports did not live up to expectations. In any event, if the expansion is swift, imports will most certainly increase faster than the expected 8.7 per cent. ●

What Japan Buys Abroad

In 1963, the Japanese bought from foreign countries goods worth $6,736 million, and in 1964, their purchases reached an estimated $7,944 million.

- **Raw materials and semi-processed products** used primarily by industry made up more than half of these imports. Manufacturing has shown the highest rate of growth in the economy and this rapid expansion is expected to continue.
- **The ratio of imports to GNP,** expressed in terms of constant (1955) prices, increased from about 11.4 per cent in the mid-1950's to 15.7 in 1961 and 14.2 in 1963. Economists believe this ratio will increase in the future because of the growing need for industrial materials, the greater demand for imported goods resulting from a rising living standard, and because of the significant degree of trade liberalization undertaken as part of Japan's new international economic policy.

JAPAN'S PRINCIPAL IMPORTS

(millions of dollars)

Petroleum	1,022
Raw cotton	434
Saw logs	406
Wool	361
Iron ore	356
Sugar	238
Feedstuffs	219
Wheat	217
Iron and steel scrap	186
Coal	182
Non-ferrous metal ores	174
Non-ferrous metals	101

JAPAN'S IMPORTS BY COMMODITY GROUP, 1963

	Imports (U.S.$ million)	Percentage distribution
Total	6,736	100.0
Foodstuffs	1,088	16.1
Textile materials	884	13.1
Metal materials	767	11.4
Other raw materials	1,137	16.9
Mineral fuels	1,211	18.0
Chemical and pharmaceutical products	369	5.5
Machinery and instruments	800	11.9
Others	481	7.0

VALUE AND COMPOSITION OF JAPAN'S IMPORT TRADE

Imports (c.i.f.)	Total (U.S.$ million)	Food	Crude Materials	Fabricated Materials	Finished Products
		(in per cent)			
1955	2,471	25	51	12	12
1956	3,230	17	54	13	16
1957	4,284	13	48	16	23
1958	3,033	17	44	17	22
1959	3,599	14	49	16	21
1960	4,492	12	49	17	22
1961	5,810	12	48	16	24
1962	5,637	13	43	19	26
1963	6,736	16	41	19	24

Raw Materials and Fuels

- **Imports are essential** for the economic development of Japan because domestic supplies of raw materials and fuels are limited or non-existent.
- **Industrial production has been promoted actively** as part of the Government's postwar economic policy, with particular emphasis on heavy and chemical industries. For this reason, in recent years imported raw materials and energy sources have accounted for an increasingly large portion of industrial consumption.
- **Japanese industry depends almost exclusively on imports** for raw cotton, wool, rubber, phosphate and potash, crude oil and industrial salt. Most of the hides and skins and iron ore it needs are imported and there is more and more dependence on foreign coking coal, metallic scrap, pulp, non-ferrous metal ores, oilseeds and bread and feed grains.

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What Japan Buys Abroad

Consumer Goods

● **Imports of consumer goods are showing an encouraging rise** (although they represent only 4.2 per cent of total imports) because of liberalization and higher personal incomes.

● Imports of handbags, timepieces, jewellery, precious metals, cosmetics, rugs and carpets, pens, metal household utensils, sporting goods, office equipment and personal accessories have risen rapidly.

● Most of these articles are regarded as luxuries by Japanese consumers and because of high taxes, duties and mark-ups are priced accordingly. But the rapidly growing urban middle class is interested in buying high quality foreign products, many of which are prestige symbols. Consequently, internationally known brand names are an important factor in selling many consumer goods.

Foodstuffs

● **Two separate developments make Japan certain to be a growing market for imported food.** First, although rice remains the basic food of Japan, there have been major changes in diet and food standards. Second, the scarcity and high value of agricultural land, combined with a shortage of farm labour, may result in shifts in land use from traditional cereal crops to fruits, vegetables, dairying, livestock and poultry.

● **The use of eggs, milk and meat** in the home is becoming more popular and will continue to increase with incomes.

● **Western style breakfasts** are now standard fare in many Japanese homes. School lunch programs serve wheat bread and milk.

● **Imports of feed grains and demand for breeding stock** will increase proportionately with the growing use of livestock, poultry and dairy products.

● **Consumption of many processed foods is increasing rapidly** as the Japanese people develop new tastes. The housewife's budget expands with her husband's income and new foods and even convenience foods are becoming more and more popular.

● **But the foreign supplier must recognize** that as soon as a worthwhile market develops for a new product, Japanese foods processors may be capable of supplying it, though this process is limited to some extent by the high cost and the limited amount of land.

● **Steady demand for high quality** luxury or prestige products and for unique imported foods should continue.

● **One Canadian food processor sold all** of his initial sample shipment in a small single supermarket promotion last year, and he has received repeat orders; another Canadian greatly expanded his sales.

Machinery

● **Imports of machinery and precision instruments exceeded $853 million in 1963.**

● **These imports vary each year** in proportion to the amount of capital investment in equipment. However, the percentage of imported machinery to total investment in equipment has been quite low, reaching a peak of 7.3 per cent in 1963.

● **Japan requires imported heavy machinery and large machine tools** in particular. Some of the imported machinery either is not available from Japanese suppliers or is unique in efficiency and design.

● **On imports of other types,** favourable repayment terms are often offered by foreign suppliers.

● **To promote domestic production and purchases** of such equipment, government-backed financial institutions have made funds available to match deferred payment terms from abroad.

JAPAN'S IMPORTS OF MACHINERY AND INSTRUMENTS

	1961	1962	1963
	(thousands of dollars)		
Total	644,785	808,566	852,570
Of which:			
Boilers and boiler house plant	3,129	22,743	28,169
Steam turbines	1,595	6,886	27,465
Internal combustion engines for aircraft	23,549	28,038	26,125
Other internal combustion engines	7,298	10,559	5,306
Electronic computers	24,295	38,445	57,251
Statistical machines of punched system	19,117	23,671	12,341
Bookkeeping and accounting machines	21,401	18,500	18,881
Metalworking machines	147,768	187,063	107,439
Textile machinery	19,301	26,410	50,079
Generators	3,068	2,929	2,582
Motors	1,910	3,045	3,621
Motor generators	1,906	2,757	2,262
Communications equipment	....	9,250	13,863
Electric measuring instruments	....	19,390	31,257
Electric circuit apparatus	....	9,250	13,863
Passenger cars	11,917	12,586	20,221
Parts of automobiles	2,980	2,760	3,440
Aircraft	49,553	64,896	54,467
Ships and boats	33,585	29,927	37,211
Rolling stock	1,358	1,714	1,734
Ships for scrapping	20,664	8,598	6,864
Precision instruments	45,574	41,317	52,927

What Canada Sells to Japan

Canadian exports to Japan totalled Can.$296 million in 1963 and preliminary trade statistics report a continued rise in our shipments in 1964, which should reach about Can.$320 million for the year.

● **Japan is Canada's third most important customer and our sales there are expanding rapidly.** Fundamentally, it is a market for basic food products such as wheat and barley, and for oilseeds and raw materials required by Japan's rapidly expanding industries. Because of its own production facilities, the Japanese market does not offer wide opportunities for the sale of our manufactured goods. But it is a market that rapidly accepts new developments and therefore any new industrial machine or vehicle may have sales possibilities.

● **Wheat accounts for roughly 32.3 per cent of our total exports,** industrial materials and fuels for 62 per cent, and finished goods for only 3 per cent.

● **Canadian shipments** contracted in 1962 because of a general slowdown in the growth rate of the Japanese economy, but showed a substantial and steady expansion in 1963 and 1964.

WHAT CANADA SELLS TO JAPAN

	1961		1962		1963	
	Tons	U.S.$ '000	Tons	U.S.$ '000	Tons	U.S.$ '000
Grand total		265,772		254,997		318,799
(Exchange payments)		(241,523)		(195,964)		(248,032)
Wheat	1,459,086	102,782	1,206,642	89,219	1,303,032	100,577
Wheat flour	31,113	2,897	17,250	1,721	8,418	789
Bran	5,875	363	10,112	632	4,277	269
Raw hides	5,192	2,355	3,647	1,833	3,491	1,451
Flaxseed	104,340	14,484	80,877	12,076	97,021	13,079
Other oilseeds	24,276	3,076	41,489	4,706	82,230	10,213
Synthetic rubber	5,156	3,943	4,841	3,627	5,471	3,926
Lumber	....	9,722	....	14,759	....	24,201
Dissolving pulp	5,482	1,020	13,084	2,248	24,190	4,204
Papermaking pulp	13,257	1,862	36,513	4,561	115,119	14,659
Asbestos	83,135	13,934	69,483	11,213	69,113	10,195
Iron ore ('000 tons)	1,115	16,751	1,574	23,721	1,886	27,167
Iron scrap	350,200	19,184	124,883	6,526	155,707	6,844
Copper ores	14,830	1,625	128,781	18,826	212,670	31,443
Nickel ores	15,936	2,068	24,513	3,271	19,679	2,612
Brass and bronze scrap	5,618	2,992	3,811	1,999	5,670	2,746
Aluminum scrap	5,251	2,583	3,685	1,512	4,390	1,735
Coal	626,656	9,509	558,316	8,729	689,524	10,255
Semi-coking coal	33,139	505	77,432	1,288	171,180	2,560
Beef tallow	3,700	667	9,367	1,326	10,290	1,567
Medicines and pharmaceuticals	....	671	....	1,164	....	609
Artificial plastics	....	....	3,787	155	238,832	9,679
Iron-steel	69,076	4,539	15,695	985	2,398	115
Copper and copper-alloys	11,413	7,545	2,232	1,498	76	72
Nickel and nickel-alloys	negligible	3	946	1,774	120	243
Aluminum and aluminum-alloys	21,076	10,663	12,950	6,401	16,874	8,391
Electronic computers	....	....	....	4,123	....	4,809
Statistical and accounting machines of punchcard system	....	....	....	4,108	....	4,054

Note: Japanese import statistics are compiled on the basis of c.i.f. value.

