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FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

Trade and Development in the Far East

FOREIGN TRADE

APRIL 17, 1965 — Vol 123 No. 8

COVER: Most of the Far Eastern countries are eagerly building up industries, often in the food processing field, like this pineapple canning plant in the Philippines. This drive to industrialize has a significant effect on the pattern of Canadian trade with these countries, as the reports in this issue show.

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the Hon. MITCHELL SHARP, Minister.

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The Far East and Canada in 1964 — 2

Our expanding trade with Japan and the large wheat sales to Communist China have held the spotlight in our recent Far East trade. This article discusses the two-way exchange with the Eastern countries, exclusive of Japan, and focusses attention on other promising markets and products in that area.

From the Hong Kong Office — 6-14

The territory that Hong Kong covers includes two large markets for Canadian goods—Hong Kong itself ($22.3 million) and Communist China ($136.3 million)—and the Indo-Chinese States, where foreign exchange shortages and disturbed conditions drastically limit the opportunities for Canadian sales.

- Hong Kong — 6
- Communist China — 8
- Why Not Visit the Canton Fair? — 11
- Indo-Chinese States — 12

From the Manila Office — 14-21

This office covers two substantial and expanding markets for Canadian goods. One is the Philippines, whose purchases from us rose by nearly $6.5 million last year to $27.8 million. The other is Taiwan, which bought $6.2 million worth of our goods. The reports discuss the factors making for this increased trade.

- Philippines — 14
- Taiwan — 17

From the Singapore Office — 21-26

The problems that confront Malaysia have not affected our trade with that country; in fact, our exports continue to increase. Thailand is buying more from us and so is Burma, though the latter remains a small market.

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COMING—THESE ARE THE AUSTRALASIAN MARKETS, MAY 1 ISSUE

The Far East an

Hundreds of Canadian products move to Far Eastern markets every year—and they range all the way from sophisticated communications equipment to apples. On a street in Hong Kong, the passersby can buy Canadian apples from an itinerant vendor. When sales slow up at this corner, she can balance the bamboo carrying pole on her shoulders and move off to another location.

Canada in 1964

Emphasis on industrial build-up increases demand for raw materials, machinery and equipment; imports of foodstuffs still needed. These trends pushed up Canadian sales to this area (excluding Japan, $330 million) to $208 million last year, and they may rise another 10 per cent this year.

ROGER A. BULL, *Asia and Middle East Division.*

THE gross national product continues to rise steadily in some countries in the Far East—including Japan, Malaysia, Hong Kong, the Philippines and Taiwan—but the average growth rate in Asia is only 1.82 per cent, compared with the target of 5 per cent growth per year set for the United Nations "Development Decade" of the 1960's. Long-term growth and population problems face all Asian Governments. Burma, Thailand, South Vietnam and Cambodia expect an exportable grain surplus by 1970 but the rest of the area will be forced to import food grains for the foreseeable future. By 1980, the cereal deficit may reach 18 million tons a year and the over-all trade deficit $8 billion, compared with $1.6 billion in 1960.

Canada's total trade with Japan passed the half billion mark last year, as pointed out in a special issue of *Foreign Trade* on Japan (March 6, 1965). This issue on the Far East will cover the other markets of Eastern Asia: Communist China, a big market for Canada almost exclusively confined to grains; four developing middle-sized industrial markets (Malaysia, Hong Kong, the Philippines and Taiwan) and a number of smaller markets (Thailand, South Korea, South Vietnam, Laos, Cambodia, and Burma). Canadian trade with these countries and Indonesia, excluding Japan, totalled just over a quarter of a billion dollars in 1964. More than three quarters of Canadian exports consisted of wheat, barley, flour and other foodstuffs. The remainder was partly made up of steel, aluminum, copper, zinc and other metals, plus a bewildering range of Canadian manufactured products, machinery and equipment. Imports of significance to Canada included 90 per cent of the manila fibre, 85 per cent of the kapok, 75 per cent of the natural rubber, about a quarter of the spices, a third of the hardwood plywood, (two-thirds with Japan included), all the palm oil, and over 80 per cent of the tin imported into Canada, to a total of about $36 million in 1964.

Active in International Groups

Prices paid in world markets for some Asian export products, particularly sugar and tin, have risen in recent years. Prices of others, notably rubber and cotton, have fallen. Practically all imports into the area, especially of capital goods and production machinery, have risen steadily in price. One effect of this generally unfavourable trade situation has been to encourage Far Eastern nations to participate in international groups like the Economic Commission for Asia and the Far East (ECAFE) and the United Nations Conference on Trade and Development (UNCTAD), which are concerned with the problems of developing countries. In UNCTAD, they have formed a part of the "seventy-five", the group of the less developed nations, seeking the stabilization of prices for their primary products, improved access to developed markets for their manufactures, and aid to industrialize their economies. These demands are being studied by the industrial countries, including Canada.

After several years of slow development, ECAFE's activity increased noticeably in 1964. Member countries are addressing themselves to the fundamental economic difficulties they face and are studying what can be done to improve the situation. The Mekong Development Program and the Asia Highway are progressing. A planning institute for Asia opened in Bangkok in January 1964. Special attention is to be paid to population studies and industrialization. Members of ECAFE agreed to foster trade among themselves and to plan industrial development with the needs of the whole area in mind. Greater efforts are to be made to harmonize national development plans.

External Aid Provided

The Colombo Plan continues to provide external technical assistance and development capital to the Far Eastern nations while they give technical assistance to each other and furnish additional development capital from their own resources. Canadian contributions (including those to India, Pakistan and Ceylon) have amounted to $464.7 million from the Colombo Plan's beginning in 1951 to March 1964. This has all been in the form of grant aid and has been used for surveys, the construction of major public works, and the provision of industrial raw materials, equipment and food.

Canadian grant aid was increased in 1964.

Trade Relations

Trade relations between Canada and several Far Eastern countries —Japan, Malaysia, Hong Kong, Burma, Indonesia and Cambodia— are governed by the General Agreement on Tariffs and Trade. The two Commonwealth countries, Malaysia and Hong Kong, extend some preferences to Canadian exports. Exports of certain products from Hong Kong, Communist China, Taiwan and Japan are subject to voluntary restraints arranged in co-operation with Canada to ensure an orderly expansion of exports.

Burma, the Republic of China (Taiwan), Indonesia, Japan, the Philippines, and Thailand are all represented in Canada. A Korean Embassy has just been opened in Ottawa replacing the previous representation from New York.

Regulating Imports

Import trade is a state monopoly in Communist China, Cambodia and Burma. In China all purchases are made by one or another of the National Import and Export Corporations. In Cambodia a new state agency, Sonexim, is in charge of imports. In Burma nearly all imports are made by the People's Stores Corporation. In each case, once the authorized agency has arranged a purchase, other import control is nominal.

With the exception of Communist China, the major trading nations in the Orient have relatively liberal import systems. The Philippines do not require import licences but a range of prior deposits is used to encourage spending on more essential goods. Thailand has a short list of imports subject to licence and foreign exchange is readily available for legitimate commercial transactions. Taiwan (Republic of China) freely admits capital equipment, raw materials and essential consumer goods but goods competing with local manufactures or considered non-essential are controlled. Hong Kong and Malaysia are virtually free of controls on imports but Hong Kong does have limited foreign exchange control.

Indonesia, Laos, Vietnam, and South Korea require all imports to be licensed. A description of the import and exchange control regulations of all countries in the area, their licensing, advance deposit and other requirements is included in this issue on page 30. These change frequently, however, and exporters are advised to confirm the current state of regulations at the time they wish to export to the Far East.

CANADIAN EXPORTS TO THE FAR EAST AND SOUTH EAST ASIA

Country	1959	1960	1961	1962	1963	1964
		(thousands of Canadian dollars)				
Burma	817	806	1,405	1,303	703	736
Cambodia and Laos	....	148	114	2	17	9
Communist China	1,720	8,737	125,448	147,438	104,738	136,263
Hong Kong	11,330	21,665	19,604	14,283	17,490	22,278
Indonesia	1,760	2,110	2,463	2,027	1,394	703
Korea	6,000	3,916	2,067	1,492	3,870	1,096
Malaysia	3,269	4,650	5,696	5,453	6,355	8,370
Philippines	14,863	14,809	15,645	18,545	21,284	27,809
Taiwan (Republic of China)	1,692	2,886	2,219	4,387	3,759	6,178
Thailand	1,937	2,710	2,921	3,472	2,823	3,803
Vietnam	385	540	206	298	250	727
Total (all countries except Japan)	43,773	62,977	177,788	198,700	162,683	207,972
Japan	139,724	178,008	231,574	214,535	296,010	330,234
Total (including Japan)	**183,497**	**240,985**	**409,362**	**413,235**	**458,693**	**538,206**

Canada's Trade with the Far East

In addition to the sustained growth in Canadian exports to Japan, reviewed in the March 6 issue of *Foreign Trade,* the value of Canadian exports to the other countries in the region has shown a healthy expansion over the past five years. These exports, which stood at $43.8 million in 1959 (plus $140 million to Japan) have quadrupled, rising to $208 million in 1964 (Japan $330 million). There is every prospect that this growth will continue. The largest single component is wheat exported to Communist China under long-term agreements concluded by the Canadian Wheat Board and the Chinese National Cereals, Oils and Foodstuffs Corporation. The latest of these, concluded in August 1963, has now run more than half its course, with Chinese purchases passing the minimum quantities provided in the Agreement. Of the $136.3 million of Canadian exports to China in 1964, $116.7 million consisted of wheat and $19.5 million of barley.

Exports to other Far Eastern markets, though less spectacular than those to Communist China or Japan, have gone up during the past five years from $42 million in 1959 to $71.7 million in 1964. In this period, the best results have been achieved in the most challenging and competitive markets: the Philippines, doubled from $14.9 million to $27.8 million; Hong Kong, doubled from $11.3 million to $22.3 million; Malaysia, nearly tripled from $3.3 million to $8.4 million; Taiwan (Republic of China), up 3.6 times from $1.7 million to $6.2 million; Thailand, doubled from $1.9 million to $3.8 million. In comparison with total Canadian exports to the Far East (less Japan) of $208 million in 1964, total exports to Africa and the Middle East were $130.5 million and to South America $180.5 million. The Philippines and Hong Kong are markets to compare with Sweden ($30 million), New Zealand ($33.7 million), Argentina ($26.9 million), and Jamaica ($28.9 million). Communist China was Canada's third largest wheat and best barley customer in 1964

CANADIAN IMPORTS FROM THE FAR EAST AND SOUTH EAST ASIA

Country	1959	1960	1961	1962	1963	1964
	(thousands of Canadian dollars)					
Burma	23	85	30	50	102	276
Cambodia and Laos	....	17	2	....	....	....
Communist China	4,840	5,638	3,233	4,521	5,147	9,371
Hong Kong	12,969	15,534	14,143	18,889	21,197	26,860
Indonesia	147	529	290	173	152	1,393
Korea	235	404	76	99	380	476
Malaysia	28,644	28,120	23,597	27,740	31,308	34,176
Philippines	1,440	1,966	1,517	1,447	2,007	2,971
Taiwan	716	1,150	1,856	2,910	5,875	9,061
Thailand	649	842	582	1,031	582	582
Vietnam	8	5	9	7	1	4
Total (all countries except Japan)	49,671	54,290	45,335	56,867	66,751	85,170
Japan	102,669	110,382	116,607	125,359	130,471	174,419
Total (including Japan)	**152,340**	**164,672**	**161,942**	**182,226**	**197,222**	**259,589**

and seventh largest in total imports from Canada.

What were the principal Canadian exports in 1964? Wheat was sold to nearly all countries and flour to Malaysia, Hong Kong, Thailand and Indonesia. Hong Kong, Malaysia, the Philippines, Korea and Thailand imported newsprint. Metals went in sizable quantities to several markets: aluminum to Thailand and Hong Kong, zinc to Thailand, nickel to Korea, copper pipe to the Philippines. Taiwan imported rapeseed, sulphur and fertilizers; the Philippines telephone equipment and cables, chemicals and malt; Burma drugs and asbestos fibre; Malaysia asbestos, tobacco and marine engines; Hong Kong polyethylene and polystyrene resins. Good quantities of many manufactured products went to the area: files and rasps, aircraft, aircraft engines and parts, rolled oats, passenger vehicles and parts, organic chemicals, electronic equipment, sawmill machinery, and pharmaceuticals.

Imports from the Far East (less Japan) into Canada are estimated at $85 million for 1964. Excluding Communist China, exports from Canada were $71.7 million, and imports into Canada some $75 million. Canadian imports from the area consisted of a mixture of tropical raw materials and consumer goods: rubber ($14.2 million), tin ($14.2 million) and canned pineapple ($2.0 million) from Malaysia; rice from Burma; rubber ($1.2 million) and tea from Indonesia; desiccated coconut ($700,000) manila fibre ($600,000), lumber and veneers ($500,000), from the Philippines; canned mushrooms ($500,000), hardwood plywood ($3.9 million), monosodium glutumate ($500,000), clothing and footwear from Taiwan; kapok, lumber and lac from Thailand; walnuts ($2.3 million) and textile products from Communist China, and clothing, toys, transistor radios and footwear from Hong Kong. Over the five years from 1959 to 1964, Taiwan has expanded its exports to Canada the most—more than tenfold to over $9 million in 1964.

Prospects Seen Promising

The year 1965 should prove to be another good one for Canadian trade with the Far East. Wheat and barley sales to Communist China should continue and the $100,000 of other goods sold to China can hardly fail to increase in volume and variety. The rest of the area, by its very diversity, offers good reason to be optimistic. Trade with Hong Kong, Malaysia and the Philippines, all stable and expanding markets, may continue to increase, although the Malaysian-Indonesian confrontation could have a moderating effect. Burma and Thailand could both increase their imports from Canada and increasing interest by Canadian exporters in Laos, Cambodia and Vietnam may be hoped for. Prospects in Korea are uncertain but Taiwan is booming, with a favourable trade balance that could mean larger purchases from Canada. A rise of 10 per cent in exports seems possible.

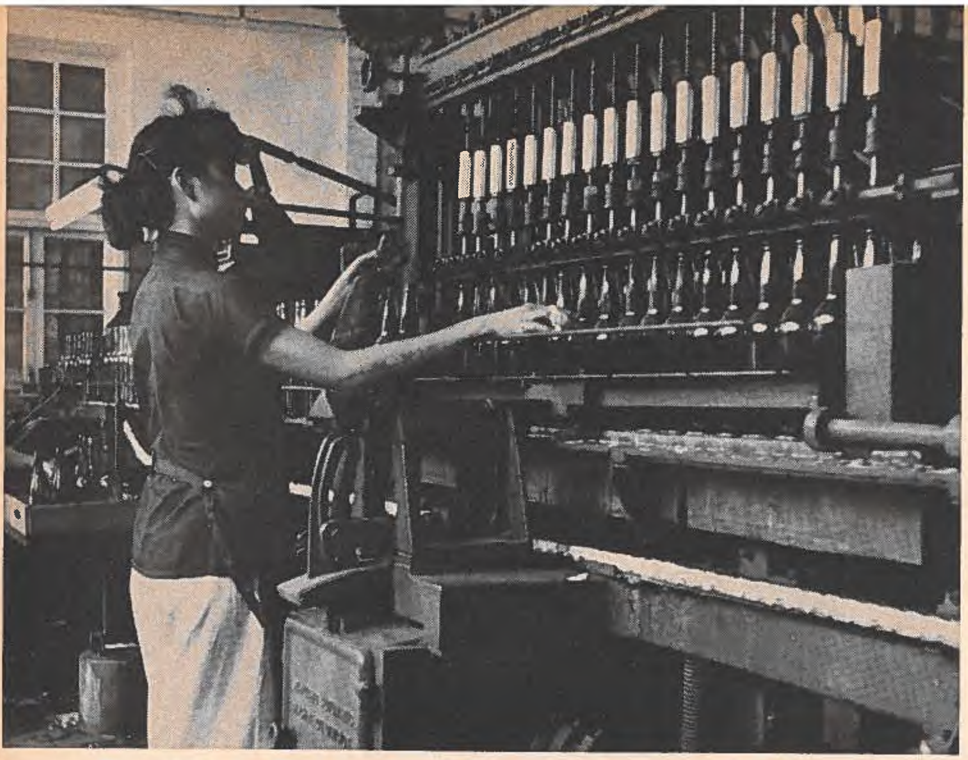
A Helping Hand

Canadian Trade Commissioners in Singapore, Hong Kong, Manila and Tokyo stand ready to help interested Canadian exporters find customers and to arrange visits to their territories. The Trade Commissioners also make frequent tours to other cities or countries within each office's area of responsibility. Officers making these tours announce them in advance in *Foreign Trade* so that Canadian businessmen may request assistance in marketing their products. In Ottawa, the Asia and Middle East and Commonwealth Divisions of the Department can provide information on tariffs, trade regulations and current business conditions, and the Commodity Officers can provide data on specific products and their market potential.

An Electronic Products Trade Mission has just returned from the Far East and other specialized missions will be going out from time to time. Businessmen visiting Japan or Hong Kong may find it profitable to go to some of the other Far Eastern markets as well. Canadian interest in and trade with this part of the world is growing, but hard work and persistence will be needed if progress is to continue. ●

JAPAN

Foreign Trade of March 6, 1965, was devoted to Japan and readers interested in trade with that country should turn to that issue. South Korea will be covered at a later date.



The girl is operating a machine to bottle soy sauce, produced in Hong Kong for both domestic and export markets. The slow manufacturing process includes cooking, drying and fermenting the soybeans, and then four to six months of steeping.

Hong Kong

- Exports and imports in 1964 reached record highs.
- Canadian sales rose 20 per cent over 1963.
- Wider variety of Canadian products could find buyers.

R. K. THOMSON, *Senior Trade Commissioner, Hong Kong.*

LAST YEAR was an eventful one for Hong Kong. Despite a number of problems the Colony continued to prosper, with marked increases in trade and industrial production and development. The year began with a severe water shortage, the result of prolonged drought in 1963, but with the advent of the rainy season in May 1964, water restrictions were eased. New water storage facilities now in use and under development and a new arrangement for obtaining water from Communist China make it unlikely that Hong Kong will face acute water problems in the future.

The water shortage affected not only householders but also industry, including the tourist trade. When the rains came, they came with a vengeance. From April to November the Colony was hit by no fewer than seven typhoons, compared with three in the preceding four years. Although these brought welcome water, they also caused considerable damage and loss of life and interfered with construction, factory operations, and the loading and unloading of cargo in this busy port.