What about Future Sales?

Japanese government policy is committed to the attainment of high levels of economic growth and continues to give top priority to the development of industrial production. This policy automatically means ever-increasing reliance on imported raw materials and fuels and indirectly on basic foods. As wages continue to rise, Japanese industrialists will be under greater pressure to reduce their costs by importing from the cheapest source—for example, sponge iron may partially replace imports of scrap and low-grade iron ores. There will probably be far-reaching changes in Japan's food requirements and these will offer excellent opportunities to our farmers and some food processors.

Although there should be possibilities for increased processing in Canada of some raw materials, imports of finished goods from Canada may well be limited by the steadily growing ability of Japanese industry to turn out the required equipment and consumer goods. Basically, foreign machinery and consumer products will be imported only when they offer significant advantages or prestige over domestic products and even then, the tendency will be to take over the manufacture under licence as soon as any large volume demand develops. Canada can expect to keep on supplying the food, fuels and raw materials so necessary for Japanese industrial plants and the Japanese people. At the same time, Japan will exhibit a growing interest in participating in Canadian resource and manufacturing projects. But on the whole, the pattern of our shipments to Japan is not likely to change significantly.

—J. D. BLACKWOOD, *Commercial Secretary, Tokyo.*

Japan's Import Policy

Achievement of Article 8 status in the IMF and of full status in the OECD has brought significant loosening of restrictions on foreign exchange, but many imports remain subject to licensing controls.

Last year, tobacco was added to the list of Canada's exports to Japan. Here a director of the Japanese Monopoly Corporation (right) examines some processed tobacco in a Canadian plant during the visit of a Tobacco Trade Mission to Canada.

JOHN D. BLACKWOOD,
Commercial Secretary, Tokyo.

JAPANESE businessmen point proudly to the newly achieved status of their country as a full member of the Organization for Economic Co-operation and Development and to its membership in other international organizations, particularly the GATT and IMF. They speak of this new era of Japan's closer association with other members of the international trading community as a manifestation of its "open door" economy. And indeed by past standards the country is more open to foreign imports and enterprise than it has been before. Japan has taken significant steps towards liberalization of trade and exchange transactions and its import bill is increasing year by year. What does this mean for the Canadian exporter investigating prospects for developing a market in Japan?

Japan's postwar boom has largely taken place under the protection of import and foreign exchange control. The Government has regulated closely the essential aspects of both domestic and foreign trade and finance. Imports of essential industrial materials and basic foodstuffs were given priority over non-essential items, such as luxury goods or products of a type manufactured in Japan.

In the past few years, the strength of the Japanese economy and the international competitiveness of its industries have made possible a gradual relaxation of many controls. This tendency reached the point where, in April 1964, Japan assumed Article 8 status in the International Monetary Fund, making its currency fully convertible. This necessitated the abolition of various exchange restrictions. However, Japan obtained authority from the Fund to maintain some such restrictions, notably a limitation of $500.00 on the cash that Japanese tourists may take out of the country, in addition to paying for their transportation. Before 1964, pleasure travel abroad was not permitted.

Control of Imports

Japan's assumption of Article 8 status in the IMF has meant a revision of its import system. Previously, controls on imports into Japan were maintained by means of foreign exchange budgets announced every six months. Under its new status in the IMF, Japan is no longer free to maintain this form of control. Accordingly, the system of foreign exchange budgets for imports has been abolished. In its place, an import licensing system has been introduced.

The foreign exchange budget system included a list of restricted goods subject to "Fund Allocation" that required approval of imports by individual application. The goods under the Fund Allocation system were placed on a negative list. Under the new system, the negative list of restricted items remains in force and controls on the goods included in it are effected by the Japanese authorities through import licences that must be applied for individually. The Japanese Government establishes import quotas for these goods but does not make public the amounts of the quotas. It announces periodically the procedures for the importer applying for an import quota and the criteria for applicants. Importers apply for licences directly to authorized banks. For liberalized items, the banks issue the licences automatically; a licence assures the importer of the foreign exchange needed to pay for the import. For goods on the negative list, applications for permits to import require individual approval of the Ministry of International Trade and Industry.

Liberalization Last Year

Many goods have been liberalized at various times in recent years, including some 32 items in 1964. The goods which have not been liberalized are contained in the negative list, on which some 260 items remain. These include the following major or potential Canadian export commodities. Those marked with an asterisk are subject to monopoly control:

Wheat*
Flour
Coal
Rapeseed (cake and meal)
Whisky
Cattle and swine
Leather
Leather footwear
Mustardseed
Herring and cod roe
Automobiles
Vegetable oils, cake and meal
Sporting ammunition
Sulphur
Pyrites
Explosives
Barley*
Tobacco*
Apples
Malt
Salt*
Beef and veal

Import Deposits

A deposit is payable on all imports into Japan, except on goods imported by the Government, goods intended for re-export, or those imported for manufacture into export products. The deposit must be made in cash when an import licence is applied for.

On March 18, 1964, the rates of deposit payable were increased from 1 to 5 per cent for most raw materials and other essential goods and for certain specified machinery, and from 5 to 35 per cent for most other goods.

The declared purpose of these increases was to prevent a possible influx of speculative imports. The Japanese authorities stated that the revision was a temporary measure, that they would not increase the deposit rates any further, and that they would lower them to their previous levels as soon as possible. On August 29, 1964, some reductions were made in the rates of deposits—from 5 per cent to 1 per cent on 45 items and from 35 to 5 per cent on 26 others. Otherwise, the increases implemented in March still apply.

Significance for Canadians

In considering Japan's import policy, Canadian exporters should bear in mind that:

1. The Japanese import market is growing and so are Canadian exports to that market. Import liberalization measures have been helpful in this. The Japanese Government has indicated that it intends to continue liberalizing imports, but no time-table has been announced.

2. Although import controls, where they apply, generally have a restrictive effect on imports, the degree of restriction varies considerably from one item to another. It should not be assumed that the inclusion of an item in the negative list means that no trade in it is possible.

3. The Asia and Middle East Division of the Department of Trade and Commerce in Ottawa and the Commercial Division of the Canadian Embassy in Tokyo are able to advise exporters whether the goods they wish to export to Japan are included in the Japanese negative list and to provide related information about their export to Japan.

Don't forget the airmail sticker. Many items that are correctly prepaid for air transmission from Canada to other countries do not bear the required "By Air-mail-Par Avion" sticker and, as a result, could accidentally be despatched by surface mail.

Japan's Long-Term

A study carried out a short time ago by the University of Tokyo forecast imports of a number of agricultural products for 1965, 1970 and 1975. Canada already sells to Japan a number of the products covered in the survey (grains, oilseeds, dairy products) and this resumé of the findings should interest Canadian producers.

PETER MARTEN, *Agriculture and Fisheries Branch.*

Japan's interest in expanding its dairy farms,

JAPANESE AGRICULTURE, with lack of arable land as its major limiting factor, has much less room for expansion, than does the industrial sector. Within its present structure, the highest possible production is being approached in an attempt to supply a population of 96 million from a limited agricultural area of 18 million acres—one third of the farm land available to Britain.

With high yields obtained through heavy applications of fertilizer, improved seeds, intensive cultivation and other modern practices, Japan is 80 per cent self-sufficient in food. But the country still needs large imports of cereals, feedstuffs, sugar, fruits and vegetables. Domestic production of agricultural raw materials for industry is far from adequate and large quantities of wool, cotton, hides and skins, and tallow are purchased abroad.

Postwar Progress

The Government has taken various steps aimed at ensuring a reasonable standard of living for the rural population through price support programs, crop insurance and control of certain imports. This stems from and tends to perpetuate a relatively high-cost farm economy. Measures are being taken to liberalize imports but progress on farm products has been slow. Agricultural commodities remaining under restriction include major items like wheat, rice, barley, grain sorghum, tobacco, citrus fruits, dairy products, cattle, hogs and many processed foods. In many instances, however, licences are being granted for the import of restricted agricultural products. Imports of cotton, flaxseed, rye, corn, tallow, hides and skins have been liberalized.

In postwar Japan, most farmers own their land, in contrast to the absentee landlord system and tenancy which were the rule during the interwar period. Payment for the newly acquired land has been eased by inflationary trends and pride of ownership has contributed to the remarkable advances made since the war ended.

In the immediate postwar years, with industry not yet on its feet, an abundant labour force induced labour-intensive methods and led to agricultural production more than doubling between 1945 and 1961.

Farm Labour Becoming Scarce

This situation is now changing. Although land remains the main limiting factor, labour is becoming more and more of a problem. Since 1955 the flight to the cities has been going on at the rate of between 600,000 and 700,000 a year, as higher wages and shorter working hours lure the younger generation away from the land. This trend is expected to continue during the next decade at the rate of 2 per cent a year.

In order to maintain an adequate agricultural labour force, farm incomes equal to those of urban wage-earners are being stressed, but major steps would be needed to improve substantially the cost structure of Japanese agriculture.

Structurally, the trend is towards larger units to allow for mechanization and more efficient use of land. This is a difficult task against the Japanese social background and the road to success may be long. This is apparent from the present number of farms: 6.1 million units, of which 96 per cent are under one acre in size, 30 per cent between one and five acres, and only one per cent larger than five acres. On the production side, diversification is needed to adjust to the changing tastes in food caused by city living, the rise in personal incomes, and the influence of the West.