Another problem that developed during the year was a shortage of skilled and unskilled labor. This affected production, particularly of textiles, slightly but the shortage is likely to be temporary.

Maintaining Prosperity

Overseas markets placed further restrictions on Hong Kong's textile exports, product of the Colony's largest and most important industry. Toward the end of the year the news of the imposition of a 15 per cent surcharge on imports into Britain, Hong Kong's largest market, was received with dismay.

Facing increased restrictions in its major markets abroad, a shortage of labor, and an over-all increase in labor costs, and depending so largely on one major industry, textiles, Hong Kong must seek diversification of markets and of domestic industry if it is to continue to prosper. It must also rely on technological improvement and a degree of automation in its manufacturing processes. The Colony's leaders in trade, industry and Government are aware of these needs.

The maintenance of prosperity despite some reverses is indicated by the steady change in the city's skyline and harbor and the building of new skyscrapers—hotels, office buildings, apartment blocks, resettlement estates, etc.—and the reclamation of badly needed land for housing and factories.

Hong Kong's tourist industry continues to flourish; 364,065 tourists came in 1964 compared with 295,229 the previous year, a 23 per cent increase. The Colony is now well supplied with hotels in all price ranges and an increasing number of tourists are visiting Hong Kong to enjoy the extremely pleasant and mild winter weather, the varied and interesting scenery, and the excellent shopping. Attractively priced merchandise is on sale—not only goods made in Hong Kong or Communist China but imported into this duty-free port from countries all over the world.

Trade at Record High

Hong Kong's trade, both import and export, rose to record highs during 1964. Both imports and exports increased by more than 15 per cent in value over the preceding year. Imports reached the equivalent of Can.$1,625 million and exports Can.$841 million. Hong Kong's sales to its major markets—Britain, the United States, Malaysia, Japan, West Germany and Canada—went up substantially. Imports from these countries also increased. Hong Kong's principal export continues to be textiles (yarn, fabrics and clothing), accounting for more than 50 per cent of the Colony's sales abroad during the year, an increase of about 15 per cent over 1963. Next in importance come products of the large plastics industry—artificial flowers, plastic toys and dolls, etc.—with electrical equipment and appliances and footwear following. Communist China and Britain are Hong Kong's largest suppliers, followed by Japan, the United States, Malaysia and West Germany. Britain provides the largest market for Hong Kong products, followed by the United States, Malaysia and Japan.

Selling to Canada

Hong Kong is also exporting larger quantities and a broader range of products to Canada. Its exports to Canada (based on Hong Kong statistics) increased in value from the equivalent of Can.$16.2 million in 1963 to Can.$22 million in 1964, an increase of over 27 per cent. Because textile manufacturing is the Colony's leading industry, it is natural that clothing should be Hong Kong's most important export to Canada, followed by toys (mainly plastic) in second place, and woven cotton fabrics in third place. Other products exported by Hong Kong to Canada in some volume and representative of the growing diversity of the Colony's industry are footwear, transistor radios, jewellery, furniture, manufactures of metal, fish products, food preparations and plywood.

Hong Kong's exports to Canada of certain types of cotton textile fabrics and some clothing are held at agreed levels by the Hong Kong Government in consultation with the Canadian Government, and in accordance with the Long Term Cotton Textiles Agreement of 1962.

Canadian Sales to Hong Kong

Canadian exports to Hong Kong, according to Hong Kong statistics, rose from the equivalent of about Can.$16.3 million in 1963 to Can.-$20.2 million in 1964, an increase of 20 per cent. The principal Canadian products marketed in Hong Kong showed no appreciable change and comprised (in order of value) synthetic resins, aluminum, wheat and flour, newsprint, automobiles, knitted fabrics, steel, and furs. The range, however, is very much greater and includes a wide variety of manufactured products and consumer goods. Hong Kong is literally a wide-open market for Canadian products that are competitive in price and quality. Canadian goods such as pickles and relishes, evaporated milk, apples, tobacco, sulphur, copper pipe and tubing, fountain pens and pencils, and a range of apparel have appeared recently in trade statistics and indicate the variety of Canadian products that are marketed in Hong Kong. And an even wider range could be sold here.

Because Hong Kong is a duty-free port with no trade or import restrictions, any Canadian product can find buyers here, provided there is a demand and prices and quality are competitive with similar products from other sources. There is a big demand for consumer goods, including department-store type merchandise, and for specialty foodstuffs. Although the spectacular building boom is levelling off somewhat, the construction of apartments of all types, of office buildings, factories, roads, reservoirs, etc., will continue to provide a market for a wide variety of building materials of all sorts. In short, practically the only products that may not sell well here are large-scale capital equipment and raw materials for heavy industry. Industry is expanding but it is mainly secondary and light in character.

The outlook for Canadian exports to Hong Kong in 1965 seems favourable, although it is a bit doubtful whether the rate of increase of the past two years can be maintained. Most of the major products now being shipped here should continue, with one or two exceptions, to sell in increasing quantities. Other Canadian products which have only entered the market should do well and there are certainly opportunities for a wider variety of Canadian goods. Where else is there a market with a population of close to four million enjoying a rising standard of living, a rapidly developing economy with significant expansion in all sectors, and no tariffs, trade or currency restrictions?

Most sales to Hong Kong are made through the many well-established trading firms, (large, medium and small) which can provide excellent representation. The office of the Canadian Trade Commissioner is always happy to advise on prospects for marketing Canadian goods in Hong Kong and to help producers and exporters find the right type of representation.

Loan to India

THE Minister of Trade and Commerce announced recently a Canadian loan of $8 million "to cover the export sale of Canadian equipment for a hydro-electric power plant in the State of Rajasthan in India", which will result in substantial orders for power generating and transmitting equipment for manufacturers throughout Canada. A similar loan agreement was signed with India in December 1963. The present loan brings to $70 million the total of long-term financing by Canada in India, and to $220 million the financing of Canadian exports of capital equipment to ten developing countries by the Export Credits Insurance Corporation under Section 21A of the Export Credits Insurance Act.

91866—2½

—Richard Harrington
This is a blast furnace worker at Anshan, northeast China.

Communist China

- **Gap between food production and consumption continues.**
- **Trade with Japan and Western Europe increasing.**
- **Canadian sales totalled $136.3 million (grains, $136.2 million).**

R. K. THOMSON, *Senior Trade Commissioner and*
P. M. ROBERTS, *Trade Commissioner, Hong Kong.*

SINCE 1961 Communist China's economic policies have been directed to bringing about recovery from the difficult years 1959-61 and at laying the foundation for a new attempt at rapid industrialization. The year 1964 has been in some ways a turning-point in this program; in December the Chinese Premier, Mr. Chou En-lai, announced that "readjustment" was substantially complete and that a new Third Five Year Plan would be introduced at the beginning of 1966. (The original intention was to introduce it in 1963.) Travellers to China, including the authors of this report, have confirmed from their own observation that industrial activity is perceptibly greater than in previous years and that supplies of food and simple consumer products are relatively good.

At the beginning of 1964 there was nothing to suggest that the completion of the recovery program and the imminent return to long-term planning meant a radical change either in investment policy or in economic and social organization. The policy of putting the main emphasis on agriculture and on those industries which support it, enunciated in 1961, will probably continue. The industries that have been given the highest priority for investment (chemicals for fertilizer, petroleum, steel, consumer goods) all have an application to the modernization of agriculture and improved agricultural productivity. This policy is an obvious one for a country which, lacking any source of large-scale foreign aid, must accumulate its savings out of agriculture. (An alternative to accumulation—mass enthusiasm—was attempted in 1958 and found wanting.)

China's food production is still formally in the hands of the People's Commune but in fact it is largely the responsibility of village-sized production units within the commune. Output increased somewhat in 1964 over 1963 but whether the increase was great enough to feed the additional 15 million mouths which appeared during the same year is not known. The fact that China again spent a large part of its meagre foreign exchange on food imports suggests that there is still a gap between production and consumption. However, strenuous efforts are being made—within the limits imposed by the general economic situation and political ideology—to bring about a significant rise in output. Emphasis is now placed on increasing the size and productivity of "areas of high and stable yield".

One of the most rapidly developing Chinese industries is the chemical fertilizer industry because this fertilizer, properly applied, offers the quickest and most effective means of increasing agricultural production. Even with heavy imports of chemical fertilizer, however, the total amount available is still far short of what China needs.

Finally, during 1964 there was a vigorous and apparently successful drive to build large-scale water conservation projects and the newly-established Agricultural Bank of China made loans to communes to help them with their own projects. All these measures will eventually have their effect, but it seems likely that for some years only small but steady growth can be expected in the agricultural sector.

Industrial Progress

Lacking almost any detailed statistics, it is hard to say more about the industrial sector than Mr. Chou En-lai said in December. He reported at that time not only that industrial "readjustment" was complete, as mentioned above, but also that there had been an over-all increase of 15 per cent in industrial production in 1964 compared with 1963. He singled out the steel, petroleum, chemical fertilizer, cement, cotton yarn and a few minor industries as the ones which had increased output by 20 per cent or more over 1963. Variety and quality had both improved, he said, and management was "vastly" better. All of this is undoubtedly true. But it must be borne in mind that in all these commodities, production still falls far short of domestic needs—in some of them, notably chemical fertilizer and cotton yarn, very short.

Trade Pattern Shifts

The main characteristics of China's foreign economic activities during 1964 were the almost complete retirement of its debt to the Soviet Union and a continuation of the process of partial replacement as China's important trading partners of the U.S.S.R. and the East European countries by Japan and various West European countries. But the Soviet Union remains by a wide margin China's biggest trading partner, and although the value of total trade between them will probably diminish further as China seeks to reduce its large favourable balance by shipping exports to convertible currency markets, it is likely that the Soviet Union will remain an important customer and source of supply. It is the only highly developed country that can accept a large volume of Chinese consumer goods as payment for industrial equipment. China's purchases from Japan and Western countries are sharply limited by the foreign exchange available, which it must earn through exports of food, consumer goods (especially textiles), minerals, and other commodities to convertible currency markets, of which Hong Kong is the most important. China's capacity to import capital goods from Japan and the West is further limited by the need to import some six million tons of grain per year, most of which must be paid for in convertible currency. However, trade with non-Communist countries was probably 25 per cent higher in 1964 than in 1963 and the trend can be expected to continue.

Party Control Tighter

Any survey of China's economy must include some reference to the important role played by politics and ideology. During 1964 the Chinese Communist Party assumed a much more intimate control over industry, communications, and internal trade by assigning its representatives to these sectors at grass-roots level—a party official in every unit and sub-unit. At the same time, the "socialist education" campaign has continued throughout China at a very high level and is intended to counteract the bourgeois and capitalist attitudes that could come with growing prosperity.

On the farms, the Government has made a good many concessions since 1961, of which the most important was the reintroduction of private plots to provide an incentive for increased production. These concessions are regarded as politically undesirable and there is the constant possibility of their withdrawal on purely political grounds. Thus the economic scene is affected by political and ideological requirements and estimates of economic prospects need to take this intangible factor into account. In foreign trade too, politics plays a role. China's new slogan is "self-reliance"; foreign aid, or excessive trade dependence on any one country or group of countries, is now eschewed as deliberately as it was once sought. The effect of this policy, unlike that of the internal ones, is to make the foreign trade pattern resemble more closely that of other large countries.

Modest Growth Expected

Assuming that no radical departures similar to the "Great Leap Forward" of 1958-60 are attempted (and the signs are that none is being considered) China's economy should be able to continue a modest growth. The basic limiting factor is the ratio of growth of population to that of food production. At the moment it is about one to one, but strenuous efforts to improve farming techniques and limit births may bring gradual improvement. Although nothing about the Third Five Year Plan has been announced except the date that it begins, (1966), it seems likely that investment during the Plan will continue to favour, at least initially, industries essential to agriculture and defence, with perhaps a gradual expansion of interest in areas of industry unrelated to agriculture. An indication of the kind of growth the Chinese have in mind is afforded by the 1965 plan, which calls for a 5 per cent increase in agricultural production (a very ambitious target) and 11 per cent in over-all industrial production.

China's foreign trade, which was valued at perhaps U.S. $3 billion in 1963, may show large growth relative to its present small base but will achieve significance in terms of

—Richard Harrington

Picking famous Superior Dragon Well tea on a rural commune near Hangchow.

total world trade only slowly, as internal economic problems are solved. It would be fair to say that although China's economic problems are great, they are apparently being tackled energetically and realistically within the limits imposed by the political system.

Export Drive Pushed

China is intensifying efforts to earn more foreign exchange through increased exports to most countries, including Canada. This is considered necessary because of increasing needs for machinery, equipment, raw materials and fertilizers for industrial and agricultural production, and for payments to such countries as Canada, Australia and France for imported wheat and other foodgrains. An indication of China's export progress is provided by the Colony of Hong Kong, China's largest single source of foreign exchange from trade as well as invisibles such as remittances. On trade alone during 1964 China had a favourable balance with Hong Kong of the equivalent of approximately Can.$358.8 million, compared with Can.$259.6 million in 1963.

Trading with Canada

Canada's trade relations with China continued to be dominated in 1964 by large shipments of wheat (and some barley) under the long-term agreement concluded in 1963 between the Canadian Wheat Board and the Chinese National Cereals, Oils and Foodstuffs Corporation. During the year Canada's exports to China totalled $136.3 million in value, of which $116.7 million represented wheat shipments and a further $19.5 million barley. Other Canadian products exported to China during this period were valued at only $99,591 and included scientific instruments, isotopes, medicinal and pharmaceutical products, upper leather, steel and zinc. It is probable, however, that other Canadian products entered China by way of third countries such as Hong Kong. The range of products and the value are difficult to determine.

How to Send Samples

Canadian exporters who wish to send samples of their products to the state trading corporations by parcel post should follow this procedure. Write to the China Travel Service (H.K.) Ltd., 6 Queen's Road Central, Hong Kong, giving full details about the parcels that you wish to have forwarded to commercial destinations in Communist China. The Travel Service will advice you whether or not it can dispatch these parcels and specify how much money to forward to its office to cover the cost involved. All parcels must be prepaid.

China is broadening its sales to Canada, shipping a wide range of manufactured articles—including glassware, sheet glass, flashlights and batteries, sewing machines, fountain pens, alarm clocks, fireworks, plywood and carpets. The most important manufactured products by value are textiles including fabrics, garments, gloves, tablecloths, towels and similar items. China has also exported to Canada during the past year furs, bristles, essential oils, spices, chemicals and pharmaceuticals, and non-ferrous metals. By far the two largest single items exported to Canada are walnuts and peanuts. The total value of China's exports to Canada during the first ten months of 1964 was Can.$7.9 million but it is probable that Chinese goods to an additional substantial value made their way to Canada via Hong Kong.

The Chinese have indicated interest in a number of Canadian commodities in the past year or so, including metals, wood pulp, fertilizers, specialized machinery and instruments. China is basically a market for foodgrains, for raw materials for its industry, and for production machinery, plant and equipment—ranging from large complete plants for the manufacture of fertilizers and artificial fibres to scientific and technical instruments. Because the foreign exchange resources are relatively limited, it can be assumed that only essential products and machinery will be imported.

Cultivating Business

Opportunities are not lacking for keen Canadian businessmen with products falling within the broad range outlined above. Penetration of the Chinese market is a time-consuming process, but experience has shown that long effort can culminate in unexpected but gratifying business. It is necessary for Canadian exporters interested in a possible long-term market in China to keep in close touch with the particular state import-export corporation or corporations with responsibility for their products. A personal visit to representatives of this corporation or corporations in the Head Office in Peking or at branches elsewhere, or at the twice-yearly Chinese Export Commodities Fair at Canton, is the best approach. Otherwise sales literature, prices and technical information about a product or products should be sent regularly (in several copies) to the head office of the corporation or corporations concerned and their branches elsewhere.

Canadian Trade Commissioners in Hong Kong visit the semiannual Canton Fair and also go to Peking at least twice a year. They also visit (less frequently) other important centres such as Shanghai, Tientsin and Canton. They are always prepared to discuss on behalf of a Canadian exporter a particular product with Chinese trade officials or to give advice about trade possibilities and methods of trading with China. ●

Foreign Trade has on hand a number of reprints of an article that appeared in a previous issue, "Selling to Communist China", written by R. K. Thomson, our Senior Trade Commissioner in Hong Kong. If you would like a copy, write to the Editor.

Why Not Visit the Canton Fair?

This is Canton; the large building on the left houses the Chinese Export Commodities Fair held twice a year. The fair has become the setting for two-way trade discussions; the authorities, anxious to have foreign businessmen attend, grant visas readily.

The big Canton Trade Fair, held twice a year, provides a good setting for discussing your products with the officials of the nine state trading corporations, who invariably attend this fair.

NORMAN R. GISH, *Assistant Trade Commissioner, Hong Kong.*

THE Canton Trade Fair or, as it is officially known, the Chinese Export Commodities Fair, is held twice a year in Canton, Communist China, from April 15 to May 15 and from October 15 to November 15. Canadian businessmen interested either in buying from or selling to Communist China would find it useful to attend this fair.

The setting for the fair is a multi-storied building housing comprehensive displays of Chinese products, plus discussion rooms and telephone, telegraph, postal and bank facilities. The main emphasis is on the sale of Chinese products but it has also become a meeting-place for those who want to sell products to China and those who might buy them. Two-way trade discussions are facilitated by the fact that in China import and export of the same types of products are handled by one state trading corporation. There are nine of these corporations, each responsible for different commodity groups. The senior officials of these corporations from both the head offices in Peking and branches in the other centres come to Canton for the fair. This means that a foreign businessman can carry on discussions in Canton which at other times of the year would have to take place in Peking, Shanghai and other cities.

Getting Your Visa

Canton is only about 90 miles from Hong Kong but because there are no road or air connections between the two cities, travel is by rail and, with the border crossing, takes the better part of a day. There are good air connections between Vancouver and Hong Kong by Canadian Pacific Airlines and it is now possible to fly via Europe to Canton through Pakistan on Pakistan International Airlines' service twice a week.

The Chinese authorities are anxious to have foreign businessmen attend the Canton Fair and therefore grant visas more readily than for other visits. However, the procedure is rather time-consuming and should be initiated well in advance. If you are interested in attending, write directly to the Secretary-General, the Chinese Export Commodities Fair, Canton, China, or to the head office of the state trading corporation that handles your type of product. You will receive an invitation card and a short form to fill out. Both must be sent to the China Travel Service (H.K.) Ltd., Queen's Road Central, Hong Kong, which will in turn send you the application forms for the visa. The completed forms should then be returned to the China Travel Service (H.K.) Ltd., for forwarding to Canton, where the visa is actually issued. (There is no Communist Chinese Government office in Hong Kong to issue visas.) The visa is forwarded to the China Travel Service (H.K.) Ltd. where it is held for your arrival in Hong Kong. Departure time for Canton is 9:25 a.m. and therefore most travellers count on at least one day in Hong Kong en route.

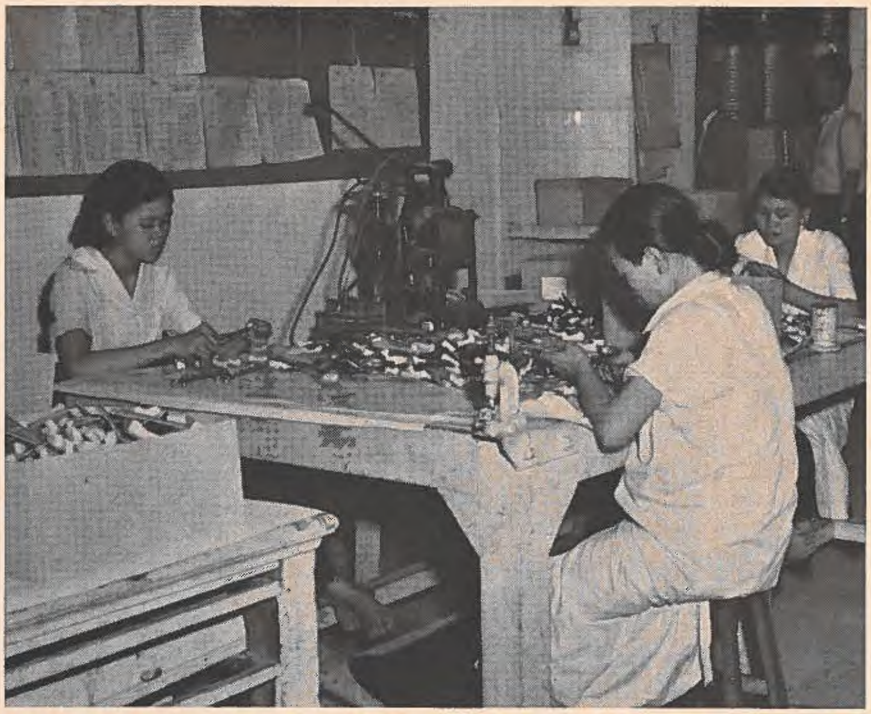
If you wish to travel to Canton via Europe, you can obtain your invitation card in the same way. Send the form and card to the Chinese Embassy in either Paris or Berne or to the office of the Chinese Charge d'Affaires in London. You can then pick up your visa from these offices when you arrive in Europe.

It is often possible for the office of the Canadian Trade Commissioner in Hong Kong to obtain an invitation card from China Resources Co. (the large Hong Kong trading company owned by the Chinese Government) for Canadian businessmen who are passing through the Colony and have not made previous arrangements. In this instance, it takes about four full days to obtain the visa.

Hotels and Food

Hotel accommodation is comfortable and reasonably priced. Food, both Western and Chinese, is plentiful and appetizing. Should you wish to combine business and pleasure, there are organized tours to scenic spots in the area and visits to factories, farm communes, etc., can be arranged at your request. The weather during the period of the fair, both in spring and autumn, is fairly warm and light clothing is adequate.

The office of the Canadian Trade Commissioner, 11th Floor, P & O Building, P.O. Box 126, Hong Kong, is always happy to assist Canadian businessmen who decide to visit the Canton Fair. ●



This is a toothpaste and toothbrush factory in South Vietnam, the most economically advanced of the three states. The women are trimming and shaping the toothbrushes.

Indo-Chinese States

- **Cambodia makes import and export trade a state monopoly.**
- **Laos finances 70 per cent of imports through external aid.**
- **Some 60 per cent of South Vietnam's imports made under U.S. aid, with purchases tied to U.S. or specified sources.**

R. G. WOOLHAM, *Trade Commissioner, Hong Kong.*

CANADIAN EXPORTERS will find that current prospects for developing new business in Cambodia, Laos and South Vietnam are not encouraging. Foreign exchange holdings are limited and are carefully conserved for essential needs. Moreover the political situation in both Laos and South Vietnam acts as a deterrent to foreign trade.

For these three developing countries, external financial and commodity aid is vital to their economies but it means that products financed by donor countries make up a large part of their imports. Canadian exporters are therefore either confined to business by tender when this is available or must look for opportunities to sell non-essential products outside the aid-financed import programs.

Inflation is also a serious problem in all three states and one that receives constant consideration. The substantial differences between official and unofficial exchange rates point up this problem. In part, the exchange rate differences can be attributed to monetary pressures developing from the desire to move earnings and profits out of the country. This latter aspect contributes to a weakness in the private investment structure within each country and affects requirements for capital goods and related equipment.

Despite some of these similarities, each country has a definite individuality, particularly in business developments. The following description of each country may therefore be helpful in assessing export prospects.

Cambodia

CAMBODIA has no food shortages. About half the size of Southern Ontario, its economy is based on agriculture, including rice and rubber, and virtually unexploited timber resources. A pretty country with a tropical climate, Cambodia shares with New Brunswick the distinction of having a river which half the time flows backwards. The rise and fall of the Tonle Sap Lake, fed by this reversing river, provides a rich source of fresh water fish, an important item in all menus.

Phnom Penh, the capital, is an attractive, well-planned modern city, most of which has been developed and built by Cambodians during the last few years. City transport is inexpensive and exciting—the passengers sits at the front of a pedal or motor-powered tricycle.

Cambodia has a population of about 5.7 million and imports about $50 million worth of goods a year, chiefly with exchange earned by rubber and rice exports. Products imported include light machinery, transportation and construction equipment, chemicals and other products for a slowly evolving, state-directed industrial base. Other imports include food products and some consumer goods.

Early in 1964 a new state-sponsored corporation known as Sonexim was constituted and given a monopoly of all import and export trade. However, indent firms in Phnom Penh, with their knowledge of foreign sources of supply and commercial practices, continue to play an important role in conjunction with this state trading organization. Terms of trade are confirmed irrevocable letter of credit.

Canadian firms interested in pursuing business prospects in this country should write direct to SONEXIM, Phnom Penh, with a copy to the Office of the Canadian Trade Commissioner, Hong Kong. Prices should be quoted c. & f. Hong Kong or Singapore and correspondence may be in English, although French is preferred.

Laos

LAOS imports, mostly for its estimated 350,000 urban dwellers, about $30 million worth of products a year. These imports include industrial and food products, chemicals, metal and metal products, machinery and transportation equipment. Over 70 per cent of all imports (excluding gold) is financed with commercial aid given by the United States, Britain and Australia and confined to suppliers in the donor countries. Applications for import licences under commercial aid programs require a 20 per cent deposit in local currency, calculated at the official exchange rate of 240 Kip to the U.S. dollar. Goods take 8 to 12 months from the date of import application to arrive in Laos. The interest rate on money is 2 to 4 per cent a month and some importers of especially profitable lines prefer to finance imports at the free exchange rate of approximately 490 Kip to the U.S. dollar. They then require no import licences and delivery times are shorter.

In Vientiane indent firms representing foreign manufacturers issue pro forma invoices to importers who in turn use these to obtain foreign exchange and to establish a line of credit. When credit has been substantiated, the indent firm issues shipping orders to the foreign manufacturer, who ships direct to the importer. Terms of trade are confirmed irrevocable letter of credit, and prices should be quoted c.i.f. Bangkok. Correspondence in English or French is satisfactory.

South Vietnam

SOUTH VIETNAM is the largest and most economically advanced of these three countries. Civil war has hindered the development and growth of trade and most commercial business is now concentrated in the Saigon area.

About 60 per cent of all imports, worth $275 million a year, is financed by U.S. aid programs and purchasing is tied to the U.S. or specified developing countries. Imports from developed countries are in the order of $85 million a year, and it is in this sector that Canadian firms may find opportunities for sales. Products of interest in this category include chemicals, pharmaceuticals, pigments and dyestuffs, pulp and paper, and industrial machinery and equipment.

Licences are required for all imports and as in Laos, the best method of developing sales is to be represented by a local indent firm. Correspondence may be conducted in English or French and prices should be quoted c. & f. Hong Kong. Terms are confirmed irrevocable letter of credit.

Canadian firms interested in doing business in Laos, Cambodia and South Vietnam should contact the Canadian Trade Office in Hong Kong, which endeavours to maintain close contact with indent firms and local businessmen in each of these countries. Canadians may obtain assistance in contacting appropriate representatives and advice on methods of pursuing business prospects. ●

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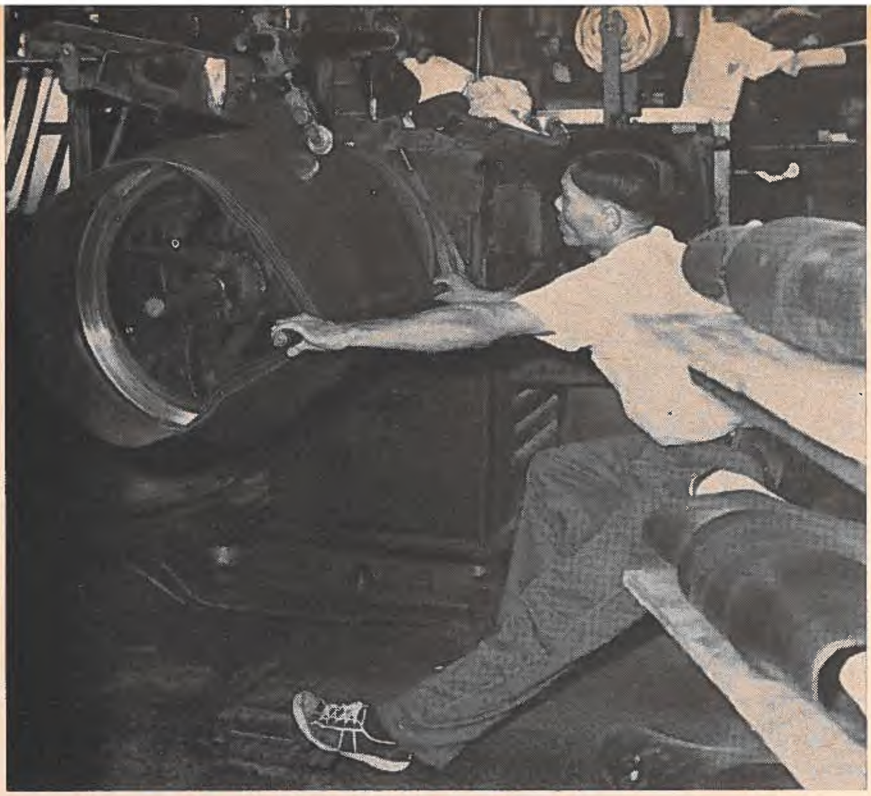

This Filipino lad is building up a tire in one of the plants that supplies local needs.

The Philippines

- Credit squeeze hampered industrial expansion in 1964.
- Retail Trade Nationalization Act comes into force.
- Canadian sales continue four-year rise.

J. L. MUTTER, *Consul General and Trade Commissioner, Manila.*

PHILIPPINE GOVERNMENT authorities tend to point to 1964 as a year of comparative stability in the value of the currency and prices of primary commodities, as a result of efforts to offer to consumers essential foodstuffs at reasonable prices. Yet one occasionally detects in official pronouncements evidence of some dissatisfaction with the condition of the economy.

Businessmen generally have described 1964 as a year of stress and frustration. For the most part, they maintain that because of credit restraints, lack of capital, and uncertainty over national economic policies, the rate of economic development and the pace of business were less rapid than they might have been. In the words of a prominent commercial banker, "The 1964 issue boiled down to private versus government spending." In the contest between these two claimants upon monetary resources, the demands of the government sector were met to a greater extent than those of the private sector. In the opinion of a number of qualified observers, the year was one in which the economy bogged down and was faced at times with conflicting fiscal and monetary policies.

As a consequence of the shift from an easy to a tight money policy, money supply declined by some 350 million pesos, or 12 per cent below that of 1963. Similarly, deposits in the private commercial banks by both the private and public sectors decreased by roughly 200 million pesos to nearly 8 per cent below the totals for the previous year. The severe credit shortage maintained by the banks resulted in higher interest rates and the anti-inflationary credit restrictions, in turn, affected the investment plans of the business community and held back the expansion in production, employment and income needed by a rapidly growing population.

Five Year Plan

The achievements of the administration's Five Year Socio-Economic Plan, in its third year in 1964, have fallen considerably short of original estimates. For business and industry, the benefits of the Plan stem from three principal sources: the dismantling in 1962 of exchange controls and the concurrent freeing of the peso, the raising of investment loans from the United States, West Germany, and Japan (the latter under the Reparations Agreement), and assistance extended by the Government to basic industries.

Agriculture, which remained the principal contributor to the national income (although its percentage share has declined slightly in favour of manufacturing) made notable gains in some areas. These gains, however, were largely offset by losses caused by two of the worst typhoons on record and by the 3.2 per cent yearly population growth rate. It was not possible to attain self-sufficiency in rice and the National Economic Council has stated that imports of about 600,000 tons will be necessary this year. Implementation of the land reform program launched in 1963 made little progress because of lack of money. The cost of living has risen and real purchasing power has declined by about 10 per cent in the past two years.

What Government Proposes

In his recent State of the Nation message, the President, in an effort to revitalize the economic development program, asked Congress to enact, inter alia, legislation to:

1. Encourage investment, both domestic and foreign.

2. Enlarge the Government's capacity to borrow, both at home and abroad.

3. Make additional credit available to private investors by amending the banking laws.

4. Take measures to meet the Government's financial difficulties and enable it to support new projects.

5. Raise the minimum daily wage from four to six pesos.

More recently, the Director-General of the Program Implementation Agency proposed that Congress define an official investment policy and adopt revenue-raising measures for development projects. "Without unequivocal guide-lines to what incentives Filipino capital will be receiving from the Government, and what legally defined guarantees will be extended to foreign capital," he said, "capital formation for productive investment is greatly hampered." He added, "Entrepreneurs do not unnecessarily take investment risks without knowing the rules of the game, and this hesitant attitude of theirs is compounded if they cannot make long- or even medium-range plans."

In his view, an ideal investment incentives measure for consideration by Congress must aim at:

- Channelling the flow of domestic and foreign capital into basic and essential industries vital in national development.

- Attracting foreign investment capital into the country.

- Encouraging greater Filipino participation in priority areas of investment.

Such a measure should draw Filipino capital into productive investments and attract foreign capital to fill these needs that local resources cannot meet.

Measures proposed to raise revenues to provide the infrastructure to encourage expansion of private investment are:

(1) Tax on exports of primary products.

(2) Higher taxes on petroleum products.

(3) Increased taxes on personal and corporate income, especially in the upper brackets.

In present circumstances there is considerable doubt about when these objectives can be realized. Most bankers, businessmen and economists seem to think that substantial progress is unlikely in a Presidential election year. The head of the Philippine Chamber of Industries not long ago voiced his concern that the fight for votes in 1965 would command the full attention and energies of Philippine leaders at the expense of the numerous economic problems in need of solution.

A 1964 milestone was the implementation on June 20th of the Retail Trade Nationalization Act, passed ten years previously. Those affected were expected to use the intervening years to phase themselves out of the retail trade or to make the necessary arrangements to carry on this trade in conformity with the new legislation. At one stage, U.S. corporations doing business in the Philippines concluded that they would be exempt from the restrictive provisions of the law while the Laurel-Langley Agreement (see next paragraph) remained in force. Since 1962, however, court opinions and rulings by the Philippine Secretary of Justice have changed the interpretation of the legislation and the extent of its coverage. Thus, retail trade was defined to include bulk sales to industrial end-users—for example, the sale of petroleum products to textile manufacturers and flour millers. Again, under the latest interpretations the law prohibits enterprises that are not wholly Filipino and/or U.S.-owned from participating in retail trade as now defined. At the same time, because their stock is sold publicly on the open market and the 100 per cent ownership requirement is extremely difficult to prove, few U.S. corporations can qualify. As a result, a number of U.S. corporations affected have lodged with the Philippine courts a series of questions regarding the meaning and interpretation of the law. While these cases are pending, the Philippine Department of Commerce and Industry has suspended the enforcement of the legislation against the U.S. firms.

Trade Relations with U.S.

It should be explained that the Laurel-Langley Agreement between the United States and the Philippines, scheduled to terminate in July 1974, provides for tariff concessions and duty-free quotas on a diminishing scale on the goods imported by one country from the other. Opinion throughout the Philippines on these matters varies widely. In some quarters there has been a demand for renegotiation of the Agreement and the abrogation of parity rights but at the moment, the possibility that the Laurel-Langley Agreement will be extended in 1974 is somewhat remote.

Those against the abrogation of parity—and especially the primary producers, who would like to see a further extension of the Agreement—take the line that the Philippines is not diversifying its foreign trade sufficiently rapidly to be able to surrender the special terms of access to its biggest export market, the United States, even in 1974 when the Agreement ends. On the other hand, the expanding industrial fraternity is becoming increasingly critical of a policy that obliges it to compete on equal terms with

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TABLE I

PRINCIPAL EXPORTS FROM THE PHILIPPINES

	1962	1963	1963	1964
		(U.S.$'000 f.o.b.)		
			(nine months)	
Copra	112,955	168,259	116,473	111,405
Logs and lumber	112,791	152,882	111,842	109,985
Sugar, centrifugal	121,977	146,508	119,088	129,871
Coconut oil	31,570	46,714	31,628	44,463
Copper concentrates	18,482	31,703	23,219	20,927
Abaca, unmanufactured	24,704	31,615	24,122	23,995
Desiccated coconut	15,070	18,405	13,826	14,490
Plywood	11,171	15,964	10,868	17,322
Copra meal or cake	9,098	11,754	7,866	7,343
Iron ore	9,409	11,049	8,018	9,026
Total principal exports	467,227	634,853	466,950	488,827
Total Exports	**556,021**	**727,106**	**536,104**	**572,840**

TABLE II

PRINCIPAL IMPORTS INTO THE PHILIPPINES

		(U.S.$'000 f.o.b.)		
			(nine months)	
Machinery other than electric	105,344	113,622	80,765	102,955
Transport equipment	62,872	66,714	46,828	72,182
Mineral fuels, lubricants and related materials	59,772	61,776	47,076	54,801
Cereals and cereal preparations	28,063	58,869	38,330	43,995
Base metals	50,279	53,377	35,904	55,518
Electric machinery, apparatus and appliances	21,532	28,655	21,891	27,017
Textile fibres not manufactured into thread and yarns	29,151	25,611	18,866	16,698
Textile yarns, fabrics and made-up articles	26,531	20,833	15,211	14,299
Explosives and miscellaneous chemical materials and products	18,422	18,909	13,406	16,322
Dairy products, eggs and honey	31,130	18,719	13,831	17,958
Total principal imports	433,096	467,085	332,108	421,745
Total Imports	**586,738**	**618,190**	**439,648**	**570,214**

greatly superior U.S. expertise and the almost unlimited U.S. capital resources.