Forecasts Made

Against this background of profound change in the Japanese econ-

.gricultural Imports

one near Tokyo, will mean greater demand for feedgrains and need for imported feeds.

omy, the demand for imported agricultural commodities has increased rapidly. Looking to the future, the United States Department of Agriculture sponsored early in 1963 a study by the Institute of Agricultural Economics Research of the University of Tokyo on Japanese import requirements of selected agricultural commodities for 1965, 1970 and 1975. In most sections of the study, projections were made on the basis of 1951 to 1961 data. The most important factors affecting supply and demand are the Government's foreign trade and price policies. As a rule, estimates were based on these factors remaining constant. Because Westernization of Japan is having a marked influence on all phases of development, many additional factors will affect future trends in demand. These were included in the projections as far as possible.

This report is of importance to Canadian exporters because it shows that export opportunities in Japan will expand at a rapid rate. (See Table, page 20) Earning a larger share of the market will mean hard work because competition will be acute. Japan is already the largest market for United States agricultural products and both Australia and New Zealand are striving for an increasing share of this trade.

Japan's rapidly rising per capita income, together with changes in consumer tastes, points to a tremendous potential demand for dairy products, beef, pork, poultry, eggs and fruit. While the supply patterns are being formed, the time is ripe to examine these markets and make sure that Canada's products are accepted, ready to meet competition and to supply the increasing demand.

The following paragraphs contain some notes on the separate commodities in which Canada is interested that were examined in the University of Tokyo study, which covered wheat, wheat flour, rice, corn and other feedgrains, cotton, tobacco, oilseeds, tallow, hides and skins, and dairy products.

• **Wheat**—Consumption of starchy foods is much higher in Japan than in Western countries and this situation is expected to remain basically unchanged. Rice is the favoured staple food and as postwar shortages disappeared, rice recovered its predominant place in the Japanese diet.

Japanese wheat production, only 10 per cent of rice output, is fostered by the Government through price support and import control. The future level of production will therefore depend upon government policy but the University of Tokyo expects a small increase.

Canada and the United States are the principal sources of milling grades of wheat and they, with Australia, supply the market for feed wheat also. Feed wheat imports have been rising in response to demand from the growing livestock industry.

In the period 1958-1960, Japan imported a little under 2.5 million tons of wheat per year. Imports are expected to increase to 2.8 million tons by 1970 and to 3.3 million by 1975.

• **Feedgrains**—The Japanese livestock industry is still small but in recent years it has been changing rapidly, with increases in dairy cattle, hogs and poultry. It is estimated that half the demand for feeds will continue to be met from domestic sources. Oilseed meal is expected to move into surplus position by 1970. However, shortages in wheat brans, fishmeal and grains (especially corn) are expected to become

JAPANESE IMPORT REQUIREMENTS OF MAJOR AGRICULTURAL PRODUCTS PROJECTION FOR 1965-1970-1975

Commodity	1958-1960 average	%[1] change	1965	%[1] change	1970	%[1] change	1975
			(thousands of metric tons)				
Wheat	2,457	+10	2,574	+12	2,883	+11	3,285
Feed grain[2]	2,354[3]	+54	3,614	+70	6,159	+54	9,509
Tobacco (domestic supply nil)	7	+200	21	+95	41	+34	55
Oil seeds	1,463	+95	2,851	+55	4,431	+38	6,131
Tallow	137	+21	166	−5	157	−6	147
Hides and skins	113[4]	+94	219	+82	398	+49	593
Dairy products: total	27	....	−141[5]	....	1,000	+21	2,105
Butter	....	....	....	....	396	+84	729
Cheese	....	....	....	....	268	+199	802
Powdered milk	....	....	−80[5]	....	202	+71	345
Condensed mik	....	....	−61[5]	....	134	+71	229

[1]Percentage change data have column to left as basis of column to right.
[2]All concentrates included.
[3]1960 figure.
[4]1959-1961 average.
[5]Imports.
Source: Japanese Import Requirements: Projection of Agricultural Supply and Demand for 1965, 1970, 1975; Institute of Agricultural Economic Research; Department of Agricultural Economics; University of Tokyo, Tokyo, Japan.

larger. By 1975, an import deficit of 5.8 million tons of feedgrains is forecast.

• **Tobacco**—Since 1904 the production, manufacture and sale of tobacco products in Japan has been controlled by a government monopoly. Climate and soil conditions limit the domestic production of high-quality tobaccos and the demand for the domestic leaf is decreasing with the change in taste that favours modern filter-tip cigarettes, blended from high quality imported flue-cured Virginia-type tobaccos.

The United States has been by far the leading source of supply, with marginal amounts imported from India, Rhodesia, Turkey, Greece and Bulgaria and recently from Canada. The forecasts indicate that imports of high-grade tobacco will increase from 21,000 metric tons in 1965 to 55,000 metric tons by 1975.

• **Oilseeds**—Even before the war Japan was a substantial importer of oilseeds; the 1934/36 average was 100,000 tons. By 1960 per capita consumption of edible oils and fats had reached four times the prewar figure. Domestic production of rapeseed has risen substantially but soybeans have filled much of the increased demand. Rapeseed oil is the traditional edible oil in Japan but improvements in refining techniques for soybean oil have made the latter acceptable to most consumers.

Flaxseed oil, used principally in oil paints and printer's inks, is not expected to share in the rise because of the larger share of the paint market supplied by synthetics.

Since 1950-1952 Japan has imported a growing amount of its soybean supply. The United States and Communist China are the main sources. Canada is the principal supplier of rapeseed and flaxseed.

The study forecasts that among oilseed imports soybeans will expand most and that the future demand for edible fats and oils will be met increasingly by soybean imports. The Canadian trade anticipates a possible 10 per cent annual increase in rapeseed exports to Japan during the period 1965-1975.

• **Tallow**—In Japan, tallow is used mainly for making soap and about 95 per cent of it is imported. With a strong trend towards synthetic cleaning agents, demand for tallow will decrease although some of this decrease will be offset by rising demand for other commodities using tallow as an ingredient.

The United States has been by far the most important supplier since World War II. Australia, Canada and New Zealand are marginal suppliers.

• **Hides and Skins**—Assuming that leather goods will remain more attractive than synthetic substitutes and that price differentials do not change in favour of substitutes, total imports of hides and skins are expected to rise fivefold above the base period 1958-1960. Part of the reason for this increased import demand is that domestic production of these commodities is not expected to rise proportionately. Total imports are expected to increase from 219,000 metric tons in 1965 to 593,000 in 1975.

The United States has been Japan's main source of supply in the past 15 years, but recently Australia has provided a growing share of imports. In 1962 the United States exported to Japan 93,000 metric tons of hides and skins, Australia 25,000, Argentina 8,000 and Canada 4,000.

• **Dairy Products**—Per capita milk consumption in Japan is still very low by international standards but is expected to expand rapidly. At the same time, dairying will become an increasingly important part of Japanese agriculture. A small export surplus was forecast for 1965 but thereafter consumption will overtake output and imports of concentrated products will rise sharply. Imports of cheese (6,400 tons in 1963) are expected to reach 25,211 metric tons by 1970 and to rise to 75,446 by 1975. Similarly, imports of powdered milk should move up to 31,582 tons by 1970 and to 53,939 tons by 1975. Although Japanese cheese imports come from many different countries, most of these are for processing. The market for specialty cheeses is still limited, but it is expected to expand with changing consumer tastes. •

"Every exporter should realize that when he tries selling in Japan he is in the big league. Tokyo is the largest city in the world, traffic is congested." This is the Ginza in Tokyo, called the most sophisticated street in the Orient.

It Isn't Too Difficult

. . . doing business in Japan, though some of the techniques are different. Don't be frightened away from this market—if you have a competitively priced product that Japan could use and are willing to promote it.

R. G. C. SMITH, *Minister (Commercial), Tokyo.*

FEW aspects of Japanese business have been explored and discussed as much as the trading techniques in use. So much has been written about them and so much advice proffered that there is little to add. Naturally there are differences, some subtle and some more obvious, between the Japanese and the Canadian ways of doing business. But the point to be emphasized is that none of these is so important or so difficult to understand or to deal with that an alert exporter need be frightened away from "having a go" at the Japanese market.

My own feeling is that if an exporter has something to offer in Japan at a competitive landed price, or if his product is of a unique and tested design, or represents a new fashion or a new application, he will find it equally possible and generally as easy to sell it in Japan as in any other market. In fact, because the Japanese are so alert to new inventions, so ready to exploit new developments, and so anxious to establish stable and secure sources of supply, the Canadian may find them more willing to listen to his sales pitch than are businessmen in many other major export markets.

Is Language a Barrier?

Probably language is the single most difficult problem. But it too may prove to be less of a problem than in other countries with languages more widely used, such as French or Spanish. The Japanese trading company, banker and manufacturer will not expect the foreigner to carry on business dealings in Japanese. The trading houses and the banks nearly always have officers who are fluent in English and able to cope with the situation. Naturally, the difference in language means that it is frequently more difficult to come to a real understanding quickly. But with the use of a reasonable amount of tact and patience, this obstacle is by no means insurmountable.

The Canadian will soon discover that it takes longer for Japanese businessmen to make a decision. First, the pros and cons of a proposition are debated at a lower technical level and then the problem is laid before senior management for a collective opinion before a decision is reached. This initial procedure may take more time but once a decision is made, it will be executed with dispatch and efficiency.

What about Entrée?