Imports Outstrip Exports

Statistics for the full year are not yet available but data published so far indicate that although total exports may be somewhat higher than in 1963, total imports will undoubtedly be very much higher. Exports for the first nine months stood at U.S.$572.8 million, compared with U.S.$536.1 million at the end of the third quarter of 1963, but nine months' imports rose steeply from U.S.$439.6 million to U.S.-$570.2 million. Exports in 1963 totalled U.S.$727 million against total imports of U.S.$618 million, producing a trade surplus of U.S.-$109 million. It now appears almost certain that the trade balance for 1964 will be unfavourable.

As in the past, United States continued to be the Philippines' principal trading partner. It traditionally buys more than half of all Philippine exports and supplies about 40 per cent of Philippine imports. For the first half of 1964, U.S. exports to the Republic increased more than 20 per cent over the first half of 1963, and U.S. purchases of Philippine products were about 5½ per cent greater. The principal Philippine exports to the U.S. are sugar, pineapple, coconut products, tobacco and products, natural fibres and products, chromite, copper and other ores, and made-up textile products, notably lingerie and infants' wear.

There is, however, a significant and growing shift in the foreign trade of the Philippines towards Japan and the countries of north-western Europe, a trend which can scarcely fail to become stronger with the tapering-off of the tariff preferences that the United States and the Philippines extend to each other under the Laurel-Langley Agreement. Japan ranks second among the Republic's leading trade partners, buying 26 per cent of total Philippine exports (substantial quantities of iron ore, copper concentrates and 85 per cent of Philippine log exports) and supplying roughly 18 per cent of Philippine imports (base metals, textile yarns and other textile products). ECM countries in 1964 bought about 11 per cent of Philippine exports; Germany and the Netherlands were leading markets for Philippine abaca fibre and copra.

Trade with Canada

The expansion in Canadian-Philippine trade continued throughout 1964. Our sales to this market have grown by about $3 million each year from 1961 through 1963, when they totalled $21.3 million. For 1964 they reached $27.8 million. The rise in exports this year reflects the increased movement from Canada to the Philippines of telephone and telecommunications equipment following the signing last September of the $13.5 million financing agreement between the Export Credits Insurance Corporation and the Philippine Long Distance Telephone Company.

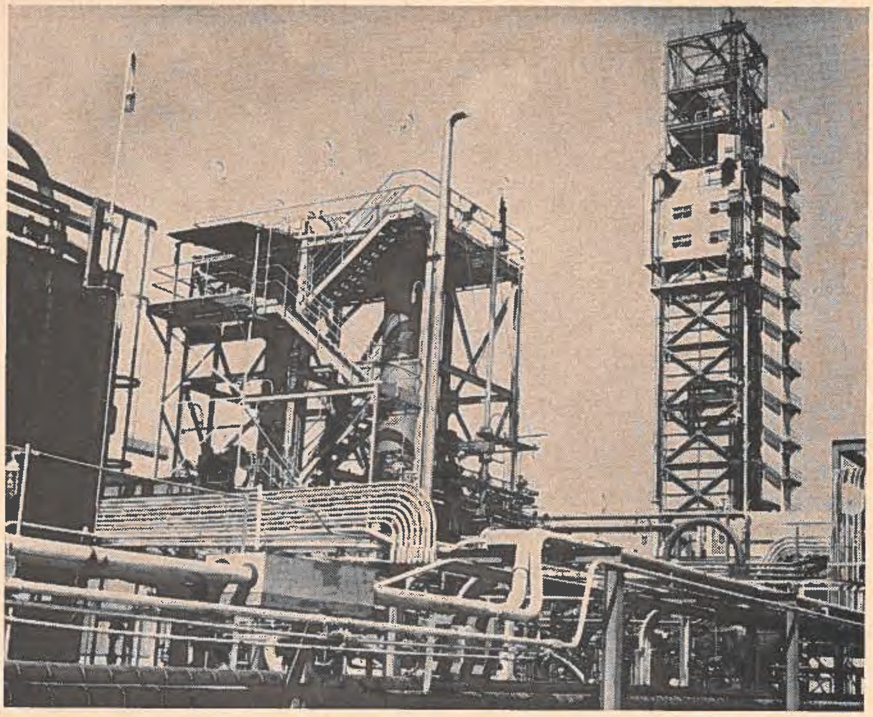
Although the consummation of this agreement aroused considerable interest here in Canadian telecommunications equipment—an interest that was further stimulated by the visit to the Philippines early this year of the Canadian Electronic Products Trade Mission to South East Asia—wheat is, and seems likely to continue for some time to come, the major Canadian export to the Philippines. Currently, it accounts for nearly 60 per cent by value of our total exports to this market. Other leading exports are newsprint; copper pipes and tubing; aluminum pigs and ingots; zinc pigs and slabs; plastics and synthetic rubber, and other industrial materials.

A promising development from our point of view in 1964 was the significant increase in Philippine purchases from Canada of fully manufactured goods. Notable examples are rock-drilling machinery and parts, road motor vehicles parts, power saws, vehicle and other special equipment for forest industries, radio and T.V. equipment and parts, electrical measuring instruments, computing and other office machines, and plumbing fixtures.

A study of D.B.S. figures comparing Canadian exports to the Philippines for the first nine months of 1963 and 1964 shows that under the export commodity classification "End Products, Inedible", the total values were $815,564 and $1,181,980, respectively, a 45 per cent increase. Subheadings under this head include:

General purpose industrial machinery
Drilling, excavating, mining, oil and gas machinery
Metalworking machinery
Other special industrial machinery
Road motor vehicles
Communications and related equipment
Measuring, controlling, laboratory, medical and optical equipment
Watches and clocks
Stationers' and office supplies and artists' materials

The change in the pattern of our trade with this market may well reflect the ability of our products to compete and the enterprise of those who make them. But it is almost certainly also due in part to the phasing-out of the Philippine tariff preferences accorded to United States products. These, in terms of the Laurel-Langley Agreement, declined from 50 per cent of the full tariff in 1959-61 to 75 per cent in 1962-64. Since January 1, 1965, Philippine imports from the United States have paid 90 per cent of full rates of duty and will pay the full rates, in common with imports from all other sources, with effect from January 1, 1974. In these circumstances, there may well be increasing opportunities for a wide range of fully manufactured Canadian goods, particularly those that do not compete with Philippine production. •



Industry in Taiwan is expanding and this new chemical fertilizer plant, producing urea and liquid ammonia, serves a twofold purpose. It saves foreign exchange once spent on imports and helps in the expansion of the important agricultural sector.

Taiwan

- **Agriculture and industry continue sound growth.**
- **Exports up 30 per cent last year, imports up 21.6 per cent.**
- **U.S. economic aid terminates on June 30, 1965.**
- **Canadian sales reached $6.2 million last year.**

J. L. MUTTER, *Consul General and Trade Commissioner, Manila.*

ALL the usual economic and business indices point to the fact that 1964 was a year of continued progress for Taiwan. In real terms, the gross national product increased over that for 1963 by 10.2 per cent to NT$94,300 million (U.S.$2.36 billion); gross national income by 10.6 per cent to NT$76,800 million (U.S.$1.9 billion); and per capita income by 7.3 per cent to NT$6,000 (U.S.$150) per annum. Only in Japan, Malaysia and Okinawa among the Asian group of countries on the Pacific perimeter is this average per capita income greater.

Chief among the factors contributing to this accelerated economic growth were:

1. The strenuous efforts to expand industrial production.

2. The high world price of sugar, which carried over from 1963 into the middle of 1964.

3. The increasing diversification of exports.

4. The absence of natural calamities such as floods and typhoons.

Agriculture and industry, the principal sources of national income, continued a trend which has become clearly apparent during the last few years. That is, agriculture is supplying less of the national income and industry more. Thus the contribution of agricultural (including livestock), forestry and fishery products to the net national product declined from 27.1 per cent in 1963 to 25.5 per cent in 1964; that of manufacturing industries rose from 21.8 to 25.5 per cent.

Agriculture Is Improving

Blessed by uniformly good weather throughout the year, agricultural production in 1964 rose substantially. Particularly notable was the increase in rice production to 2.23 million metric tons, 5.8 per cent above 1963. This record harvest reflected improved techniques as much as the larger area planted to this grain. Farmers are getting higher unit yields with better seed, improved control of diseases and pests, greater use of fertilizer, and better irrigation and drainage. Thus, while the area planted to rice in 1964 was 2 per cent greater than in 1963, the yield per hectare was up 3.6 per cent. The contribution of land reform to Taiwan's increased agricultural production should not be overlooked. This land reform program is regarded as a classic example of its type by Asian countries generally. Placing land in the hands of those who cultivate it stimulates production because they enjoy the entire fruits of their labor and in Taiwan today, nearly 70 per cent of farmers own all or part of the land they till. With a land area as small as that of the Netherlands and with a population comparable to that of Australia, Taiwan is now not only self-sufficient in rice but is able to export it and other agricultural products. Rice sales to Japan alone in 1964 earned U.S.$35 million in foreign exchange.

Other significant increases in production included sugar cane 35.4 per cent, bananas 125 per cent, and pineapples nearly 50 per cent. The sole crop to decrease was tea.

Industry Is Expanding

The output of most of the island's major industrial operations was considerably greater than in 1963. Among the products with increases of better than 30 per cent were sugar, polyvinyl chloride, urea, ammonium sulphate, caustic soda, canned pineapple, plywood, sheet glass, rubber tires, aluminum ingots and motor vehicles. The only decreases of any consequence occurred in canned mushrooms and salt.

The industrial growth rate of 20.3 per cent through 1964 set a new record and nearly doubled that of 1963. Table I compares the growth rates of the various sectors of the economy and points up the impressive expansion of domestic industry.

TABLE I

GROWTH RATE OF TAIWAN'S INDUSTRIES

	1964	1963
	(per cent)	
Industry	20.3	10.1
Mining	7.3	5.1
Agriculture	8.9	3.6
Agricultural products	11.0	3.4
Forestry	9.4	7.7
Fisheries	1.2	7.1
Livestock	5.3	5.2

Exports and Imports Increase

Exports for the year totalled U.S.$464.6 million—30 per cent more than in 1963. Imports reached U.S.$409.5 million—21.6 per cent over 1963, so that the trade surplus for the year totalled U.S.$55.1 million, the most favourable balance of trade of recent years.

Of the total of U.S.$409.5 million worth of imports, government foreign exchange paid for U.S.$334 million, "self-provided" foreign exchange for U.S.$35.8 million, and U.S. economic aid for U.S.$39.7 million. Corresponding figures for 1963 were:

	millions of U.S. $
Total imports	**336.8**
Of which:	
Government foreign exchange	226.5
"Self-provided" exchange	34.3
U.S. economic aid	76.0

These figures show how U.S. economic aid, which is to terminate officially on June 30, 1965, is tapering off. The U.S. Aid Mission in Taipei has already been largely dismantled. Its director, on his departure in January for new duties in the Middle East, expressed satisfaction over Taiwan's impressive economic growth in recent years and confidence that it would continue.

The actual increase in exports was dramatic but it fell short of what had been expected at the beginning of 1964, when a favourable trade balance of as much as U.S.-$100 million was predicted. The failure to achieve this was largely the result of a mid-year break in the world price of sugar, which today is only about 16 per cent of its peak 1963-1964 price. Nevertheless, because of the practice of selling for future delivery, Taiwan's 1964 foreign exchange earnings from sugar reached an all-time high of U.S.$133 million, or U.S.$28 million more than in 1963.

Although sugar ranks as Taiwan's leading foreign exchange earner, exports of bananas have risen substantially—to nearly 300,000 metric tons in 1964 compared with 133,000 in 1963. If this rate of increase continues, exports in the current year could earn as much as U.S.$60 million. Table II shows the value of the ten principal exports in the past three years.

Although exports failed to reach the hoped-for figures, imports rose substantially above 1963—to U.S. $409.5 million compared with U.S.-$336.8 million. Imports of consumer goods increased most (import restrictions on a number of these, including some luxury items, were relaxed in the autumn of 1963), closely followed by capital equipment and raw materials for industry. (See Table III.) Thus, spurred by the development of assembly plants and the growth of the textile industry, imports of component parts, electrical equipment, raw natural fibres and artificial fibres rose substantially. Chemical fertilizer imports dropped sharply, reflecting the rapid development of the local fertilizer industry. The Premier of Taiwan in a recent message to the Legislative Yuan said, "We shall liberalize imports of equipment for economic development and commodities necessary to national defence and daily needs. For other imports, however, prudence is still required to ensure the long-term stability of the foreign exchange rate."

Some Problems Arising

Apart from the break in the sugar price, the current year may pose other problems, such as reduced demand for some traditional Formosan exports. For example, cement and plywood exports are decreasing because of industrial growth in such countries as the Philippines, the Republic of Korea, and Vietnam. These difficulties will have to be tackled without U.S. economic aid which, over the last fifteen years, has totalled almost U.S.$1.5 billion. U.S. military assistance to Taiwan is to continue, however, at the rate of from U.S.$100 million to U.S.$150 million a year and assisted food shipments from the U.S. are to be maintained through 1965/1966.

These will come forward within the terms of a U.S.$60 million loan under an agreement signed in Taipei as 1964 ended. The commodities include tobacco, wheat, butter oil, corn and cotton. During the last eight years the United States has furnished the Republic of China with roughly U.S.$186 million worth of farm products under Public Law 480, a form of aid which has filled an important role in developing the island's economy.

Trade with Canada

Figures for 1964 show that Canada did indeed share in the expanding Taiwan market. Canadian exports to the Republic last year reached Can.$6.2 million compared with $3.7 million in 1963 and $4.4 million in 1962. (See Table IV.) The principal products were crude sulphur, fertilizers and materials; rapeseed; synthetic yarns and fibres; wood pulp; zinc blocks, pigs and slabs; copper alloys, shapes and sections; nickel anodes, cathodes and ingots.

Taiwan fared even better in the Canadian market—Canadian purchases from Taiwan rose from Can.-

TABLE II

TEN PRINCIPAL EXPORTS—TAIWAN

	1962	1963	1963 (eleven months)	1964 (eleven months)
	(thousands of U.S.$)			
Sugar	49,588	105,983	98,857	125,259
Textile products	38,058	44,432	39,842	55,385
Lumber and timber	17,733	27,736	23,813	38,270
Rice	7,380	23,354	21,432	13,399
Ores, metals and machinery	13,282	22,008	19,671	24,067
Chemicals	20,551	19,309	17,531	21,038
Cement and building materials	11,355	17,093	15,966	17,029
Canned mushrooms	8,508	16,215	14,591	15,205
Canned pineapple	10,859	11,591	10,597	12,179
Bananas	8,041	8,655	8,519	32,089
Total principal exports	185,355	296,376	270,819	353,929
Total exports	**238,609**	**357,524**	**326,576**	**422,835**

TABLE III

TEN PRINCIPAL IMPORTS—TAIWAN

(U.S.$'000)

	1962			1963			1963 (eleven months)			1964 (eleven months)		
	General	U.S. Aid	Total	General	U.S. Aid	Total	General	U.S. Aid	Total	General	U.S. Aid	Total
Machinery & tools	36,496	14,708	51,204	43,268	5,761	49,209	39,914	5,359	45,273	46,353	1,094	47,447
Ores, metals and manufactures	40,321	7,138	47,459	36,383	6,183	42,566	32,705	6,010	38,715	53,183	2,393	55,576
Wheat, flour and cereals	1,074	21,816	22,890	2,415	26,996	29,411	2,101	24,965	27,066	7,927	9,986	17,913
Raw cotton	13,828	16,335	35,163	13,685	12,819	26,504	12,021	12,771	24,792	23,409	7,556	30,965
Beans and peas	4,756	5,757	10,513	11,612	9,049	20,661	11,048	9,049	20,097	17,286	....	17,286
Crude oil and fuel oil	18,692	20	18,712	20,484	....	20,484	18,582	....	18,582	16,693	....	16,693
Vehicles, vessels and parts	15,234	1,179	16,413	17,394	883	18,277	14,790	844	15,634	21,941	498	22,439
Chemical fertilizers	11,455	....	11,455	15,609	....	15,609	13,021	....	13,021	6,116	....	6,116
Logs, lumber and wood manufactures	7,812	....	7,812	12,621	....	12,621	11,078	....	11,078	10,708	....	10,708
Chemicals	9,461	793	10,254	9,945	1,965	11,910	9,227	1,799	11,026	13,826	478	14,304
Total principal imports	164,129	67,746	231,875	183,416	63,656	247,072	164,487	60,797	225,284	217,442	22,005	239,447
Total imports	**247,432**	**80,110**	**327,542**	**260,718**	**76,069**	**336,787**	**232,660**	**72,607**	**305,267**	**329,719**	**31,778**	**360,497**

$4.4 million in the first ten months of 1963 to $7.4 million in the first ten months of 1964. For twelve months of 1963, Taiwan's exports to Canada totalled Can.$5.8 million and in 1962 only $2.9 million. The principal products are hardwood plywood, canned mushrooms, made-up textile products, rubber and plastic footwear, and monosodium glutamate.

Future Plans and Prospects

In the opinion of the former Minister of Economic Affairs, Mr. C. T. Yang, 1964, the final year of Taiwan's Third Four Year Economic Development Plan, was outstanding in the last ten years from the point of view of economic growth.

The new Minister, Mr. K. T. Li, assumes his responsibilities at the beginning of the Fourth Four Year Development Plan. Concurrently with this short-range plan, the Government has launched a ten-year long-range economic development plan for the period from 1965 to 1974. The latter envisages annual economic growth of 7 per cent, consumption growth of not more than 6 per cent, investment increase of 11 per cent, and trade increase of 9 per cent. Within the framework of the Four Year Plan, agricultural production is to be increased by 4 per cent a year. In forestry, the cultivation of wood for industrial use and the expansion of the wood-processing industry are to be emphasized. In the development of fisheries, the accent will be on deep-sea fishing. Output of dairy products will also be stressed.

Industrial output, according to the new Minister, is to be increased about 11.5 per cent a year. In the mining industry, attention will be focussed on increased coal production and the use of plentiful reserves of natural gas. Power generation is to go up at an estimated yearly rate of 10.5 per cent. Specifically, the industries earmarked for intensive development include steel, aluminum, petrochemicals, man-made fibres, plastics, chemical fertilizers, pulp, and glass.

The principal goals of the two plans are:

1. The development of export industries.

2. The establishment of heavy industries and maximum use of the country's natural resources and manpower.

3. Increased employment opportunities.

4. A move toward higher living standards.

Measures to be adopted to attain these objectives include simplification of export and import procedures to cut costs and interest rates and the release of foreign exchange for the purchase of machinery and equipment to boost production for both domestic and foreign markets. (Taiwan's foreign exchange holdings at the end of 1964 amounted to U.S.$233 million—nearly U.S.$110 million more than a year previously.)

Another important step to accelerate economic growth and simultaneously cushion the economy against the effects of the discontinuance of U.S. aid is the revision of the Statute for the Encouragement of Investment which, since its promulgation nearly fifteen years ago, has been an important stimulus to progress. This statute, which applies to both Chinese and foreigners, provides a five-year tax holiday for those industries qualifying and also provides for the easy acquisition of industrial land. Although full details are not yet available, it is understood that the principal effect of the revision will be the transfer to private ownership, through the sale of stock, of as many government enterprises as possible. Under the new plan, however, the Government may continue to control certain enterprises where necessary. Present government enterprises include the Taiwan Sugar Corporation (25 mills) and the Taiwan Power Company (with 32 hydro and thermal stations). Another feature of the revision aimed at encouraging large-scale production is provision for the merger of small enterprises and exemption of these mergers from certain taxes.

It is clear from the plans now under review to stimulate the economy that the Government is sparing no effort in its determination that the pace of development shall be maintained and even accelerated. The successful implementation of the new measures appears certain to induce a climate highly favourable to the expansion of Taiwan's trade with other countries. As an increasingly important trading partner, Canada could obtain a larger share of Taiwan's market, particularly for industrial materials and capital equipment. There may also be considerably greater scope for our consultant and technical services, particularly in those fields in which Canadians possess special qualifications and experience. ●

TABLE IV

PRINCIPAL CANADIAN EXPORTS TO TAIWAN

	1963	9 mos. 1963	9 mos. 1964
		(Can. dollars)	
Crude and refined sulphur	915,267	710,431	1,422,440
Fertilizers	....	....	1,044,930
Wheat, except seed n.e.s.	428,653	228,875	717,841
Rapeseed	250,036	....	351,334
Zinc blocks, pigs, slabs	76,540	8,879	153,578
Copper alloy, shapes, sections	2,716	....	146,643
Wood pulp, all kinds	1,019,520	938,177	143,383
Yarn and thread of one synthetic fibre	200,978	136,721	120,771
Radio, T.V. equipment and parts n.e.s.	732	141	95,864
Nickel anodes, cathodes, ingots	293,870	277,024	92,849
Total exports including all others	**3,758,836**	**2,691,364**	**4,887,412**

Malaysia

- Industrial expansion program achieving results.
- Exporters should watch changing tariff situation closely.
- Canadian exports up 20 per cent in 1964.

GEO. HAZEN, *Acting Trade Commissioner, Singapore.*

IN SPITE OF continued Indonesian confrontation since the establishment of Malaysia in September 1963, the economy has remained buoyant and per capita income is still the second highest in Asia. Although general prosperity is the rule, revenue available to the Government for the implementation of the development plan fluctuates with international market prices for its two major exports, rubber and tin. Together, these commodities account for approximately 70 per cent of Malaysia's foreign exchange earnings. To this difficulty must be added the financial drain to meet defence needs.

The July and September communal riots in Singapore had their effect also but fortunately a transitory one. Confidence was slightly weakened for a time but with the return of internal stability, the financial market has firmed up and investment capital is flowing in at a normal rate. The adverse effect of confrontation upon Singapore's entrepôt trade was softened by the development of alternative employment, especially in the rapidly expanding industries. National income increased by 1½ per cent as industrial growth offset trading losses.

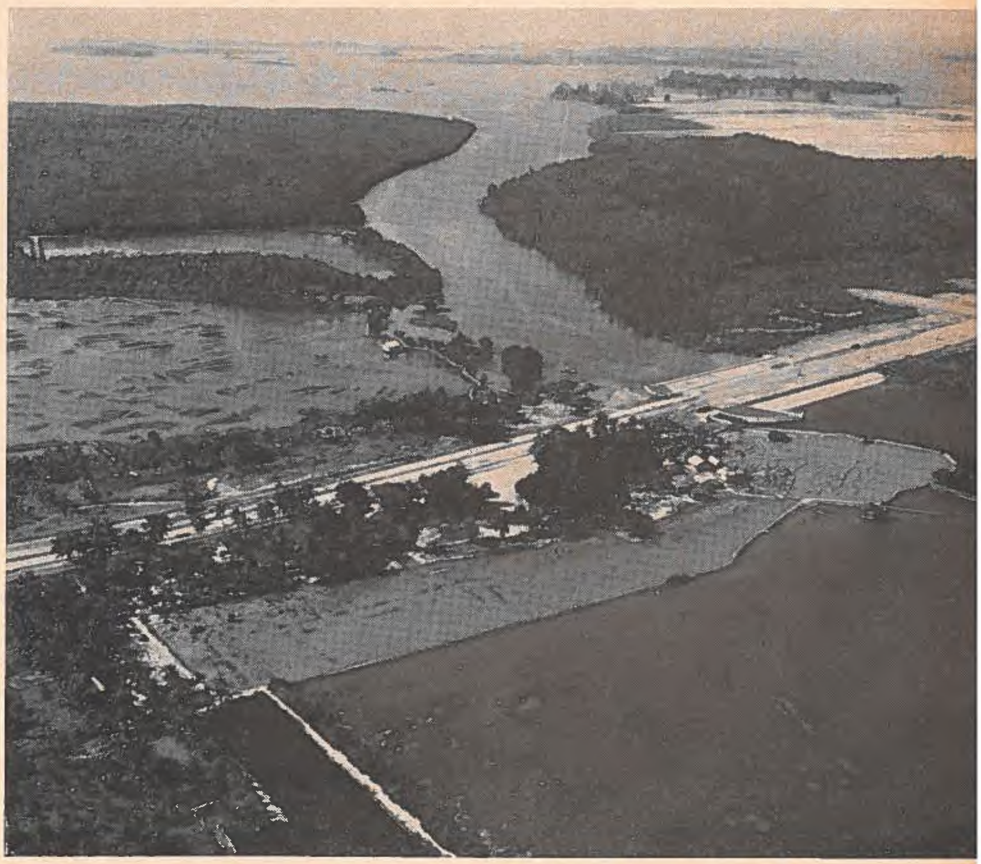
Primary Commodities Important

Malaysia's earnings from rubber have declined during the past 12 months because of depressed world prices and some stagnation in production. The latter will be remedied eventually by the present program of replanting with higher-yield trees.

Tin enjoyed a good year. A world shortage of the metal forced prices up to a point where production is attractive to marginal mines. The additional output, combined with higher prices, has meant a real increase in foreign exchange earnings. Other commodities have performed well too and are making a steadily increasing contribution to Malaysia's economy; among these are coconut oil, palm oil, pineapples, tobacco, and iron ore. The long-range outlook for all these commodities (with the possible exception of rubber) is good. As demand in industrialized nations increases, Malaysia's exports should continue to rise.

Industrialization Pushed

The Malaysian Government, concerned about the vagaries of world prices for its primary products, is actively pursuing a policy of industrialization which has met with a good measure of success. There are two important industrial estates: Petaling Jaya near the federal capital of Kuala Lumpur, and Jurong, on the island of Singapore a few miles west of the urban area. The latter is a particularly large scheme and when the initial stage is completed will cover nearly 9,000 acres. Its heart is a heavy industrial zone on



This is Jurong, site of an industrial complex being developed by the Malaysian Government. This area, based on a new deepsea harbour, already has a number of plants in operation and when complete will be spread over nearly 9,000 acres.

the waterfront, based on the development of a new deepsea harbour. The area already has a number of plants in production, including a steel mill using scrap iron, principally from a shipbreaking yard. The hope is to have eventually an integrated iron and steel industry, plus facilities for oil refining, aluminum smelting, shipbuilding, sawmilling, cement manufacture, and various textile industries.

The new town is being supplied with railway connections (a spur is already under construction), roads, and telephone and radio communications. A large area has been set aside for high-rise housing and all the amenities that an industrial city requires.

The estate at Petaling Jaya has grown at a remarkable rate too; it is connected by road and rail with Kuala Lumpur and Port Swettenham on the coast. Industry is of the light to medium type—the manufacture of tires, detergents, batteries, condensed milk, paints, and so on.

Incentive Plans

In order to attract investment capital, a "Pioneer Industry" plan is in operation that provides relief from income tax for a period of two to five years. The Government adopts a liberal attitude towards the repatriation of foreign capital and has undertaken to guarantee the security of foreign investments by concluding investment guarantee agreements with certain countries. Double-taxation agreements are also being considered.

A concomitant of these plans is the study of tariff protection for new industries, although some may benefit from revenue tariffs already in force. Upon the establishment of Malaysia in September 1963 it was agreed that a Common Market be set up and that a Tariff Advisory Board determine, through a series of public inquiries, what items should be dutiable and what the level of customs duty should be. The first list of 101 items has already been considered but rates of duty have not yet been announced. Items on the list are subject to import quotas and licences pending a decision.

Entrepôt Trade Continues

In Singapore the entrepôt trade continues despite the effects of Indonesian confrontation but at a slower rate, because Singapore's chief trading partner was Indonesia. An important factor for future trade is the continuing rise in per capita income that creates an increasing demand for consumer goods, most of which must be imported.

A serious problem confronting Canadian and other exporters not already established in the market is that of finding suitable agents. There are many competent firms in Malaysia, but the long-established ones already represent overseas firms making products competing with those we wish to sell. New trading companies are being established but it takes time to build up the sales force and servicing organization so necessary to the prosecution of a successful sales promotion program.

Not long ago there was some trouble over local firms without sufficient capital which would order merchandise from abroad against a letter of credit, then persuade the exporter at the last moment to extend credit. Some of these operators never did pay for the merchandise. Fortunately, this sort of thing is now on the wane, but the prudent exporter should always ask the Trade Commissioner for advice before making an arrangement with the local firm. As a matter of fact, reputable houses here expect to do business on the basis of a confirmed irrevocable letter of credit in the first instance. Credit terms are never sought until a satisfactory business relationship has evolved.

Although Singapore will eventually lose its free port status as the Common Market with the rest of Malaysia develops, plans are already well advanced for the inaguration of a free zone within the port that will allow entrepôt traders to continue their activities.

Public Housing Skyrockets

The public housing program in Singapore is progressive and efficient. The rest of Malaysia is not as advanced but is gradually following the example of the island state where, it is said, new apartments become available at the phenomenal rate of one every 45 minutes.

This construction provides much needed employment for labour displaced from the entrepôt trade by Indonesian confrontation. It also provides a market for all manner of building materials and furnishings, many of them imported. Most important, it has improved the lot of people formerly living in very low class housing and has stimulated them in many instances to increased economic activity in order to live up to their new accommodation.

Canadian Exports Grow

Canadian exports to Malaysia in 1964 totalled Can.$8.4 million, up 20 per cent over 1963. They consisted mainly of the traditional items, but there have been some shifts in emphasis. An example is the drop in exports of wheat flour and the increase in wheat grain shipments following the opening of two flour mills. Shipments of aluminum products and asbestos fibre have increased too as a result of newly built industries. Moreover, the range of Canadian exports continues to be wide and there is growing opportunity for the sale of sophisticated industrial and communications equipment. Good agents must be found, however, and much thought and effort directed to that end.

Advice about the changing tariff situation should be sought from the Office of Trade Relations in Ottawa; this situation is fluid and could affect an exporter's prospects. It would be wise, too, to consult the Trade Commissioner about appropriate agents; it is difficult, but not impossible, to find them. ●

Smiling Burmese farmer is paid for his rice; rice exports sold at higher prices in 1964.

Burma

- All imports are now purchased through international tender.
- Foreign trade, agricultural and industrial production decline.
- Canadians can still sell flour, pharmaceuticals, raw materials.

Geo. HAZEN, *Acting Trade Commissioner, Singapore.*

THE economic changes which were introduced in Burma at the end of 1962 are continuing. Although important strides have been made in stabilizing business conditions, difficulties persist as a result of lack of administrative experience in business matters among civil servants. With the comprehensive nationalization that has taken place, it is obviously difficult for them to cope with tasks in which they have had no previous experience. None the less, various departments and agencies are beginning to show the results of the one or two years' experience that their personnel have now gained in carrying out their new responsibilities.

There are indications that Burma's economy suffered a decline during 1964. Statistics are incomplete and it is difficult to present a picture based on figures, but the decline is evident in foreign trade, in agriculture, and in national production in general. Exchange reserves apparently remained at a high level because of higher prices for rice exports during 1964 and the strict controls on imports maintained by the Government.

In many ways, the physical appearance of Rangoon offers evidence of some economic improvement. Considerable road paving has been done in the urban area and many new buildings have gone up, despite the fact that some equipment was not available for installation. This is an example of the problems that arise in Burma in the import and distribution of both capital and consumer goods.

Foreign Investment Controlled

The process of nationalization during the past two years has included the banning of operations by commission agents. All Burmese imports are now purchased through international tenders and quotations must not include commissions formerly paid to middlemen. Since the nationalization in January 1965 of the Burma Corporation, which operated the Bawdin Mines, and Burma Unilever (both of which were already joint ventures with the Government), no significant foreign investments now remain in Burma. The entry of new private foreign capital is not allowed. Capital aid from foreign governments continues but at a lower level than before, and it is received from sources both in the free world and the Communist Bloc.

Imports Tied to Exports

Foreign trade is closely controlled by the Government and imports are kept below exports to ensure a favourable balance of trade. The Government is promoting exports by such means as trade missions to various markets and participation in a number of trade fairs abroad, but an increase in production of export commodities has been confined to primary products, the traditional exports. It seems unlikely that exports as a whole will expand significantly in the near future and thus it is unlikely that any substantial increase in imports will be permitted.

Trade with Canada

Canada's exports to Burma in 1964 increased to Can.$736,164 from $703,029 in 1963. Significant among them are medicinal and pharmaceutical products, asbestos, wheat flour, structural and architectural metal products, aluminum ingot, and hoisting equipment.

Canadian imports from Burma are small and consist principally of rice and tropical hardwood. Total imports for the first ten months in 1964 were valued at Can.$275,515 compared with $96,000 for the same period in 1963.

Future Is Uncertain

It is difficult to say what the future will bring. The Government has extended controls into all sectors of the country's economy and intends to continue this trend. The outlook for a major upturn in 1965 is not bright. Padi production is unlikely to expand because of the rather low prices offered farmers. Rice exports may decline as a result and there may be some inflation because of the expansion of money supply. There is no reason to expect that imports will be allowed to increase substantially in the coming year.

It is difficult to advise on the best means of selling to Burma because it is no longer possible to promote exports by the traditional means. A method that is still appropriate, however, is to send brochures and technical information direct to consuming departments and purchasing organizations in the Burmese Government. Information on addresses may be obtained from the Canadian Trade Commissioner in Singapore. Exporters may also wish to consult the Asia and Middle East Division of the Department's Office of Trade Relations in Ottawa about their plans for selling to Burma. •

Thailand

- **Economic expansion achieved without inflation.**
- **Exports rose in 1964; exchange reserves increased.**
- **Canadian sales up a million dollars last year.**

GEO. HAZEN, *Acting Trade Commissioner, Singapore.*

THE business visitor who lands at Bangkok Airport enters a modern air terminal with an efficient immigration, health, and customs procedure. On his 18-mile journey from the airport to the centre of the sprawling city, his first impression is one of vehicles driven rapidly along broad streets bounded by shallow canals and American-looking neon signs.

He finds that his hotel is as comfortable as any in North America, although it has a distinctly Thai flavour. He can sample first class North American-type food as well as unusual local dishes.

The impression is one of hustle and bustle and of an enthusiastic reaching out for material things along modern lines. One reason for this is the large amount of U.S. aid that has come into Thailand in the years since the Second World War. Although standards, both electrical and mechanical, are still British, the preferred style is definitely American and it is for this reason that Canadian products are readily accepted in this progressive country.

Thailand is a constitutional monarchy ruled by a popular and much revered King and Queen. The chief executive is Field Marshal Thanom Kittikachorn, the Prime Minister, who acts as a benevolent dictator with the backing of the army. Although a constitution is now being drafted, it is probable that it will operate under army supervision.

Thailand is located on the borders of the Indo-Chinese countries of Laos and Cambodia. Relations between Thailand and Cambodia are frosty; those with Laos are warm. There is an infiltration of Communists into northeast Thailand, the relatively underdeveloped part of the country, through Laos. Co-operation with the United States is much welcomed by the authorities. Within the above framework, the situation in Thailand is stable.

Development Plans

The Thais have been able to expand their economy rapidly without the threat or problem of inflation. The money supply just about keeps pace with the growth in national income. Expansion is likely to continue at an annual rate of 6 per cent which, when the 3 per cent annual growth in population is considered, means a rise in real per capita income of about 3 per cent. It is this last fact that has given so much impetus to imports during the last two years. Most of these are consumer goods and Japan has taken the lion's share of the market. There are also heavy shipments of capital goods, reflecting Thailand's preoccupation with the development of economic infrastructure in order to stimulate increased production.