Sometimes it is said that "entrée" or "connections" are more important than the product itself in the Japanese mind. This may be true occasionally, as it is in any other country. But in the past it has probably received too much emphasis. In Japan, as anywhere else, connections often help to get things moving more quickly or may even serve to overcome initial sales resistance. In general, though, if a manufacturer or exporter has a product or material that can be sold in Japan, he will get through to the right people and he will be able to sell it. He will also have to exercise perseverance and tact and he may have a long search for the right outlet. This process is more difficult in Japan only because the language barrier makes it impossible for him to free-wheel his way about.

Every exporter should realize that when he tries selling in Japan he is in the big league. Tokyo is the largest city in the world, traffic is congested, maps are inadequate, so that the actual physical problem of getting about is likely to take more time than in smaller centres. Patience coupled with warm and genuine courtesy will go far towards overcoming these difficulties too.

Choosing a Trading House

Perhaps the one unique feature of doing business in Japan is the fact that most of the trade is funnelled through trading houses. Businessmen from abroad often ask why this intermediary is necessary. Part of the answer is the language problem. Generally speaking, a Japanese manufacturer's export volume is not large enough for him to set up a separate export department with a staff capable of carrying on business in one or more foreign languages. In addition, these trading houses—and they run from the very small to mammoth world-wide organizations—frequently provide the financing and invariably do all the paperwork and carry out negotiations for export shipments. (An article describing the trading houses and their functions and listing the major ones and their offices in Canada appeared in the March 21, 1964, issue of *Foreign Trade.*)

Sometimes Canadians ask us whether it is better to deal with a small organization or with one of the large-size traders. There is no simple answer but size is not necessarily an advantage. An exporter exploring the matter of marketing in Japan with a trading house should observe the warmth of the reaction to his product, examine with the staff its estimate of the possible demand for it, discuss a plan of action, and determine whether the officers seem to have an adequate understanding of the product and its potential. He can then make his decision, bearing all these things in mind.

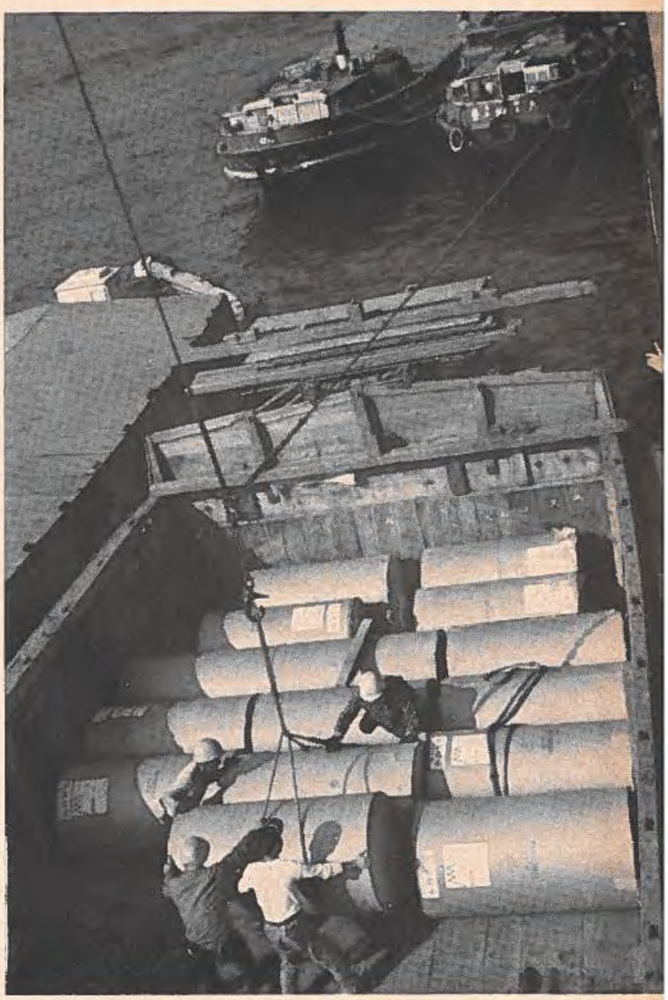
Patents for Protection

It is important that any product that incorporates unique features should be protected by patents in Japan, as it should be in other countries. The manufacturer must remember that Japanese industry is modern, wide-ranging and alert and that it is capable of making virtually anything. It is conscious of the need to keep up with or ahead of industry in other countries and to turn out modern machinery and consumer goods. The labour force too is well educated and intelligent.

Help Is at Hand

Talk of "face" as a factor in Japan and of the difficulty of opening doors is largely an exaggeration and should not worry the neophyte. Canadian exporters have many sources of help in Tokyo to which they can turn. The Canadian Embassy stands ready to provide whatever advice, assistance or introductions are necessary. Two representatives of Canadian banks reside in Tokyo and the major Canadian transportation companies have staff and offices here ready to help.

The vital questions are: have you a product that Japan needs? Is it competitive in price? Can you deliver in reasonable time? If the answer to these three questions is yes, then the difficulties of selling it in Japan are not much greater than in any other market—and may sometimes be less. True, they may take time to resolve. But there is nothing to prevent a determined exporter from promoting his product in this large and growing market. •



(Above) Unloading of a cargo of over 14,000 tons of Canadian bulk sulphur begins in Yokohama Harbor. This was the first such shipment to be made from Canada.

(Right) Canadian newsprint is going ashore at Yokohama. In the first eleven months of 1964, we shipped $8.1 million worth.

(Below) A shipment of Sabin oral polio vaccine from a Canadian laboratory is loaded on reefer trucks at a Japanese airport.

Canada in the Japanese Market

How to Win World Markets 3

Part II of this study covers letter-of-credit practice, other areas of financing, exchange and other credit risks, and sources from which the exporter can obtain information for assessing credit factors.

WILLIAM BURT, *Assistant Manager, International Department, Canadian Imperial Bank of Commerce, Head Office, Toronto.*

Finance and Credit in Normal Exporting

WHEN the sale agreement between a foreign buyer and the Canadian seller is completed, the buyer requests his own bank abroad to issue a letter of credit in favor of the exporter (the beneficiary). This facility forms part of the buyer's credit line with his bank. The foreign bank will then request its Canadian correspondent bank to advise the beneficiary of the terms on which shipment must be made. At this stage the Canadian bank is not a party to the credit and it will therefore incorporate in its advice a clause in the following terms:

"We have not been requested by the above-named bank to confirm this instrument, and consequently this advice conveys no engagement on our part."

It is unlikely that either the exporter or a bank would encounter any problems in negotiating or paying drawings which comply with the terms of an irrevocable credit issued by a well-known bank located in a stable country. Many exporters, however, require a further precaution, particularly when the issuing bank is not well known to them or when the country in which it is located is encountering economic difficulties. This takes the form of the confirmation by a Canadian bank of the foreign bank's credit. When this confirmation is given, the Canadian bank's advice will contain a clause similar to the following:

"The above credit carries our confirmation and we hereby agree with the drawers, endorsers and holders in due course of drafts drawn under this credit that such drafts will be duly honoured on presentation provided that all the terms and conditions of the credit have been complied with."

With the addition of this clause, the credit is known as a "confirmed irrevocable credit" and the exporter knows that he is assured of ultimate payment by a Canadian bank, with no factors to worry about other than meeting the terms.

Letter-of-Credit Practice

The following basic points of letter-of-credit practice should be clearly understood:

1. Although the Canadian bank may be willing to advise the beneficiary of the terms of a foreign bank's letter of credit to which its confirmation has not been added, this does not mean that it is automatically obliged or even willing to pay or negotiate drafts drawn under it.

2. The Canadian bank cannot add its confirmation at the request of the exporter. This must be arranged by the buyer through the issuing bank at the exporter's direct request.

3. Letters of credit deal with the payment of money against documents only. Neither the issuing bank nor the Canadian advising bank is concerned with the quality or other detail of the merchandise actually shipped and will be guided only by what the documents attest.

4. Although the terms of a letter of credit should reflect the principal considerations of the underlying sales contract, the issuing and negotiating banks will be guided strictly by the terms of the credit alone, whether these are in accordance with the sales contract or not.

5. The terms of a letter of credit, even if it is in confirmed irrevocable form, must be observed in minute detail or the protection afforded by the credit is lost. If documents containing discrepancies are presented too late for correction and the negotiating bank will accept them only if a guarantee is provided, the exporter has given the buyer a ready-made and valid excuse for repudiating the contract and refusing to take up the goods if it is advantageous for him to do so. Legal liability under the credit is binding only when all the requirements of the credit have been satisfied, and the exporter should ensure as early as possible that he can meet every detailed requirement or should obtain through the buyer an amendment to the terms that will enable him to do so.

6. Documents should be presented to the negotiating or paying bank as soon as possible after shipment. The period allowed is not determined in law, but obviously presentation must take place on or before the expiry date stipulated in the credit. However, banks will not, without specific instructions, accept documents which even if otherwise in order cannot be forwarded to reach the country of destination of the goods before the arrival of the carrying vessel. Although the credit will not so indicate, it is understood that the buyer has not contracted to pay demurrage and other costs that may be incurred by late arrival of the documents. For short voyages, where it is unlikely that bills of lading and other documents can be assembled and presented in sufficient time, the exporter should request an amendment allowing his bank to accept "stale" bills of lading.

Basically, the mechanics of financing transactions by letter of credit are similar to those employed in documentary bill transactions. Credits can be made the vehicle for the financing of the transit period and for the period of any trade credit that the exporter extends to the buyer up to, say, one year. This financing, however, by virtue of the fact that a bank guarantees payment, is much more attractive to another banker and the related bills of exchange may be readily negotiated or discounted.