Since 1952, output in Thailand has doubled but the contributions made by different sectors of the economy have changed. In 1951, agriculture was responsible for 50 per cent of total output, but by 1964 its share was only about 36 per cent. Rice is the number one crop but diversification is encouraged and maize, tapioca, rice and kenaf are being grown and exported in increasing quantities. The manufacturing sector has expanded and currently accounts for 12 per cent of total output. The mining of tin and iron has also made an important contribution to the gross domestic product.

The present Six Year Plan is scheduled to end in October 1966 and will be followed by a Five Year Plan now being drawn up. Under the Six Year Plan, spending on development will probably total 34 billion baht. Infrastructure has been the main objective under the present plan and under the new one, transportation, irrigation, and technical education are the areas in which funds are expected to be concentrated. It is hoped to improve agricultural yield by further irrigation and by education in the use of fertilizers.

Industrial Growth Fostered

Industrialization will be encouraged within the framework of the new plan. Emphasis will be on the production of consumer goods as a substitute for those now imported. Private industry is encouraged by three concessions:

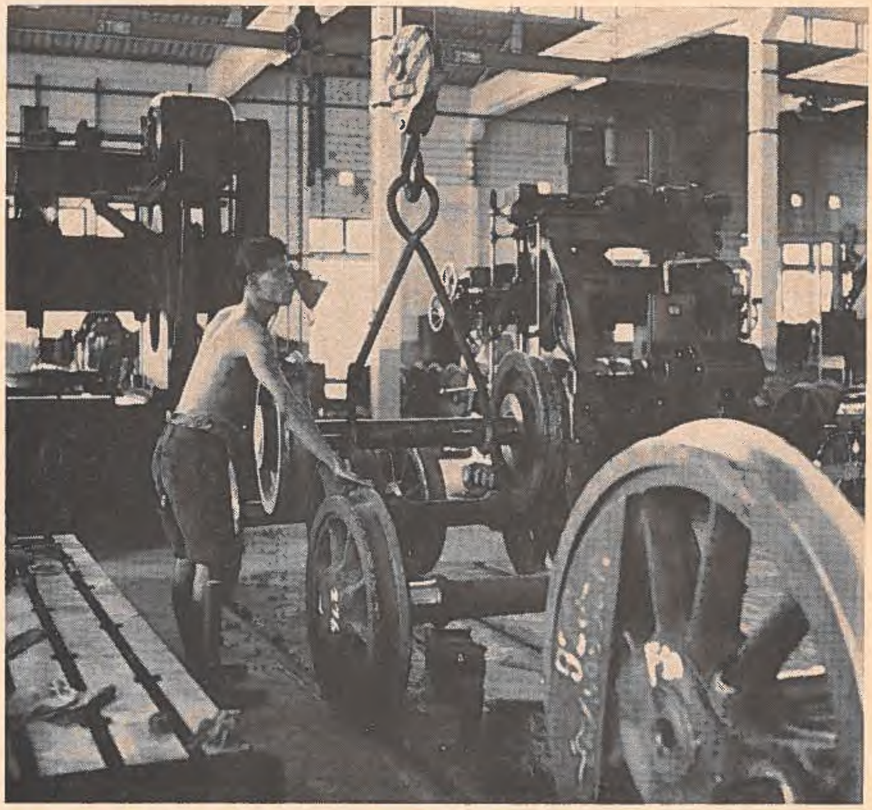
1. Tax concessions under the Industrial Investment Act.

2. Restrictions on competing imports either by quantitative controls or tariffs.

3. Financing available from the Industrial Finance Corporation of Thailand.

In 1964 the industries that were established involved more capital equipment and more foreign participation than in the previous year. Four condensed milk plants, a sugar-refining operation, a plant for the production of agricultural machinery, and a T.V. and radio assembly plant were granted certificates. Negotiations on the erection of a steel plant also proceeded. West Germany and Japan figure prominently in this industrial development.

A major event in 1964 was the opening of the TORC refinery at Sriracha; built under the supervision of Shell, it will be operated by that company on behalf of the Thai Government. It is at Sriracha that a new seaport is to be built to serve southeast Thailand and the hinterland in the northeast. Eventually this will relieve the already congested port of Bangkok, the facilities of which are now being expanded. There is still much room in Thailand for the development of light and medium industry. Repatriation of profits is not difficult and the currency continues stable, making it an attractive environment for investment.



This is the wheel repair shop in the Thai State Railway's central workshop.

Exchange Earnings Up

Foreign exchange reserves are high and they have improved considerably over the past year. The main contributor to the increase was larger exports. For the first nine months, exports increased 19 per cent and imports 16 per cent. All products played a part in the export expansion, with the exception of rubber. Notwithstanding the improvement there is still an adverse balance of trade, which must be compensated for by inflows of investment capital, loans and grants. Prospects for 1965 are for good export performance.

On top of the extraordinarily large contribution to the economy made by the United States Operations Mission, a further development program ending in November 1965 has been planned, with expenditures of some 21 million baht.

Engineering Projects Under Way

New loans have been negotiated with West Germany. One is for U.S.$5 million to finance a north-south telecommunications link and another for U.S.$4 million to set up an electrical distribution system based on the Yanhee power dam. It is possible that another U.S.$7 million loan may be negotiated for electric power development.

In January the 360-kilometer Nakorn Ratsima-Nongkai Highway, built with the aid of U.S. funds and technical co-operation, was opened. It is an important link with the under-developed northeast. Also in January the Thai Government signed a 1.5 million baht agreement with Denmark for the development of the teak industry. The Australian Government is providing assistance for highway building and for a machine tool centre at Khonkaen in the northeast.

A World Bank loan of U.S.$22 million will allow work to proceed on the three-phase Mekong irrigation project. It involves initially the construction of a diversion dam at Tha Muang in Kanchanaburi Province, with intake structures and irrigation canals. Nearly one million acres of land will be irrigated. When completed, the whole project will have cost some U.S.$58 million.

The Japanese are co-operating with the Thais on a project valued at 20.3 million baht to provide equipment for building 64 kilometers of feeder roads in southern Thailand.

Although some preliminary work has already been done, a Netherlands firm is undertaking a survey for the development of the port of Bangkok. The project is to cost U.S.$186,400 with most of the funds coming from the UN Special Fund and the World Bank.

Development in Bangkok

Although some effort has been made to upgrade the housing in Bangkok and Thonburni, there has been little progress to date; only one major project, at Dindaeng, is under way. It is expected that the Government will tackle this housing problem with renewed vigor in the future and it will provide a market for many building materials and accessories. The housing will likely be low cost and subsidized by the authorities and the manufactured goods needed will not be expensive.

The traffic in Bangkok continues to increase at an alarming rate and even though city streets are being rebuilt with as many as eight lanes, congestion remains a problem. Something will have to be done soon to provide an efficient mass transit system. Some slight relief is in sight with the banning of the three-wheeled "samlors" by the end of 1965. They were conceived as a low-cost replacement for the man-powered trishaw but are themselves a liability in modern traffic.

Foreign Trade Active

The improvement in exports has already been mentioned and, if the increase in earnings continues, it will probably result in a further rise in the volume of imports. Principal imports are petroleum products; motor vehicles; iron and steel; mining, construction, and industrial machinery, and electrical equipment. Thailand's major suppliers are Japan, the United States, Britain and Germany.

The tariff has been rationalized recently by rounding off levels of duty to make calculation easier. The revision was not a move toward protectionism, and Thailand permits relatively free entry for all imports, except for some 80 items prohibited or authorized for import only under specified conditions; 70 of these are prohibited for protective reasons. No goods produced in Communist China may be brought in. Imports must be paid for by letter of credit and a certificate of payment must be produced before the Customs authorities will clear goods exceeding Baht 3,000 in value.

Trade with Canada

Canada's share of Thailand's trade is small but increasing; our exports in 1964 totalled Can.$3.8 million compared with $2.8 million in 1963. Principal commodities we sold to Thailand were wheat flour, aluminum, asbestos, zinc, lowgrade newsprint, tire fabric, and files and rasps; these made up 78 per cent of the total. As new industries develop, markets for raw materials for further manufacture will increase. There will also be a significant demand for industrial and construction equipment.

Canadian imports from Thailand are small and will probably not exceed $500,000 for the year 1964, about the same as in 1963. Major commodities include tropical hardwoods, kapok, sago and tapioca, crude lac, jewellery and jute.

An important method of exporting to Thailand is doing business through government tenders. With heavy spending on development, the Government is a major purchaser of equipment and materials and is certainly the largest market for construction equipment, irrigation pumps, and similar products. To exploit such opportunities, it is essential to have a local agent who can forward specifications and bidding instructions and who can post the normal bidding bond on behalf of his principal. He must also be familiar with the methods of doing business in Thailand. Companies not now represented may wish to ask the Trade Commissioner in Singapore for the names of suitable agents.

South Korea

DURING 1964, the Korean economy staged a modest recovery. Prices continued to rise but at a much slower rate. Agricultural production was the highest ever achieved and fisheries production comfortably exceeded 1963.

Following the devaluation of the hwan in April, exports were up 38 per cent over the January-September period of 1963, at U.S.$81.8 million; imports down by 45 per cent to U.S.$222.4 million. Outstanding increases in exports included plywood, cotton cloth and tungsten. More modest gains were scored with iron ore, fish and laver.

Canadian exports to South Korea in 1964 were valued at $1,096,240, down from $3.8 million in 1963 largely because of decreases in wheat and asbestos sales. The 1964 exports included newsprint $583,000, barley $147,000, malt $91,000, nickel anodes $65,000, and synthetic fibres $35,000. Canadian imports from Korea (January-November 1964) totalled $425,000; the largest items were fishery foods and feeds $73,000, zinc ores and concentrates $61,000, cotton pants $52,000 and weapons $45,000.

A resident Korean Embassy was opened in Ottawa early in 1965, replacing the previous representation by members of the Korean Mission to the United Nations in New York.

—Asia and Middle East Division.

Documentation for the Far East*

THE following is a guide to the kind and number of documents required by each country and the main basic regulations. The numbers indicated include copies required for the files of the legalizing authorities and consular offices as well as, in most instances, for accounting purposes by the consignee.

Care should be taken in the preparation of shipping documents and exporters should follow explicitly any instructions they receive from their agent or consignee in the importing country. There should be no undue delay in preparing documents. They should be posted promptly by airmail, so that they will be in the hands of the importer by the time the shipment arrives at the port of destination.

The documentation requirements for the most part are similar for shipments forwarded by freight, parcel post or air cargo. In general, there are no requirements covering the form of the documents or the language used. Consular fees are charged for certification or consular legalization of documents for South Korea, the Philippines and Taiwan.

Duty is levied on the basis of the cost or value of the goods, plus freight and insurance to the destination.

Import restrictions are in force in many of the countries in the Far East and Canadian exporters would be well advised not to ship their goods until they are assured that the importer has obtained an import licence, if one is needed. (See summary on page 30.)

Health and pure food regulations often call for the production of additional documents. Many countries require sanitary or health certificates issued by agricultural or health authorities in the country of origin for animals, plants and their products, and processed foodstuffs.

Information on *Shipping Documents and Customs Regulations* (including health and pure food regulations), giving full details of the requirements, has been compiled by the Office of Trade Relations for most of the countries listed in the table below and is available on request.

—*Asia and Middle East Division*

ABBREVIATIONS: Com. I.—Commercial Invoice; C.O.—Certificate of Origin; B.L.—Bill of Lading; P/L—Packing List; Cons.I—Consular Invoice.

Country	Documents Required	No. of Copies	Notes (See below)
Burma	C.O.	3	1,3,5,7,8,9
	Com. I.	3	
	B.L.	2	
Cambodia	C.O.	4	1,2,3,5,7
	Com. I.	4	
	B.L.	2	
Communist China	Com. I.	3	1,3,4
	B.L.	2	
Indonesia	Com. I.	3	1,2,3,5,9
	B.L.	3	
Japan	C.O.	4	1,3,5,7,9
	Com. I.	4	
	B.L.	3	
Laos	C.O.	5	1,2,3,7
	Com. I.	5	
	B.L.	2	
Philippines	Cons. I./C.O.	5	1,2,7,8,9,10
	Com. I.	6	
	B.L.	2	
South Korea	Cons. I.	4	1,2,3,6,7,9
	C.O.	5	
	Com. I.	5	
	B.L.	2	
South Vietnam	C.O.	4	1,2,3,4
	Com. I.	4	
	B.L.	3	
Taiwan	Cons. I.	3	1,3,9
	Com. I.	4	
	B.L.	3	
Thailand	Com. I.	4	1,2
	B.L.	3	

NOTES

1. Commercial invoice should be signed and certified as true and correct by the shipper.
2. Commercial invoice should be certified by a Chamber of Commerce or Board of Trade.
3. Each copy of commercial invoice must be signed by the manufacturer or supplier in the country of origin.
4. No statement of origin is required other than that appearing on the commercial invoice.
5. Certificate of origin is not generally required. Customs authorities do require certificates for certain types of goods.
6. Certificate of origin may be combined with commercial invoice.
7. Certificate of origin should be certified by a Chamber of Commerce or Board of Trade.
8. Packing list should be furnished when details of shipment are not available on the invoice.
9. Special certificates such as sanitary certificates are required for certain products.
10. To correct errors in documentation, a letter of correction is required.

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*Hong Kong and Malaysia were included in "Documentation in the Commonwealth", published in the December 26, 1964, issue of *Foreign Trade.*

Shipping Services from Canada to the Far East

	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
TO: BRUNEI	No direct liner service; cargo transhipped at Singapore		
BURMA	American Mail Line *(Canadian Blue Star Line, Vancouver)*	No direct liner service; cargo transhipped at Calcutta	
CAMBODIA	No direct liner service; cargo transhipped at Saigon		
COMMUNIST CHINA	No direct liner service; cargo transhipped at Hong Kong		
HONG KONG	American Mail Line Klaveness Line *(Balfour Guthrie Ltd., Canada, Vancouver)* Knutsen Line *(Johnson Walton Steamships Ltd., Vancouver)* Nedlloyd and Hoegh Lines *(Dingwall Cotts & Co., Ltd., Vancouver)* Philippine National Lines *(Interore Shipping of Canada Ltd., Vancouver)* P & O Orient Lines *(Union Steamship Co. of New Zealand Ltd., Vancouver)* Showa Line *(Kingsley Navigation Co., Vancouver)* States Line *(Dodwell & Company Ltd., Vancover)* States Marine Lines *(World Wide Shipping Ltd., Vancouver)* United Philippine Lines *(Empire Shipping Co. Ltd., Vancouver)*	"K" Line *(Kerr Steamships Ltd., Toronto)* Orient Mid-East Great Lakes Service *(Hurum Shipping and Trading Co., Toronto)*	Isthmian Lines *(Amalgamated Exporters Co (Canada) Ltd., Montreal)* "K" Line *(Kerr Steamships Ltd., Montreal)* Maersk Line *(Robert Reford Co. Ltd., Montreal, Toronto)* Mitsui OSK Lines *(Montreal Shipping Co. Ltd., Montreal, Toronto, Halifax, Saint John)* Orient Mid-East Great Lakes Service *(Hurum Shipping and Trading Co., Montreal)* Pacific Star Line *(March Shipping Agency, Montreal, Toronto)*
INDONESIA	American Mail Line Klaveness Line Knutsen Line	Orient Mid-East Great Lakes Service	Isthmian Lines Maersk Line Orient Mid-East Great Lakes Service
JAPAN	American Mail Line Anglo-Canadian Shipping (Westship) Ltd. *(Vancouver)* Maritime Company of the Philippines *(Furness Withy & Co. Ltd., Vancouver)* Japan Line *(Westward Shipping Ltd., Vancouver)* Mitsui OSK Lines *(C. Gardner Johnson Ltd., Vancouver)* N.Y.K. Line *(Greer-Tidewater Shipping Ltd., Vancouver)*	"K" Line Mitsui OSK Lines *(Montreal Shipping Co., Ltd., Toronto)*	"K" Line Isthmian Lines Maersk Line Mitsui OSK Lines Pacific Star Line

Shipping Services from Canada to the Far East

TO:	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
JAPAN	P & O Orient Lines Showa Line States Line States Marine Lines United Philippine Lines Yamashita-Shinnihon Line (*North Pacific Shipping Co. Ltd., Vancouver*)		
LAOS	No direct liner service; cargo transhipped at Saigon		
MALAYSIA	American Mail Line Klaveness Line Knutsen Line Nedlloyd and Hoegh Lines Showa Line	"K" Line Orient Mid-East Great Lakes Service	Isthmian Lines "K" Line Orient Mid-East Great Lakes Service
PHILIPPINES	American Mail Line Klaveness Line Knutsen Line Philippine National Lines Martime Company of the Philippines Nedlloyd and Hoegh Lines P & O Orient lines States Line United Philippine Lines	"K" Line Orient Mid-East Great Lakes Service	Isthmian Lines "K" Line Maersk Line Orient Mid-East Great Lakes Service Pacific Star Line
SOUTH VIETNAM	American Mail Line States Line	Orient Mid-East Great Lakes Service	Isthmian Lines Maersk Line Orient Mid-East Great Lakes Service
SOUTH KOREA	American Mail Line States Line States Marine Lines	Orient Mid-East Great Lakes Service	Maersk Line Mitsui OSK Lines Orient Mid-East Great Lakes Service Pacific Star Line States Marine Line (*Amalgamated Exporters Co. (Canada) Ltd., Montreal*)
TAIWAN	American Mail Line States Line States Marine Lines	"K" Line Orient Mid-East Great Lakes Service	Isthmian Line "K" Line Maersk Line Orient Mid-East Great Lakes Service Pacific Star Line
THAILAND	States Line	"K" Line Orient Mid-East Great Lakes Service	Isthmian Lines "K" Line Orient Mid-East Great Lakes Service Maersk Line

Import and Exchange Regulations in the Far East

The import and foreign exchange controls currently in effect in the Far Eastern countries are summarized below as a service to exporters.

Asia and Middle East Division.

BURMA

Since October 1, 1963, all import trade has been in the hands of government agencies. The previous nine joint venture corporations in which the Government and private investors participated have been fully taken over by the Government and their functions are carried out by the People's Stores Corporation. That corporation is now the sole importer of consumer goods, except drugs and medicines which are imported by the Rangoon Drug House. The government import agencies import goods under global bulk licences. Suppliers are selected on the basis of world-wide tenders except for small imports which are subject to negotiation. All prices for imports have to be confirmed with the Ministry of Trade Development. The banks automatically provide exchange to pay for authorized imports. Payment to Canada may be made in sterling through an external account, in any non-sterling currency, or by crediting kyats to the account of a resident of a country outside the sterling area.