Uniform Customs and Practice for Documentary Credits

A set of rules covering uniform customs and practices for documentary credits proposed by the International Chamber of Commerce has been adopted by banks in various countries since 1933. The object of Uniform Customs is to ensure as far as possible that the same interpretation of letter-of-credit requirements and practice is applied by any bank in the countries party to the agreement. On the last revision, effective July 1, 1963, Canadian banks for the first time adopted Uniform Customs and a brochure containing the terms in English and French may be obtained from any chartered bank. Although Uniform Customs are not intended to be the answer to every problem, every exporter should find them of great assistance in dealing on the basis of letter of credit.

Other Areas of Financing

The foregoing sections have dealt solely with financing of normal exports: that is, the general run of commodity trading on a short-term credit basis from the time of shipment. A substantial amount of financing is also available for pre-shipment finance and for longer-term credit export contracts.

1. Pre-shipment Financing — The chartered banks are, of course, well aware that in many instances the exporter needs financial assistance long before the goods are loaded on board an ocean vessel. He may need it to acquire basic raw materials, to finance plant extension or the purchase of new machinery, or to supply temporary additional working capital. A substantial part of bank advances at any time is in fact being used to provide such assistance in approved cases under Sections 86-90 of the Bank Act, the purpose of which is to facilitate each stage of production, from raw material to finished export product. Such advances are, of course, classed as domestic business by the banks and are not generally regarded as within the scope of export financing techniques.

2. Export Finance Corporation of Canada, Ltd.—The entire capital of this corporation was acquired by the Canadian chartered banks in 1961 for the purpose of providing a pool of funds for the financing at reasonable rates of exports sold on credit terms of one to five years, a period not previously covered by normal bank short-term financing, which extends up to one year, or by the facilities of the Export Credits Insurance Corporation, which are designed to finance credit terms of over five years.

In its operations, the Export Finance Corporation does not at any time deal directly with the exporter. Its function is rather that of providing refinance to the sponsor bank with which the exporter normally deals, and with which he would discuss his financing requirements in this credit sector. The bank would have the option, on any accepted financing arrangement, of carrying the transaction on its own books or refinancing it through the corporation.

Transactions may be financed by the Corporation in either Canadian or United States dollars, depending on the terms of payment agreed between buyer and seller, but it is a primary requirement that all export shipments so financed be covered by a policy issued by Export Credits Insurance Corporation.

3. Export Credits Insurance Corporation—The primary object in the formation of this Crown Corporation was the provision of insurance coverage to exporters against political risks, insolvency of the buyer or his failure to pay for accepted goods, blockage of funds abroad, and other risks that cannot be covered by commercial insurance agencies. Such insurance, which now normally covers up to 90 per cent of shipment value, will usually assist an exporter materially in obtaining export finance through banking channels.

Through the agency of the Corporation, exporters of capital goods sold on credit terms of over five years may in approved cases obtain direct government financing under Section 21A of the Export Credits Insurance Act. (The Export Credits Insurance Corporation and its facilities will be covered fully in a later article.)

Exchange Risks

A risk inherent in export trade that sometimes escapes consideration is exchange fluctuation. When the exporter quotes on the basis of Canadian dollars, this risk falls naturally on the buyer, but when he quotes in a foreign currency, he is forced to incur the risk that the rate of conversion on which he based his contract price will not hold good until he receives payment. Should the exchange rate move against him in the interval, he could sustain a loss that might wipe out his trading profit. The remedy is simple. In any foreign sale the exporter knows the approximate date on which he may expect payment. He sells the expected proceeds to his bank under a forward contract at any time after the completion of the sales agreement, at a rate fixed at that time, undertaking to deliver the foreign currency to the bank at or about the anticipated payment date. He thus establishes the amount of Canadian funds he will receive from the bank at maturity of the contract, regardless of foreign exchange market fluctuations in the interim.

Credit Considerations

It will be apparent that on a pure credit analysis and ignoring other considerations, the trust factor implicit in methods of financing ranges from low in pre-payment, through letter of credit, documentary bill, and consignment, in that order, to high in open-account operations. Other factors which a businessman must consider in exporting before deciding on the method to be used or the period of trade credit to be granted, if any, include the following:

1. The amount of the transaction. This must obviously bear a satisfactory relationship to the exporter's financial position or his access to outside financing and also to his total exposure with regard to a specific buyer or a specific country.

2. The type of goods exported. Perishable goods would not justify credit terms that might reasonably be accorded on a shipment of heavy machinery, and the average expected life of the product in wholesale and consumer channels must be taken into account.

3. The credit standing of the buyer. This is probably the most difficult factor to assess. In foreign sales the ordinary bank report, sufficient for domestic requirements, may not be adequate without corroborative evidence from other available sources, such as Canadian Government Trade Commissioners stationed in the area or country in which the buyer resides. Detailed credit information is not usually as widely available or as readily divulged in foreign countries as in North America, and although specific information should be requested, it must be borne in mind that in some countries the provision of detailed information could be construed as breach of confidence. Such reports should, in any event, be checked at regular intervals.

4. The economic situation in the country of import. The possibility of interference in the settlement of trade debts or devaluation of currency because of a worsening balance of payments must be taken into account.

5. Exchange and import controls in the country of import. Any tightening of existing regulations or imposition of new controls over imports, or allocation of foreign exchange for trade settlements, could easily result in delay in payment or even severe loss if not covered by an Export Credits Insurance policy. In some countries import licences and/or exchange permits are required and the exporter must ensure that the buyer holds these before the goods are shipped.

6. Credit terms granted by competitors. The terms granted must obviously be as liberal as those customary in the trade or those granted by competing firms, always provided that such terms are reasonable in the light of the other factors under consideration.

7. The financial condition of the exporter. Trade credit granted abroad will generally involve a longer period until liquidation than a similar domestic arrangement. The exporter must therefore have adequate financial strength to carry, or obtain financing for, the additional burden.

Sources of Credit Information

The information necessary for assessing these credit factors can readily be obtained from several sources, or a combination of them.

1. The Chartered Banks—Each of the chartered banks has over many years built up international or foreign departments staffed by specialists in international affairs, in the mechanics of international trade and financing, and in foreign exchange. These departments maintain relationships with banking correspondents in virtually every part of the world in which it is possible to transact business and from these correspondents they receive up-to-date reports on business, economic and political conditions and details of exchange and import control regulations. Extensive credit files on foreign firms are also maintained, with other information invaluable to the exporter. Through these correspondents the banks obtain by mail or cable (and at nominal cost) credit or other specific information which an exporter may need to assess a particular problem. Several of the chartered banks also operate branches and representative offices overseas. In our own bank, in addition, international representatives based in Toronto visit most foreign countries periodically as part of a regular program to check on current conditions and to make on-the-spot inquiries on behalf of the bank's customers engaged in foreign trade. All of the information and expertise of the international departments of the chartered banks is available through every branch of their branch systems.

2. Canadian Trade Commissioners—The Trade Commissioners stationed abroad have the advantage of intimate local knowledge, with access to local trade sources of credit information as well as through local banks. They are also in an ideal position to locate and recommend possible agents.

3. The Local Agent—If a local agent has been appointed in the country of import this man may, if carefully selected, be of the utmost value to the exporter in assessing the creditworthiness of potential buyers. His usefulness extends beyond this point, however, because he can be made the "case of need" to whom a local bank may refer when difficulties arise in the collection of documentary bills. Basically the agent's function is limited to discussions with the buyers and the exporter may find this limited authority effective enough in obtaining payment of overdue accounts should the agent's commission be paid out of the proceeds of the shipment on final payment. Should his standing with the exporter justify additional scope—and any such powers as may be delegated to him by the exporter must be specifically notified to the bank handling the collection—he may be given authority to initiate legal action against a defaulting buyer, negotiate a revised settlement with the buyer, or arrange sale to an alternative buyer.

4. Other Sources—The exporter should not overlook the services provided in Canada by the various trade associations connected with export trade. Through these, he may acquire from other suppliers information on past credit performance of foreign firms. In some foreign countries there are reputable commercial credit agencies that may also be employed, although their services may prove expensive by Canadian standards.

It will be apparent to the new exporter and to those who are only now considering entering the export field that there are many risks involved not found in domestic trading. Although the decision about whether he should or should not export must in the end be that of the individual exporter, there are many agencies from which the information, advice and technical assistance necessary to avoid such risks and to reach a decision may be readily obtained. The Canadian chartered banks have traditionally financed a major portion of Canadian foreign trade, and the benefits of their experience over a century of foreign trade service are as close to you as your own branch bank. The banks can and will introduce you to all of the available sources. Why not ask them? ●

For Reference

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Each monthly bulletin covers selected foreign markets, giving current information on business conditions and foreign trade.

Price: Free.

Order from: branches of the Canadian Imperial Bank of Commerce.

Hugill, C. G. *Commercial Letters of Credit; Handbook for Use in Canada.* Montreal, 1956. 119 p.

Price: $3.95.

Order from: Mr. C. G. Hugill, Box 1051, Place d'Armes P.O., Montreal, Quebec.

International Chamber of Commerce. *Uniform Customs and Practice for Documentary Credits.* (1962 Revision). Paris, 1963. 36 p. (Brochure 222) Text in English and French.

Price: 65 cents.

Order from: Canadian Council, International Chamber of Commerce, 1224 St. Catherine St. W., Montreal 25, Quebec, or any chartered bank.

Royal Bank of Canada. *Financing Foreign Trade.* Montreal, 1957. 149 p.

Price: Free.

Order from: branches of the Royal Bank of Canada.

Shepherd, S.A. *Foreign Exchange in Canada: an Outline.* 3rd Ed. Toronto, University of Toronto Press, 1961, 267 p.

Price: $5.95.

Order from: University of Toronto Press, Front Campus, University of Toronto, Toronto 5, Ontario.

Syrett, W. W. *Finance of Overseas Trade.* 4th Ed. London, Pitman, 1964. 255 p.