CAMBODIA

Cambodia's import and export trade has been nationalized and is carried out by a state-controlled trading agency, Société Nationale d'Exportation et d'Importation (Sonexim). Sonexim carries out all import operations in conformity with a National Import Plan established by the Ministry of Economy for the calendar year.

The National Exchange Office, through the Cambodian Bank of Commerce, maintains control over export and import activities and allocates the necessary foreign exchange for transactions in accordance with the plan. Allocations are made by product categories. Payments are denominated in currencies acceptable to the suppliers.

Sonexim's imports are made on the basis of simple import declarations countersigned by the Cambodian Bank of Commerce. This procedure eliminates the need for obtaining formal import licences or exchange permits. Government agencies, private agricultural and industrial enterprises and merchants must submit their requests for imports to Sonexim, which then imports for their account. Associations of private wholesalers and end-users must deposit in local currency 100 per cent of the value of their order at the time Sonexim approves it.

COMMUNIST CHINA

Foreign trade is a monopoly of the State and is conducted through nine state trading corporations. These are known as China National Import and Export Corporations and each corporation is completely responsible for foreign trade, both import and export, in a specified group of related commodities. These corporations neither act as agents for overseas suppliers nor import for stock on their own account. They purchase on behalf of end-users throughout the country, state-owned factories, trading companies, and production ministries and place orders abroad only at the request of these end-users.

Import licences are required for all goods but because all trading is carried on by the state trading corporations, licences are issued automatically for all orders which they place. The issuance of the import licence normally guarantees availability of exchange. Terms of payment vary but are usually irrevocable letter of credit.

HONG KONG

Hong Kong is a free port except for duty payable on five items. Most goods can enter Hong Kong under Open General Licence but import licences are required for a limited number of goods on the restricted, strategic and dangerous commodity lists.

Foreign exchange transactions with sterling currency areas are subject to regulation and control but there are no restrictions on transactions with dollar areas. Official exchange must be purchased from an authorized bank. However, there is an extensive free market for trading in dollars at higher rates than the official rate and most imports from the dollar area are paid for with dollars bought on that market.

INDONESIA

All imports are subject to control through the licensing mechanism except imports financed with automatic foreign exchange allocations or with privately held foreign exchange abroad. Applications for import licences are issued only for the c. and f. value of the import; insurance must be covered in Indonesia except for imports required for large projects. After the import licence is obtained, the importer must conclude an exchange contract with a foreign exchange bank, which then opens a letter of credit. Importers are subject to a 100 per cent cash cover requirement against the letter of credit, except for incidental imports of essential goods and raw materials imported by industries for their own use. Payments for imports are made only after evidence has been received that the shipment described in the related letter of credit or import licence has been made.

State trading companies are responsible for maintaining the required imports of specified commodities, and nearly all of them are also engaged in exporting Indonesia's major export commodities. The leading companies were reorganized into six new companies in August 1964. Although their responsibilities are not yet clear, it appears that four will be engaged solely in importing and distribution—two specializing in food and clothing and two in machinery and equipment—and two will engage in exporting.

Indonesia has a multiple exchange rate system. Although the official exchange rate is Rp. 45 per one U.S. dollar, the Government has established a basic transaction rate of Rupiahs 250 per one U.S. dollar for both imports and exports. Effective exchange rates for imports with official foreign exchange allocations amount to Rp. 250 per U.S. dollar for the most essential commodities and Rp. 1,600 per U.S. dollar for other commodities under cash or deferred payment arrangements. Exporters and producers/exporters receive an automatic foreign exchange allocation amounting to 20 per cent of the f.o.b. value of their exports.

JAPAN

For the import of most goods, a licence issued by an authorized foreign exchange bank is required. For many imports this licence may be issued automatically by these banks. However, the import of a substantial schedule of goods which are included in the Negative List is subject to individual approval by the Ministry of International Trade and Industry (MITI). To import these goods, the importer must obtain an import quota certificate from MITI before a foreign exchange bank may issue him a licence.

Each import licence has its own specified period of validity, usually six months, within which the relevant goods must be cleared through the Customs. Import licences embody the right to purchase foreign exchange. Foreign exchange transactions are conducted through foreign exchange banks, subject to supervision of the Minister of Finance. Drawees customarily pay upon receipt of documents.

When applying for his licence, an importer must deposit with an authorized foreign exchange bank 5 or 35 per cent of the import value, depending upon the category of the goods. The deposit is returned to the importer after 80 per cent or more of the shipment is cleared through Customs. Exempted from the deposit requirements are government imports, designated raw materials and commodities destined for atomic research, national defence, social or medical purposes or for incorporation into export goods.

LAOS

The Ministry of Commerce and Industry exercises control over the country's foreign trade. Control of imports is implemented by means of foreign exchange allocation. Import permits are required for all goods and these, when granted, carry the right to foreign exchange necessary to make payment.

MALAYSIA

Each state in Malaysia has maintained its own tariff structure so far. Commonwealth preferences are extended to Canada on some items by Malaya, Sarawak and Sabah. Singapore is a free port except for duties on a small number of goods, including tobacco, spirits and petroleum products.

The Tariff Advisory Board which was formed to recommend the level of the Malaysian common tariff is currently deliberating on the first group of 101 items to be incorporated into the common tariff. In the interim, Singapore has placed most of these items under import licence and quotas have been established to prevent stockpiling. The quotas do not apply if the goods are re-exported to another part of Malaysia. Most goods can be shipped to other parts of Malaysia under Open General Licence but import licences are required for a small number of items. There are no restrictions on foreign exchange payments in Malaysia except that transactions with the sterling area must be conducted in sterling.

PHILIPPINES

There is no import control as such in the Philippines and no import licences are required. However, there are restrictions on the method of payment and prior deposits. Authorized banks may sell foreign exchange at the current market rate without prior approval of the Central Bank.

Imports are divided into eight categories. Payments for commodities in the "essential consumer", "essential producer" and "decontrolled" categories may be affected by sight drafts or documents against acceptance, provided the time drafts do not exceed 90 days. Imports in the remaining categories, with the exception of shipments valued at less than U.S.$100, must be covered by letters of credit and prior deposits must be made in accordance with the following schedule: semi-essential producer category, 25 per cent; non-essential producer and semi-essential consumer categories 75 per cent; unclassified items and non-essential consumer categories 100 per cent. Prior deposits are retained at least 120 days and may be in cash, government notes, or securities. Drawees generally make payment only upon arrival of the merchandise.

SOUTH KOREA

Imports into South Korea are made under semi-annual trade programs beginning each January 1 and July 1. Within the program, the Ministry of Commerce and Industry issues lists of permissible and prohibited imports. Imports are authorized either under an automatic approval system requiring certification from a foreign exchange bank or under a licensing system requiring a licence issued by the appropriate Ministry. Goods generally classified as luxuries are prohibited.

In order to engage in foreign trade, firms or individuals must be registered. An import certificate or licence automatically entitles the holder to purchase the required foreign exchange. Merchandise arriving without the required import licence is subject to confiscation.

Payments for imports may be arranged on a letter of credit or a collection basis. Time drafts are restricted to a maximum of 90 days after sight. Drawees customarily await the arrival of merchandise before paying sight drafts or accepting time drafts.

TAIWAN

All imports require licences and are classified in one of two categories: permissible and controlled. The list of permissible goods, for which licences are freely available, includes such items as capital equipment, raw materials and essential consumer goods. Goods on the controlled list generally are those competing with local production. Applications for import licences must be submitted to the Foreign Exchange and Trade Control Commission and if approved, licences are issued by the Bank of Taiwan. Import licences are usually valid for six months. Merchandise arriving without a licence is subject to confiscation after 3½ months, during which time the importer may apply for a licence.

The issue of an import licence guarantees the right to purchase foreign exchange from an authorized bank. Payment is usually made on presentation of documents.

THAILAND

Import licences are required for only about 79 items which are of a kind produced in Thailand. All other products, with the exception of a few which are prohibited, may be imported without a licence. Licences are granted by the Ministry of Economic Affairs. As a rule, they are issued to the extent that local production is insufficient to meet the demand. Their usual period of validity is six months. The granting of an import licence implies that foreign exchange will be made available to pay for the goods.

Exchange control is administered by the Bank of Thailand and all transactions must be effected through authorized banks. A permit from an authorized bank is required to make any payment for imports but its issuance is automatic for a legitimate commercial transaction. Permits are valid for 30 days for sight drafts and until 15 days after due date for time drafts. Authorized banks may grant an extension of one month but the Bank of Thailand must approve further extensions. Exchange control approval is required for advance payments.

VIETNAM

All imports are subject to licensing. Importers who import merchandise for their own use are required to form groups or pools importing the same category of goods. For import purposes, merchandise is classified into 18 categories and importers may apply for licences in not more than three of these categories. Licences for imports other than those financed by U.S. aid are issued by the Directorate of External Commerce and approved by the National Exchange Office. An import licence entitles the importer to purchase the necessary exchange from authorized banks.

Foreign exchange is available through authorized banks from the National Exchange Office. Imports are generally financed under letters of credit, for the opening of which the presentation of an import licence is required. Letters of credit must be opened within 15 or 30 days after issuance of the licence; the exact time is specified in the import licence.

Trade Commissioners on Tour

In Territory

Bahamas—L. D. Burke, Commercial Secretary in Kingston, Jamaica, will visit Nassau May 1-6.

Britain—W. R. Van, Trade Commissioner in Liverpool, will visit Hull April 29-30.

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

El Salvador—P. D. Donohue, Assistant Commercial Secretary in Guatemala City, will visit San Salvador May 7-14.

Honduras—P. D. Donohue, Assistant Commercial Secretary in Guatemala City, will visit San Pedro Sula and Tegucigalpa, May 3-5.

Malta—J. H. Stone, Commercial Counsellor in Rome, Italy, will visit Malta in May.

Mexico—J. E. G. Gibson, Assistant Commercial Secretary in Mexico City, will visit Tijuana, Ensenada and Mexicali April 26-30.

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.

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

Canada in Far Eastern Markets

In the Philippines—The Philippine Long Distance Telephone Company is expanding and improving its service with new equipment. The Filipino technician in the picture is installing automatic switching equipment made by a Canadian company.

In Singapore—When a Canadian pickle company decided to try the Singapore market, it arranged a special one-week display in a supermarket and later concluded an agency agreement.

In Hong Kong—Aluminum ranks second in value among Canada's exports to Hong Kong, and here we see a small portion of those sales being stacked up in a storage room.

Question Period

Wheat Prices

In reply to a question about the recent change in the price of wheat, the Minister of Trade and Commerce referred to a statement made by the International Wheat Council that "in the past fortnight particularly, a major readjustment had taken place in the general level of world prices in response to the marked changes in supply conditions in the current crop year which had by now manifested their full effects. The Council concluded that this adjustment had, generally speaking, brought prices back to the level prevailing in mid-1963 before the onset of the exceptional demand circumstances which had marked the first half of the 1963/64 crop year. It expressed confidence that this adjustment had run its course and that prices would now stabilize at the new levels."

The Minister referred also to a statement by the U.S. Secretary of Agriculture that "importers have been anticipating adjustments in world price levels as the result of the exceedingly heavy supplies in exporting countries."—Hansard, House of Commons, February 16.

Final Payment for Wheat

The Minister of Trade and Commerce announced that, during the crop year 1963/64, a record was established for both the volume of wheat delivered to the Canadian Wheat Board and the final payment to farmers.

The amount delivered was 563,875,208 bushels, for which the final payment amounted to about $272 million. This represents an average final payment per bushel of wheat, other than durum, of 48.725 cents, which is also a record—Hansard, March 2.

U.S. Export Restraints on Canadian Firms

In reply to a question, the Minister of Trade and Commerce confirmed that "several complaints or representations were received that Canadian companies were being indirectly restrained from export transactions permissible under Canadian law. It was alleged that the transactions concerned would have involved U.S. parent companies or U.S. executives of Canadian companies in offences under U.S. law."—Hansard, March 3.

Consumer Price Index

The Minister of Finance said that, during the 12 months ended in February, the Canadian consumer price index had risen by 2 per cent. Although this exceeds the rate of advance in the U.S., it is smaller than in any country of the EEC, Britain, Japan, Sweden or Switzerland—Hansard, March 10.

Canadian Representations on U.S. Oil Import Policy

Asked what representations the Canadian Government was making at the hearings conducted by the U.S. Department of the Interior on foreign oil imports, the Minister of Trade and Commerce replied that "the Government felt it should make its representations to the Department of State . . ., rather than appear before a tribunal established by a foreign government."—Hansard, March 11.

Freight Rates on Coal

Responding to a question about the threat of cancellation of Japanese coal contracts because of the increase in freight rates under the new railway legislation, the Minister of Transport said that the Canadian Pacific Railway had decided not to put the increase into operation for another six months, as requested by the coal operators of Alberta—Hansard, March 12.

Wheat Sales

In reply to a question, the Minister of Trade and Commerce stated that, following a visit of Canadian Wheat Board representatives to Moscow, the Board announced sales of wheat and wheat flour to the U.S.S.R. and Bulgaria.

The two separate transactions involved a total of wheat equivalent of 4.3 million bushels, consisting of 50,000 long tons of wheat flour to the U.S.S.R. for shipment to Cuba from May through July 1965, and 50,000 long tons of wheat to Bulgaria for shipment in May 1965. The Soviet sale was for cash and the transaction with Bulgaria was for credit under the three-year agreement signed in 1963. —Hansard, March 12.

Canadian Credit Facilities

Asked whether the Government would expand credit facilities to allow Canadian exporters to meet the more liberal credit terms offered by other countries, particularly for export sales of less than $2 million value, the Minister of Trade and Commerce replied that present Canadian credit facilities are comparable to those of any country. However, Mr. Sharp added, the situation requires constant examination, and . . . . "if we find we are placed in any way at a disadvantage in selling our goods because of the inadequacy of credit facilities, we will remedy the situation. This applies to the particular question raised about the financing of sales of less than $2 million."—Hansard, March 23.

1965 Exports Expected to Level Out

In reply to a question, the Minister of Trade and Commerce stated that the decline in exports in January 1965 from the level of the corresponding period in 1964 was due in large measure to smaller wheat exports.

While there was a continuing increase in our exports to the U.S., Mr. Sharp said, "we may expect this year that there will be a tendency for exports to level out in comparison with last year, when there was an increase of 19 per cent."—Hansard, March 25.

GATT and the Canada-U.S. Automobile Agreement

Replying to a question regarding the examination of the Canada-U.S. automobile agreement by a GATT committee, the Minister of Trade and Commerce said that "the right of duty-free entry (into Canada) of automobiles and original equipment parts extends to all countries without discrimination."

The Minister explained that the U.S. position differed from that of Canada and that the GATT committee was in particular trying to discover whether the U.S. position might require special GATT action—Hansard, March 26.

A New Dairy Policy

During the announcement of the Government's new dairy policy, the Minister of Agriculture stated that "government supports will apply only to domestic utilization (of milk), as related to a base period. The policy will also recognize the interest of Canada's trading partners in the Canadian market for dairy products, and will permit imports to share in future market growth."

The Minister explained "as an efficient exporter of agricultural products like cheese and wheat, Canada has a vital interest in obtaining better access to foreign markets, and in its own policies must therefore recognize the corresponding interest of other efficient agricultural importing countries in being able to compete for a share of the future growth of the Canadian market."

Since the price support is to be extended only to domestically consumed manufactured milk, the Minister continued: "the amount of any deficiency payment will be reduced by the cost of export assistance."

"Should production exceed domestic use, the effective support level would in fact be reduced by the difference between the domestic price and the export price, as determined by the cost of moving the surplus into export."—Hansard, March 29.

Final Payment for Oats

The Minister of Trade and Commerce announced the final payment for oats delivered to the Canadian Wheat Board during the crop year 1963/64.

The total final payment to be distributed among farmers amounted to $4,707,003, or 9.751 cents per bushel, compared with 12.375 cents per bushel paid out in the 1962/63 crop year. "The Board will begin issuing final payment cheques to producers today, March 30, 1965," the Minister said.—Hansard, March 30.

The Automobile Agreement and GATT

In reply to a question, the Minister of Trade and Commerce confirmed once again that the automobile agreement with the United States is completely compatible with Canada's objectives in the Kennedy Round of tariff negotiations under GATT.

"So far as Canada is concerned", the Minister said, "the reduction in duties is entirely multilateral."—Hansard, April 1.

Walnut or Other Woods?

AMERICAN walnut has reigned serenely for a long time as the most popular of all woods used in U.S. furniture. Last year an estimated 25 per cent of all bedroom and dining room pieces contained walnut—well ahead of the 18 per cent which used cherry, the runner-up.

But walnut's overwhelming popularity is pushing it toward a fall. Soaring demand in 1963 lifted consumption of veneer-quality walnut to 36.5 million board feet, more than double the 14.3 million board feet consumed only seven years ago, in 1958. The climb has been so steep that consumption is outstripping to an alarming degree the new growth of walnut trees, currently running at about 17 million board feet a year. Federal officials say that tree-cutting is so rapid now that if it were to continue, the supply of the lowest quality walnut logs would be exhausted in ten years and choice logs would be gone well before that.

To help stretch the current supply, the U.S. Commerce Department has revised its standards on the thickness of walnut veneer. In the revision, the Commerce Department permitted walnut processors to trim the thickness of the veneer from 1/28 of an inch to 1/36, a reduction of only 79/10.000 of an inch. The new standard would mean that 19 million surface board feet of veneer could be produced from the same amount of wood that produced 15 million before.

Walnut processors, worried about shrinking supplies, quickly agreed to the change, but many furniture makers did not. They say that the change may sound slight but they contend that their present equipment is incapable of handling the thinner veneer and some say that there is no high-production machinery capable of doing the job. The problem, they claim, is that all walnut veneer has to be sanded and the change is just enough to mean that the cost of waste from "sanding through" will soar. As a result, many furniture makers are beginning to abandon walnut.

There has been a reaction too at the retail level. Some stores are now refusing to buy walnut veneer furniture because when the customer finds that he cannot sand out a deep scratch, he will tend to blame the retail store rather than the manufacturer.