Excellent for basic practice but discount and bill market facilities mentioned may not be available in Canada.

Price: $7.15.

Order from: Sir Isaac Pitman & Sons (Canada) Ltd., 381-383 Church Street, Toronto 2, Ontario.

COMMODITY NOTES

Acetylene

NORTHERN IRELAND—A £3 million plant to make acetylene from naphtha will be built by British Oxygen Chemicals at its Maydoun works near Londonderry. The naphtha will be brought by sea to the firm's jetty and acetylene will be supplied to Du Pont for making synthetic rubber. The plant, with a capacity of 30,000 tons a year, will eventually replace the company's existing plant which uses calcium carbide as its raw material—Glasgow.

Aircraft

INDIA—On October 1, 1964, Hindustan Aircraft Limited merged with Aeronautics India Limited to form a single public-sector undertaking comprising all aircraft manufacturing units in India. The new company is known as Hindustan Aeronautics India Limited, with headquarters in Bombay and a capital of Rs.500 million—Bombay.

Andalusite

SOUTH AFRICA—Zeerust Andalusite (Pty.) Ltd. has recently installed a heavy media separation plant twelve miles from its open-cast workings in the Western Transvaal. It is expected that production will be raised from the current 500 tons a month to more than 1,000 a month in 1966 and eventually 1,800 tons a month. Manufacturers of refractory bricks, used for lining furnaces or steel works, are reportedly switching to andalusite, because of the declining production of sillimanite and South Africa possibly has the only large workings of andalusite in the world at the present time. It should eventually be able to export 24,000 tons of high-grade andalusite a year. The main customers are now Britain, Italy and Japan—Johannesburg.

Anesthetic

SWEDEN—Bofors, the Swedish armament firm, has announced the development of an improved type of local anesthetic at its medical research laboratory. Named Zecain, it has been tested on 3,000 patients during the past four years and the effect is said to be longer lasting than that of other anesthetics. It has been used extensively in major thoracic and abdominal operations calling for long duration of the analgesic effect—Stockholm.

Automobiles

BELGIUM—Motor vehicles registered in Belgium at the beginning of 1964 totalled 1.26 million, with private passenger cars accounting for 83 per cent. In 1963, 283,000 cars were assembled in Belgium, 14 per cent more than in the previous year. Some 91 per cent were made up of the ten leading makes—three German, three French, three British, and one Italian. Four of the ten leaders were made by subsidiary companies of U.S. Groups. German cars accounted for over 42 per cent of the total, French for 37 per cent, and British for 11 per cent. Belgium has become the world leader among non-manufacturing countries assembling automobiles—Brussels.

Cement

WEST GERMANY—In 1964 the German cement industry increased its output by 31 million tons or more than 10 per cent. Of this, close to a million tons were exported. Prospects for 1965 look bright—Duesseldorf.

Chrome Ore

FINLAND—One of the world's major chrome ore deposits has been discovered at Ekjarvi, Kemi, Finland. Outokumpu OY will build a concentration plant at Kemi and yearly production is expected to reach 100,000 tons—Stockholm.

Fertilizers

SPAIN—Annual consumption of nitrogenous fertilizers now stands at 1.8 million metric tons and domestic production is insufficient to supply the demand. There is a deficit of approximately 250,000 metric tons of ammonium nitrate, sulphate etc., which will have to be imported.

On November 14, 1964, a Decree was issued suspending import duties for three months on these fertilizers to enable farmers to purchase them at prices only slightly higher than domestic fertilizers. However, farmers asked the Government to restore the subsidies on transportation of these fertilizers (previously granted and then suspended) to avoid completely any price differential—Madrid.

Iron and Steel

SOUTH AFRICA—ISCOR imported approximately 150,000 tons of steel products during 1964 and indications are that imports will be even larger this year. The buoyant economic condition in the past 18 months led to this increase of imports even though ISCOR achieved an 11.4 per cent rise in production. Exports of steel, except to adjacent African territories, have been stopped.

In 1964, for the first time, ISCOR's sales of steel topped 2 million tons. However, with the necessity to reline furnaces and undertake major planned maintenance, it is unlikely that the present high production rate can be maintained next year. Substantial imports may, therefore, be needed in 1965 and of some products, such as galvanized sheets, for an even longer period.

To cover additional costs of importing steel, ISCOR has applied a levy on all steels, domestic and imported, to keep the price level and to share the burden amongst all consumers. ISCOR's prices have increased only 126 per cent since 1939, compared with 170 per cent in the U.S., and 283 per cent in Britain—Johannesburg.

WEST GERMANY—The iron, sheet iron and metal goods industry increased its annual output by 9 per cent in 1964. Exports rose 18 per cent in the first three quarters but levelled off somewhat in the last quarter. Imports rose by 15 per cent to meet the increasing demand for steel products of all types—Duesseldorf.

Matches

CEYLON—The Government has decided to manufacture matches to alleviate the current shortage. The Ceylon Industrial Co-operative Union will operate two new factories and take over an existing private firm. Co-operative Wholesale Establishment, co-operative societies and registered traders will distribute the entire production.

At present there are nine private match manufacturing firms which have never been able to meet their total annual quota of 54,348 cases. The Government's decision to enter the match industry resulted from frequent complaints of shortages—Colombo.

Nylon Filament

COLOMBIA—A consortium of Colombian companies, in association with A-K-U of the Netherlands has announced plans for a plant in Girardota near Medellin, to produce nylon and polyester fibre for the national textile industry. The consortium is investing Ps.100 million (U.S.$9 million) and expects to begin manufacturing early in 1966—Bogotá.

Oil

MEXICO—Petroleos Mexicanos, the government oil monopoly, is constructing refineries at Mazatlan and Rosarito. These are scheduled for completion in mid-1966 at an estimated cost of $75 million. When completed, Mexico will have a daily production of 770,000 barrels, almost double the current figure—Mexico, D.F.

Petrochemicals

MEXICO—Petroleos Mexicanos will shortly begin building two petrochemical plants in Ciudad Madero, Tamaulipas. Initial investment will total about 200 million pesos. Of this the largest portion will be invested in the synthetic rubber plant built in conjunction with Polymer Corporation of Sarnia, Ontario. Annual production of this plant will be 44,500 tons. The remainder of the investment will be used for construction of a processing and refining plant for dodecylbenzene, a basic material for the manufacture of detergents—Mexico, D.F.

Scientific Equipment

UNITED STATES—Argonne National Laboratories, operated by the University of Chicago under contract to the Atomic Energy Commission, are planning the construction of a $3 million research reactor near Idaho Falls, Idaho. This is part of a ten-year program which calls for the expenditure of $52 million for new equipment—Chicago.

Sugar

FIJI—Exports of 307,000 long tons of sugar during 1964 set a new record—the previous export record was 257,000 long tons in 1963. Canada was Fiji's third largest export market, purchasing 43,000 long tons. Other large importers of Fiji sugar in 1964 were Britain (165,000 tons), the United States (47,000 tons), New Zealand (32,000 tons) and Malaysia (20,000 tons)—Wellington.

Textile Machinery

WEST GERMANY—Production of textiles increased 6 per cent in 1964. In anticipation of an even better year in 1965, manufacturers have placed orders for additional textile machinery. It is hoped that the very modern machines ordered will enable the industry to meet competition from manufacturers in neighbouring countries and the Far East—Duesseldorf.

Timber

SWEDEN—The Swedish Wood Exporters' Association expects 1965 to be a good year for timber exports. As a result of the recent export campaign, orders placed for 1965 already amount to 950,000,000 feet, 27 per cent more than the advance sales made at this time last year. Total exports for this year have been provisionally fixed at 2,200,000,000 feet, although the Association points out that this will depend on prices being kept steady—Stockholm.

Tires

SICILY—Near Messina, on an area of over 65 acres, Pirelli Sicilia has completed its new tire plant at a cost of three billion lire. This plant, which will eventually employ 600 to 700 persons, will produce sufficient motor vehicle tires to supply the demand in Sicily and to export to Italy and abroad—Rome.

Air freight is fast if YOU don't slow it down

Many Canadian exporters are speeding their shipments to Britain by air—only to have them sit in Customs for days and days. Why?

L. N. LAUNDY, *Commercial Officer, London.*

AIR freight traffic from Canada to Britain has almost doubled since 1959, proof of the many advantages of sending goods by air, with speed the most obvious. But far too often the advantage of fast delivery from the airport of departure to the airport of destination is nullified by delays in clearance that are mainly the result of incorrect or incomplete documentation at the point of consignment.

The London office has been greatly concerned for some time about the amount of time and money lost to Canadian manufacturers and exporters by hold-ups of this kind. All too frequently we hear about Canadian businessmen who arrive in Britain eager to start a sales campaign only to discover that the samples that they sent off in advance are still held at the airport. There can be many reasons for this, but usually it is defective documentation. The result is that, instead of being able to get on with the job, the businessman has to waste precious time rectifying the mistakes and awaiting clearance of the merchandise. On other occasions, valuable business has been lost because goods have been delayed for so long at the airport that the importer grew tired of waiting for delivery and cancelled the order.

This article has been prepared to point out the causes of delay that showed up most frequently in a survey we made and to offer advice on how to avoid them.

Correct Documents Vital

When an exporter hands over his goods to an airline or freight forwarding agent in Canada for dispatch to Britain, he should give precise instructions on how the goods are to be cleared and delivered. He should also indicate how the costs involved in the import are to be paid. It is preferable to give these instructions in a letter to avoid any misunderstanding. Shipments should also be covered by an air waybill, a commercial invoice (two copies), an itemized packing list and a certificate of origin (where necessary).