With some firms accepting thin veneers and others expecting a change to other species, officials predicted that the 15 million board feet ceiling on annual domestic consumption would be reached by the end of 1964.

In an attempt to conserve walnut, the United States Government limited exports for 1964 to 7.3 million board feet, less than half the 16.5 million board feet exported to other countries in 1963. However, this restriction on exports has been lifted because it was not observed wholeheartedly. Industry officials have suggested that new restrictions will undoubtedly be formulated in the very near future. However, it is interesting to note that the member mills of the American Walnut Association were able on a voluntary basis to reduce the footage of veneer logs cut from 10,149,200 board feet in 1963 to 8,587,600 board feet in 1964. In fact, some member mills reduced the cutting of their walnut stands by as much as one third.

—V. BRIAN CHEW, *Consul and Trade Commissioner, Chicago.*

COMMODITY NOTES

Automobiles

ITALY—The total number of motor vehicles in Italy in 1964 was estimated at nearly 10 million, or 10 per cent over 1963. This comprised 4.8 million automobiles, 24,300 buses, 615,000 lorries, 64,000 trailers, 2.9 million motorcycles, 278,000 small trucks, 5,900 road tractors and 1.5 million scooters and motorbicycles. The number of automobiles alone rose 19.5 per cent. Army, postal and fire vehicles and automobiles with tax-free licences are not included in these figures.

On the other hand, annual registration of new motor vehicles has decreased—from 1.5 million in 1963 to 1.3 million in 1964 (14.9 per cent)—presumably because of the higher rate of sales tax which was imposed throughout most of the year. Production of the Italian motor vehicle industry in 1964 dropped from the record level of 1963 (951,000) to 830,000, or 12.8 per cent—Milan.

Bananas

ECUADOR—Exports of bananas during 1964 were valued at U.S.$70.5 million compared with U.S.$72.7 million in 1963. Banana prices fell rather sharply towards the end of the year and one of the major shipping lines serving Ecuadorian ports agreed to reduce freight charges by one quarter. Local manufacturers of cardboard boxes in which bananas are packed have also agreed to reduce prices—Bogotá.

Cement

ECUADOR—The new Guapan cement plant which is now in production will have an annual capacity of 66,000 metric tons. The two other cement plants in Ecuador, Cemento Nacional and Chimborazo, have annual capacities of 300,000 and 54,000 metric tons and the total Ecuadorian capacity is now 420,000 metric tons—Bogota.

Coffee

COLOMBIA—In 1964 exports of coffee totalled 6.41 million bags compared with 6.13 million bags in 1963. Although exports to the United States were smaller by 87,000 bags, shipments to Europe rose by 386,000. The average price in New York for Colombian coffee in 1964 was 48.82 cents compared with 39.55 cents in 1963 and 40.76 cents in 1962—Bogatá.

Fish

UNITED STATES—The Bureau of Commercial Fisheries reports 1964 fish landings as an estimated 4.4 billion pounds, about 9 per cent below the 1963 figure. However, total landed value will be slightly more than in 1963 because of increased landings and higher prices for several species.

For the second consecutive year, the United States imported more than 60 per cent of its fish products. Major imports were fishmeal, tuna, frozen fish, shrimp, sardines, and lobsters. During the past five years, United States fishermen have received about $367 million a year for their catch; imports in the same period have averaged $420 million a year. Sixty per cent of the $2 billion annually spent on fish by United States consumers went for products of domestic origin, indicating the large proportion of high-priced species in the United States catch.

The Maine herring fishery experienced the major decline in U.S. food-fish landings, with a 1964 catch only 40 per cent of the 1963 one. The most important increase was in Alaska, where the estimated salmon catch rose 40 per cent to reach 312 million pounds.

The U.S. ranks fifth among leading fishing countries in the world, following Peru, Japan, Communist China, and the Soviet Union, in that order—Philadelphia.

Hand Tools

NORTHERN IRELAND—The Belzer-Werk company of Wutteral-Cronenberg in the Ruhr, manufacturers of hand tools, will start production early in 1966, at Bangor, County Down. The Minister of Commerce will build a 30,000-square-foot factory for the German company and about 60 workers will be employed initially. Over 80 per cent of the staff, which will eventually total 150, will be men—Glasgow.

Industrial Gases

WEST GERMANY—Air Products GmbH, a subsidiary of Air Products and Chemicals Inc. of Allentown, Pa., will construct an industrial gas distribution centre and a manufacturing plant at Hattingen in the Ruhr industrial area. The plant, which will cost $7 million, will have a yearly capacity of 200,000 tons of industrial gases and will produce oxygen, nitrogen and argon. Upon completion it will be one of the largest plants of its type in West Germany—Duesseldorf.

Milk

VENEZUELA—Under a new milk policy, Venezuela has reduced the powdered whole-milk import quota and increased the domestic ceiling prices of both powdered and pasteurized milk. Under Decree No. 228, effective January 15, 1965, the powdered whole milk import quota, which was previously one and a half units to one unit produced locally, has been set on a one-to-one basis. Under decree No. 229, also effective

January 15, 1965, the maximum prices to the public of imported whole milk powder are: one pound, bolivars 3.45; two and a half pounds, bolivars 8.125; and five pounds, bolivars 15.25. Maximum prices for locally produced whole milk powder with a 26 per cent butterfat content are now approximately 26 per cent lower than ceiling prices for imported milk powder. Prices for powder with a 28 per cent butterfat content are about 16 per cent lower—Venezuela.

Paper

SWITZERLAND—Paper production in 1964 rose 2.7 per cent to a total of 570,000 metric tons consisting of 410,000 tons of paper and 160,000 tons of paperboard. The domestic market absorbed almost the entire production; exports totalled only 11,000 tons. Paper imports in 1964 rose 12 per cent to 90,000 tons; 63,000 came from the other EFTA countries compared with 10,000 in 1960—Berne.

Wheat

URUGUAY—In contrast to the previous season, when crop failure necessitated the import of large quantities of wheat, a bumper 1964-65 harvest will give a surplus of some 200,000 tons for export. Substantial quantities have already been shipped abroad.

An added incentive to grain exporters to sell abroad is a recent decree which exempts wheat and its derivatives from the payment of any of the taxes or detractions which are applied to many exports—Montevideo.

FOREIGN TARIFFS AND TRADE REGULATIONS

Jamaica

IMPORT CONTROLS—The Jamaican Government has announced the following import restrictions.

Biscuits, Confectionery—Effective March 22, 1965, biscuits of all kinds for human consumption and boiled sugar confectionery have been placed under import control.

Frozen Vegetables and T.V. Dinners—Effective March 9, 1965, all frozen vegetables and T.V. dinners have been added to the list of goods requiring specific licences.

Switchgear—The following items have been added to the list of goods subject to import licence:

Electrical switchgear (including lighting panel boards, motor control centres and motor controls) and component parts thereof (including boxes, copper contacts, and moulded-case circuit breakers).

Electrical trunking and feeder busways.

Syria

NATIONALIZATION OF IMPORT-EXPORT TRADE—Syria recently announced the nationalization of the majority of items comprising the country's import and export trade. Import of the following items is now a state monopoly:

Coffee
Sugar (not refined)
Tea
Rice
Copra
Salt
Preserved, prepared and canned meat and fish
Babies' & infants' foods
Tires
Tractors
Raw hides
Copper and brass
Iron and steel
Medicines
Lumber
Veterinary products
Synthetic and artificial textile yarns
Synthetic and artificial textile fibres
Wool (carded or combed)
Wool yarn
Jute fabrics
Jute sacks
Fertilizers
Harvesting & threshing machinery
T.V. sets
Automobiles and chassis
Tobacco
Paper

Canadian companies who have exported or who would like to export these commodities to Syria should send catalogues, brochures and prices of their products to Dr. Saleh Dabbagh, Director General, State Import-Export Company, P.O. Box 1393, Damascus, Syria. Exporters must be registered with SIMEX if they wish to be notified of opportunities to supply goods.

Interested firms may send copies of their proposals to the Commercial Counsellor in Beirut who will follow up with SIMEX on their behalf—Beirut.

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

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

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

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

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

For conversion to United States dollar equivalent multiply by .9257.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent April 2	Units per Canadian dollar	Notes (see below)
Algeria	Dinar		.2205	4.54	
Argentina	Peso	Free	.007226	138.39	
Australia	Pound		2.4120	.4146	
Austria	Schilling		.04184	23.90	
Bahamas	Pound		3.0150	.3317	
Belgium and Luxemburg	Franc		.02177	45.93	
Bermuda	Pound		3.0150	.3317	
Bolivia	Peso		.09183	10.89	
Brazil	Cruzeiro	Official Free	.0005879	1,700.96	
Britain	Pound		3.0150	.3317	
British Guiana	Dollar		.6281	1.59	
British Honduras	Dollar		.75375	1.33	
Burma	Kyat		.2269	4.41	
Ceylon	Rupee		.2261	4.42	
Chile	Escudo	Bank rate	.3631	2.75	
		Free	.3056	3.27	
Colombia	Peso	Free	.07717	12.96	
		Certificate	.1200	8.33	
Congo, Republic of	Franc		.007202	138.85	(1)
Costa Rica	Colon		.1631	6.13	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1500	6.67	
Denmark	Krone		.1560	6.41	
Dominican Republic	Peso		1.08031	.9257	
Ecuador	Sucre	Official	.06002	16.66	
		Free	.05780	17.30	
El Salvador	Colon		.4321	2.31	
Fiji	Pound		2.7162	.3682	
Finland	Markka		.3376	2.96	
France-Monaco, etc.	Franc		.2205	4.64	(2)
Franco-African Republics, etc.	Franc		.004410	226.76	(3)
French Pacific	Franc		.01213	82.44	(4)
Germany	D Mark		.2718	3.68	
Ghana	Pound		3.0150	.3317	
Greece	Drachma		.03601	27.77	
Guatemala	Quetzal		1.08031	.9257	
Haiti	Gourde		.2161	4.63	
Honduras	Lempira		.5402	1.85	
Hong Kong	Dollar	Free	.1873	5.34	*March 26
		Official	.1884	5.31	

*Latest available date.

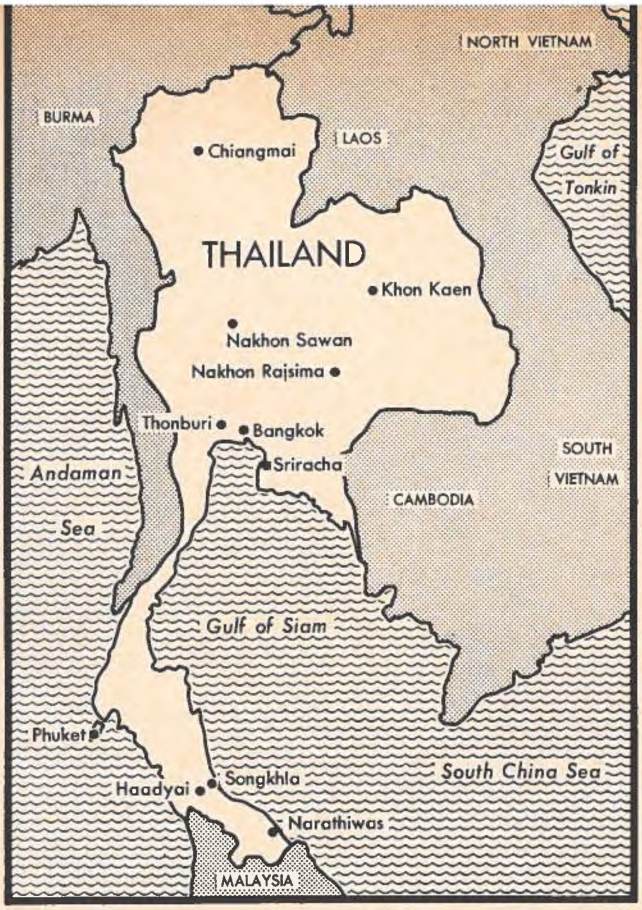
‡There is no trading in Cuban pesos in U.S. or Canadian banks at present.

Country	Unit	Type of Exchange	Can. dollar equivalent April 2	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02512	39.81	(1)
India	Rupee		.2261	4.42	
Indonesia	Rupiah		.004321	231.43	(1)
Iran	Rial		.01426	70.13	
Iraq	Dinar		3.0249	.3306	
Ireland	Pound		3.0150	.3317	
Israel	Pound		.3601	2.78	
Italy	Lira		.001729	578.37	
Japan	Yen		.003001	333.22	
Lebanon	Pound	Free	.3540	2.82	
Malaysia	Dollar		.3529	2.83	
Mexico	Peso		.08643	11.57	
Morocco	Dirham		.2161	4.63	
Netherlands	Florin		.3003	3.33	
Netherlands Antilles	Florin		.5729	1.75	
New Zealand	Pound		3.0041	.3329	
Nicaragua	Cordoba		.1543	6.48	
Nigeria	Pound		3.0150	.3317	
Norway	Krone		.1510	6.62	
Pakistan	Rupee		.2261	4.42	
Panama	Balboa		1.08031	.9257	
Paraguay	Guarani	Free	.008643	115.70	
Peru	Sol	Free	.04027	24.83	
Philippines	Peso	Free	.2774	3.60	
Portugal & Colonies	Escudo		.03758	26.61	(5)
Sierra Leone	Leones		1.5124	.6612	
South Africa	Rand		1.5075	.6633	
Spain and Dependencies	Peseta		.018044	55.42	
Sweden	Krona		.2104	4.75	
Switzerland	Franc		.2487	4.02	
Syria	Pound	Free	.2828	3.54	
Thailand	Baht	Free	.05229	19.12	(1)
Tunisia	Dinar		2.0688	.4834	
Turkey	Lira		.1200	8.33	(1)
United Arab Republic	Pound	Official	2.4847	.4025	
United States	Dollar		1.08031	.9257	
Uruguay	Peso	Free	.03520	28.39	(6)
Venezuela	Bolivar	Official Free	.2405	4.16	
West Indies	Dollar		.6281	1.59	(7)
	Pound		3.0150	.3317	(8)
Yugoslavia	Dinar	Official	.001440	694.44	

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. New official rates established March 18, 1965, were Pesos 23 and 24 per U.S. dollar. The corresponding free market rates on March 19, 1965, were Pesos 29.90 and 30.70 per U.S. dollar. Rate quoted is the selling rate on the free market on March 19, 1965.
7. Barbados, Trinidad and Tobago, Leeward and Windward Islands.
8. Jamaica.

Markets in Brief: **Thailand**



Area: about 200,148 square miles.

Population: nearly 30,000,000 (including about 4,000,000 of Chinese origin and several thousand westerners).

Climate: tropical with three seasons.

Language: Thai and Chinese (Tiochew); English widely understood in business and by some government officials.

Currency: Baht (baht or tical divides into 100 satangs); 19.65 baht=Can.$1.00.

Foreign exchange controls: free exchange; reserves fairly high. Equalization Fund in operation keeps within very narrow limits the fluctuation of the open market rate of the baht.

Import controls: permitted freely from all sources; goods considered to compete strongly with domestic products (about 75) require licence. Advance payment of imports requires exchange control approval; normally granted freely.

Weights and measures: metric system; both Imperial and U.S. measures are sometimes specified for quotations.

Capital: Bangkok (population 2,500,000 with suburb of Thonburi).

Marketing centres: Bangkok-Thonburi, Chaingmai, Haadyai, Songkhla, Phuket, Nakhon Rajsima, Khonkaen, Nakhon Sawan, Narathiwas.

Chief ports: Bangkok (90 per cent of imports, 75 per cent of exports), Songkhla, Phuket, Sriracha (projected).

Economy: rice dominates; also rubber, maize, tin, timber, kenaf. Industry in infancy.

Total Thai imports: 1963—Can.$648.4 million*; 1962—Can. $597.3 million**; 1961—Can.$534.1 million.**

Chief imports: (millions of Can.$ c.i.f.; port of Bangkok only) 1963—textile yarn, fabric, articles 77.4; machinery other than electric 75.7; transportation equipment 68.8; mineral fuels and lubricants 58.5; base metals 51.3; electrical equipment 40.9; manufactures of metals 33.5; dairy products, eggs, honey 24.7.**

Chief suppliers: (millions of Can.$ c.i.f.; port of Bangkok only) 1963—Japan 209.1, United States 110.5, Britain 56.5, West Germany 45.1, Indonesia 36.9, Netherlands 24.8.**

Value of imports from Canada: 1964—(January-September Can.$2,841,594; 1963—Can.$2,822,853; 1962—Can. $3,471,659 (DBS figures).

Chief imports from Canada: (thousands of Can.$ f.o.b.) 1964 (January-September) wheat flour 547; aluminum pigs, ingots, slabs 378; aluminum fabricated materials n.e.s. 294; mutilated newsprint 261; zinc blocks, pigs, slabs 242; tire fabrics, not coated 177; asbestos milled fibres, groups 4 and 5, 167; files and rasps 111 (DBS figures).

Total Thai exports: 1963—Can.$505.2 million*; 1962—Can. $494.8 million**; 1961—Can.$519.1 million**.

Chief exports: (millions of Can.$ f.o.b.; port of Bangkok only) 1963—rice in all forms 225, fruits and vegetables 26.3, unmanufactured textile fibres 18.8, oilseeds 11.6, timber and lumber 11.4**.

*Source: Bank of Thailand Annual Economic Report.
**Source: Thai Department of Customs.

Chief markets: (millions of Can.$ f.o.b.; port of Bangkok only) 1963—Japan 62.5, Hong Kong 47.3, Singapore 38.8, Indonesia 38.7, Malaysia 30.0, United States 21.5.

Value of Canadian purchases: 1964 (January-July)—Can.$202,-000; 1963—Can.$581,856; 1962—Can.$1,031,358 (DBS figures).

Chief Canadian purchases: (thousands of Can.$ f.o.b.) 1963—teak, amaranth, tropical woods 156; kapok 107; sago and cassava starch flour 93; lac crude seed stick and shell 60; jewellery n.o.p. 47, jute and jute butts 43; sago and tapioca 37.

Terms of payment: initially only confirmed irrevocable letter of credit; time drafts may be used after agent's status is assured. Government tenders require bidding bonds in most cases.

Prices: quote in U.S. dollars or sterling c.i.f. Bangkok.

Samples: free if of no commercial value.

Correspondence: airmail letters 25 cents a half ounce.

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

For detailed information on this market write to:

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

or

Canadian Government Trade Commissioner
P.O. Box 845
Singapore, Malaysia

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