• **Commercial Invoice**—The invoice should give the value of each item in the consignment and a detailed description of the goods. This detail is imperative with merchandise such as textiles containing manmade fibre. The invoice in this instance must give a percentage value of the manmade fibre in each article.

• **Packing List**—The packing list should indicate clearly the items contained in each package so that the Customs Officer can easily check a specific item without opening the whole consignment. Here again, it is essential to include a full description of the goods and their value.

• **Certificate of Origin**—Many shipments arrive from Canada without a certificate of origin and therefore do not qualify for Commonwealth preference. Certificate of Origin Form 120 is required for manufactured goods, although when the manufacturer and the exporter are the same person, Form 113 may be used. Certifiicate of Origin Form 119 must be used for goods grown or produced but here again, when the manufacturer is the exporter, Form 112 can be used as an alternative. Certificate of origin forms are available across Canada from airlines, freight forwarders and stationers.

When goods are not covered by a certificate of origin, the importer or his agent must deposit duty at the full rate until the necessary certificate is produced. And after it is eventually obtained and presented to H.M. Customs, the procedure for obtaining a refund of the duty deposit can be long and complicated and means yet another addition to the agent's fees. Great care should be taken in completing the certificate of origin. It is not generally realized that an incorrect certificate can cause not only delays in clearance but, even worse, confiscation of the goods with the possibility of a severe fine.

• **Import Duty**—It should be remembered that although most Canadian goods enter Britain duty-free under Commonwealth preference, certain items are liable to import duty, usually five-sixths of the full rate.

• **Purchase Tax**—Purchase tax applies to many consumer goods and is normally levied at the time of import, unless the importer is registered for purchase tax purposes.

The way in which the agent clears the goods through Customs is largely governed by his client's wishes, and this should be borne in mind when clearance instructions are given at the point of consignment. It is important to understand that, whereas the British regulations allow the refund of import duty in certain circumstances, there is no way in which purchase tax, once paid, can be recovered. For instance, if the shipper intends to make use of the temporary import of commercial samples concessions in order to avoid payment of purchase tax, the agent should be fully aware of this so that he can prepare the necessary papers at the time of entry. A deposit to cover the amount of purchase tax chargeable will have to be made at the time of entry but will be refunded when the goods are re-exported.

Customs Clearance Procedure

It would perhaps be useful at this stage to outline briefly the standard clearance procedure that is followed when goods arrive at a British airport. First, the Customs entry, supported by the necessary documents (these have already been referred to in previous paragraphs), is presented to the Customs office which assesses any import duty and/or purchase tax that is chargeable. It is at this stage that most delays occur because any question raised by Customs must be settled before it will release the entry and permit physical clearance of the goods to begin. After the entry is accepted and any duty or purchase tax paid, a Customs officer then examines the goods in the bonded warehouse and releases them if they are as described in the documents. This can take up to 48 hours, but if complications arise it could take days.

Some Exceptions

There is a special arrangement for trade samples up to the value of £50, inclusive of freight charges, provided they are clearly marked as such. A certificate of origin is not needed to entitle the goods to Commonwealth preference, although purchase tax, where applicable, will still be charged. Any merchandise of a value of less than £25 inclusive of freight charges will be admitted under Commonwealth preference without an accompanying certificate of origin, but again purchase tax must be paid when necessary.

Most of the difficulties which arise in shipping by air could be avoided by the use of common sense and a good freight forwarding agent. Many firms in this field have associate companies or representatives on both sides of the Atlantic, which makes for greater co-operation and understanding of the problems involved. Some freight forwarders now offer an Air Freight Consolidation Service, which can reduce considerably the cost of sending small packages (especially samples) by air. Sometimes it may not seem worthwhile to send small packages by air freight, especially when there is a minimum air freight charge in operation. But when a number of small packages are consolidated and sent as one consignment, the freight charge per package is much less. ●

Documenting Shipments to the U.S.

United States Division, Office of Trade Relations.

THE customs regulations of the United States apply to all shipments to any of the fifty states of the Union, the District of Columbia, and Puerto Rico. The regulations on the shipping documents required are outlined below. Any exporter who wants more complete information is invited to ask for the booklet, *Customs Information for Canadian Exporters to the United States,* issued by the Office of Trade Relations.

Entry at Customs

Goods may be "entered for consumption" at the port of arrival in the United States, whether at seaboard or at a land border point, or the goods may be transported in bond to an inland port of entry and there entered for consumption or warehousing. For transportation in bond to an interior port, an I.T. (Immediate Transportation) entry must be made out at the port of arrival by either the consignee, the carrier, the customs brokers, or any other person having a sufficient interest in the goods for that purpose.

Should there be a failure to make entry of the goods at either the port of arrival or at an interior port, the Collector of Customs will place them in a general-order warehouse at the risk and expense of the importer.

When the Canadian exporter assumes responsibility for entering the goods through the U.S. Customs, he may find that there is an advantage in having shipments entered for consumption at the nearest or most convenient U.S. port of arrival. This advantage is that he can remain in close touch with the broker and the Customs at that port. Where the U.S. purchaser intends making his own customs entries, it may be more convenient to have the goods transported in bond from the port of arrival to the interior port nearest him.

Documentation

In general, the only documents required when shipping to the United States are a bill of lading and an invoice.

The use of a typewriter in preparing the documents is preferred over all other methods but any process producing similar results may be used. They may even be prepared by hand in ink, provided the writing is legible. Red ink must not be used.

1. Bills of Lading—The U.S. Tariff Act stipulates that the consignee shall produce the bill of lading at the time of making entry, except that—

(a) If the collector is satisfied that no bill of lading has been issued, the shipping receipt or other evidence satisfactory to the collector may be accepted in lieu thereof.

(b) The collector is authorized to permit entry and to release merchandise from customs custody without the production of the bill of lading, if the person making the entry gives a bond satisfactory to the collector to produce the bill of lading.

2. Invoice Required by Customs— A special customs invoice (Customs Form 5515) is required for the entry of every shipment consisting of articles with an aggregate value in excess of $500, *and* subject to an ad valorem rate of duty *or* to a rate of duty depending in any manner upon its value. Supplies of official green copies of Customs Form 5515 are available from U.S. Consular Offices in Canada free of charge or from commercial stationers. Only one copy of the customs invoice is required but it is usual to forward three: one for the use of Customs when the goods are examined, one to accompany the entry papers, and one for the customs broker's file.

For shipments with an aggregate value of *less* than $500; or on duty-free shipments or on shipments of articles subject to specific rates of duty only, copies of the commercial invoice are sufficient.

For certain classes of goods, additional information must be shown when either the special customs invoice or a commercial invoice is used. These further details are, in general, required when the ordinary description of such products does not give sufficient information to classify and appraise them properly.

If the required special customs invoice or the commercial invoice is not available at the time of entry, a statement in the form of an invoice, known as a pro forma invoice, must be filed. The consignee prepares this pro forma invoice and in addition, gives a bond undertaking to file the required invoice with the collector of customs within six months of the date of entry. ●

FOREIGN TARIFFS AND TRADE REGULATIONS

Angola

WHEAT IMPORTS EXEMPT FROM DUTY—During 1965, imports of wheat flour, wheat semolina, and wheat for the bread-making, confectionery and other industries in Angola are exempt from duties and other taxes, with the exception of the stamp duty for clearance purposes. Only the quantities of flour permitted can be imported by those entities authorized by the Cereal Institute—Lisbon.

Dominican Republic

ADDITIONAL DUTIES EXTENDED—The additional import tax of 15 per cent of the f.o.b. value, which was reported in the September 5, 1964, issue of *Foreign Trade* (page 36), has been extended to December 31, 1965.

Lebanon

LICENCE REQUIREMENTS AMENDED—In a decree issued January 23, 1965, and effective from that date, the Minister of National Economy of the Lebanese Government relaxed the regulations affecting the requirement of import and export licences. By the decree, products for which an import licence is required may be freely imported into Lebanon providing their value does not exceed 500 Lebanese pounds (approximately $175). Likewise, products that are subject to prior export licence may be exported freely from Lebanon if their value does not exceed 200 Lebanese pounds (approximately $70). Products imported into Lebanon or exported from that country in excess of the amounts indicated remain subject to the existing licensing procedures.

Madeira

TEXTILE IMPORTS EXEMPT FROM DUTY—Article 1 of Decree-Law No. 46 183 of February 8 states that the following list of textiles for the embroidery industry, when imported into Madeira under the present regulations, are exempt from import duties and all other local taxes for a period of two years from this date:

(a) Dyed fabrics of cotton of more than one color but not printed*, included in tariff items 55.09.04 to 55.09.06.

(b) Silk fabrics and fabrics of synthetic or artificial fibres of more than one color, but not printed*, included in tariff items 50.09, 50.10, 51.04.02 and 56.07.

(c) Woven fabrics of wool, weighing up to 200 grams per square metre, included in tariff item 53.11.01, white, colored or of more than one color, but not printed*.

(d) Lace up to a maximum width of 6 centimetres, of synthetic fibres and cotton or flax, included in tariff items 58.09.02 and 58.09.05—Lisbon.

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*Colors obtained by the application of threads of several colors at the time of weaving.

Turkey

FOREIGN TRADE REGIME, FIRST HALF 1965—In a decree published in the *Official Gazette* of January 4, Turkey announced its foreign trade regime for January to June 1965. The regulations are, with minor changes, similar to those in force during the second half of 1964.

Imports shall be made against the free import lists, and the list of import quotas, and they may be made only by persons holding an importer's permit. However, industrialists, exporters, owners of mines, tourist establishments, and registered manufacturers do not need a permit if the products imported are required in their business. Import licences will be valid for six months from date of issue and may be obtained only for the goods indicated in the lists. For goods requiring a supplementary time limit for manufacture, a permit must be obtained from the Union of Chambers of Commerce.

To ensure that imports will be made within the time indicated, guarantee deposits are required. For imports of products on the free lists, a cash guarantee of 70 per cent and 100 per cent of the amount of foreign exchange applied for is required. For imports against the list of import quotas, a cash guarantee of 30 per cent for importers and 10 per cent for industrialists is necessary. The total number of applications made by one firm may not exceed 20 per cent of the quota to which they refer.

If goods are to be paid for by letter of credit, the Turkish lira equivalent of the cost of the goods must be deposited with an authorized bank. If goods are to be paid for by cash against documents or against goods, 50 per cent of the Turkish lira equivalent of the cost of the goods must be deposited with an authorized bank. Payments for imports from countries with which Turkey has no payments agreement (includes Canada) shall be made in the dollar zone in U.S. dollars, and in other zones in U.S. dollars or convertible currencies.

Among the changes of importance to Canadian industry are the following:

The quota for harvesting and threshing machinery has been increased tenfold to $4 million.

Items added to the free list or list of goods for which licences are issued automatically include steel alloys and high-grade carbon steel; fertilizers; printing inks; surgical, medical, dental and veterinary instruments; theodolites and other surveying instruments; X-ray tubes and parts.

Items removed from the import lists include seed potatoes, copper sulphate, toxic and anticorrosive paints, and liquid fuel burners.

The quota for imports of capital equipment has been reduced.

Details of the import control regulations affecting any particular commodity may be obtained from the Asia and Middle East Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa.

Trade Commissioners on Tour

In Territory

Afghanistan—R. D. Sirrs, Commercial Secretary in Karachi, Pakistan, will visit Kabul April 4-11.

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

British Guiana—L. D. R. Dyke, Commercial Secretary in Port-of-Spain, Trinidad, will visit British Guiana May 10-15.

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

Netherlands Antilles—W. D. Wallace, Commercial Counsellor in Caracas, Venezuela, will visit Curacao and Aruba April 20-27.

Pakistan—R. D. Sirrs, Commercial Secretary in Karachi, will visit Peshawar, West Pakistan, April 4-11.

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.

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: 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 .9283.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 22	Units per Canadian dollar	Notes (see below)
Algeria	Dinar		.2198	4.55	
Argentina	Peso	Free	.007134	140.17	
Australia	Pound		2.4092	.4151	
Austria	Schilling		.04169	23.99	
Bahamas	Pound		3.0115	.3321	
Belgium and Luxemburg	Franc		.02171	46.06	
Bermuda	Pound		3.0115	.3321	
Bolivia	Peso		.09156	10.92	
Brazil	Cruzeiro	Official Free	.0005862	1,705.90	
Britain	Pound		3.0115	.3321	
British Guiana	Dollar		.6274	1.59	
British Honduras	Dollar		.7529	1.33	
Burma	Kyat		.2262	4.42	
Ceylon	Rupee		.2259	4.43	
Chile	Escudo	Bank rate	.3773	2.65	
		Free	.3168	3.16	
Colombia	Peso	Free	.07533	13.27	
		Certificate	.1197	8.35	
Congo, Republic of	Franc		.007181	139.26	(1)
Costa Rica	Colon		.1626	6.15	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1496	6.68	
Denmark	Krone		.1557	6.42	
Dominican Republic	Peso		1.07719	.9283	
Ecuador	Sucre	Official	.05984	16.71	
		Free	.05666	17.65	
El Salvador	Colon		.4309	2.32	
Fiji	Pound		2.7131	.3686	
Finland	Markka		.3366	2.97	
France-Monaco, etc.	Franc		.2198	4.55	(2)
Franco-African Republics, etc.	Franc		.004396	227.48	(3)
French Pacific	Franc		.01209	82.71	(4)
Germany	D Mark		.2708	3.69	
Ghana	Pound		3.0115	.3321	
Greece	Drachma		.03590	27.86	
Guatemala	Quetzal		1.07719	.9283	
Haiti	Gourde		.2154	4.64	
Honduras	Lempira		.5386	1.86	
Hong Kong	Dollar	Free	.1882	5.31	*Feb. 12
		Official	.1882	5.31	

*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. 22	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02505	39.92	(1)
India	Rupee		.2259	4.43	
Indonesia	Rupiah		.004309	232.07	(1)
Iran	Rial		.01422	70.32	
Iraq	Dinar		3.0161	.3316	
Ireland	Pound		3.0115	.3321	
Israel	Pound		.3591	2.78	
Italy	Lira		.001724	580.05	
Japan	Yen		.002992	334.22	
Lebanon	Pound	Free	.3530	2.83	
Malaysia	Dollar		.3519	2.84	
Mexico	Peso		.08618	11.60	
Morocco	Dirham		.2154	4.64	
Netherlands	Florin		.2997	3.34	
Netherlands Antilles	Florin		.5712	1.75	
New Zealand	Pound		2.9909	.3343	
Nicaragua	Cordoba		.1539	6.50	
Nigeria	Pound		3.0115	.3321	
Norway	Krone		.1506	6.64	
Pakistan	Rupee		.2259	4.43	
Panama	Balboa		1.07719	.9283	
Paraguay	Guarani	Free	.009156	109.22	
Peru	Sol	Free	.04015	24.91	
Philippines	Peso	Free	.2766	3.62	
Portugal & Colonies	Escudo		.03747	26.69	(5)
Sierra Leone	Leones		1.5081	.6631	
South Africa	Rand		1.5058	.6641	
Spain and Dependencies	Peseta		.01800	55.56	
Sweden	Krona		.2098	4.77	
Switzerland	Franc		.2486	4.02	
Syria	Pound	Free	.2820	3.55	
Thailand	Baht	Free	.05221	19.15	(1)
Tunisia	Dinar		2.0628	.4848	
Turkey	Lira		.1197	8.35	(1)
United Arab Republic	Pound	Official	2.4775	.4036	
United States	Dollar		1.07719	.9283	
Uruguay	Peso	Free	.03833	26.09	†
Venezuela	Bolivar	Official Free	.2398	4.17	
West Indies	Dollar		.6274	1.59	(6)
	Pound		3.0115	.3321	(7)
Yugoslavia	Dinar	Official	.001436	699.38	

†Uruguay is now using a dual exchange system for imports. The "official" rate, set by the Central Bank, may be used only for imports subject to prior deposit of 30%, or imports exempt from prior deposits; exchange for all other imports must be purchased in the open market at freely fluctuating rates.

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.

BUSINESSMAN'S BOOKSHELF

Useful Trade Directories

The Arab Directory, 1963-64

Souheil Sayed. 994 pages. $15.00 postpaid.

PUBLISHED in Beirut, Lebanon, this reference work covers 16 Arab countries plus West Africa. It gives commercial and industrial listings, with English and French headings, for each country, prefaced by a general description of the geography, climate, population, trade and industry of each. For 15 of the Arab countries, this general description is preceded by a map. The directory also carries an international section of advertisers with a trade index; this section is divided according to trade and the advertiser's country.

Exporters interested in the Arab world may find this directory useful. It also has an international section containing some Canadian listings.

Order from: Patterson-Lowe & Associates, P.O. Box 4152, Edmonton, Alberta.

Trades Directory, 1963-64

Birmingham and West Midlands Chambers of Commerce

Birmingham Chamber of Commerce. 380 pages. Free.

THIS book lists by name all members of the Birmingham and West Midlands Chambers of Commerce and classifies them under 2,904 trade categories. It also provides a general index of the traders listed in French, Spanish and German, but strangely enough, not in English.

Order from: Birmingham Chamber of Commerce, P.O. Box 360, 75 Harborne Road, Edgbaston, Birmingham 15, England.

British Commonwealth and International Trades Index, 1964-65

Business Dictionaries Ltd., London. 816 pages. $8.00.

THIS directory comprises a general trade index of over five thousand categories followed by six sections. Section I provides an alphabetical list of 12,000 to 13,000 British firms with their various activities. Section II classifies those listings according to trade category. Section III lists alphabetically some British trade marks and brands and indicates their owners, and section IV gives the international cable addresses of some Commonwealth and foreign firms. Section V offers commercial and industrial listings under trade category and alphabetically for Commonwealth countries and section VI supplies this same information for non-Commonwealth countries.

The British part of this directory (Sections I, II and III) appears useful to exporters interested in the British market, but the Commonwealth and foreign sections are not as good because of a dearth of listings. For example, slightly over 200 firms are listed under Canada and only seven under France.

Order from: R. V. Gillman, 400 Drummond Bldg., Montreal 2, Quebec.

Hong Kong Trade Directory, 1964-65

The Diplomatic Press and Publishing Co. 72 pages. £1.0.0 (post free).

THIS directory gives a general outline of the history, administration, trade and industry of the Colony. It contains a classified list of the principal importers, exporters, merchants and industries by trade category but unfortunately there is no general index of trade categories nor cross-reference by individuals or firms, except for the small proportion of paid advertisers. Importers and exporters are not differentiated and their lines of trade are not indicated.

Order from: The Diplomatic Press and Publishing Co., 13 Cotswold Gardens, London, N.W.2, England.

Classified Directory and Buyers' Guide, 1964-65

Engineering Industries Association. 464 pages. £1.17.6.

THIS directory lists by name all members of the Engineering Industries Association, their products and their services. It also gives their addresses, telephone numbers and details of their various activities, and classifies them under more than 6,000 headings of products and processes. A code letter before each name identifies in all listings the location of the firm in the eight regions in Britain. An exporter interested in supplying British engineering industries should find this book useful.

Order from: Blandford Publications Ltd., 167 High Holborn, London, W.C.1, England.

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

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