JULY 10. 65

FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

FOREIGN TRADE

JULY 10, 1965 Vol. 124 No. 1

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

The Hon. MITCHELL SHARP, Minister.

J. H. WARREN, Deputy Minister.

O. MARY HILL, Editor.

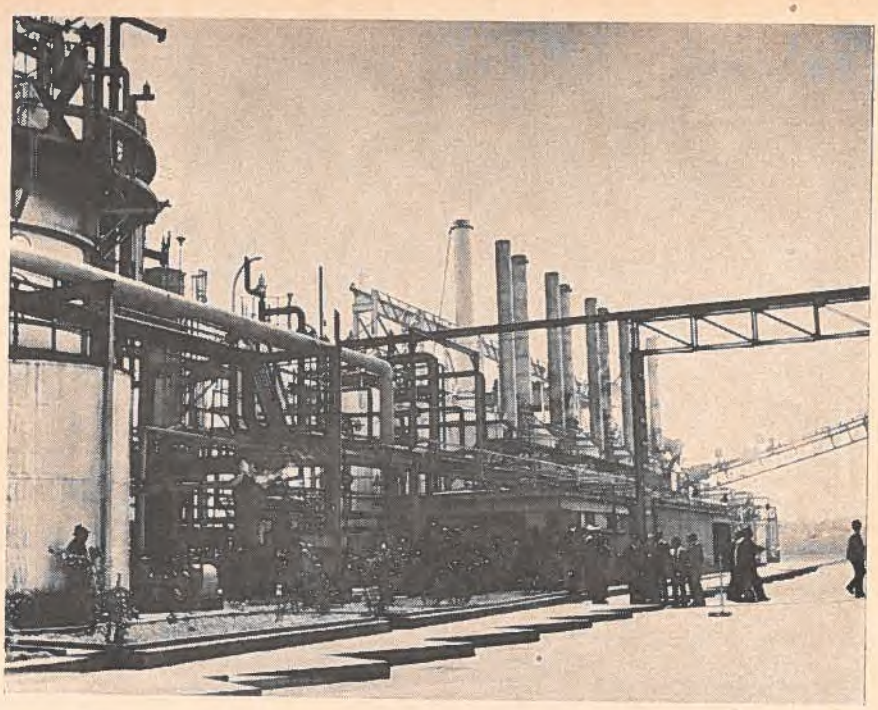
Subscription: $5.00 a year in Canada $7.00 abroad.

Single copies: 25 cents each.

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

COMING—APPROACHING THE VENEZUELAN MARKET, JULY 24 ISSUE

91872—1



This plant in Monterrey produces sponge iron by the direct reduction of iron ore, using natural gas. Currently it turns out 170,000 tons a year, using a closely protected process. Capacity will rise to 450,000 tons when building is completed at an adjoining site.

Mexico Expands Iron and Steel Industry

Development of all phases of Mexican iron and steel industry—a development that parallels our own—should mean good prospects for selling Canadian knowhow and mill and mining equipment.

H. S. HAY, *Commercial Secretary, Mexico, D.F.*

STEEL OUTPUT is to be doubled in Mexico in the next six years to meet the demands of its booming industry. Hundreds of millions of dollars are earmarked for new mines, blast furnaces, rolling mills, specialty steel operations, and the expansion of a steelmaking process unique to Mexico. Knowhow, equipment, and investment for all phases will be sought from abroad.

Sixty firms of various sizes and specialties make up the Mexican steel industry. Virtually all have expansion plans. Primary steel employs 53,000 and has sales of $300 million* a year. Ingot production in 1964 totalled 2.4 million tons and the target for 1970 is 4.5 million. Mexico's output will be second only to Brazil's in Latin America and it will be the only net exporter.

Almost 80 per cent of all steel currently used in Mexico is made locally. This includes 100 per cent of ingot and sheet, 96 per cent of seamless tube, and 87 per cent of all shapes. Biggest item still imported is scrap iron—upwards of 500,000 tons a year. Production and consumption of iron and steel products in 1963 are shown in Table I; 1964 production was said to be 15 to 20 per cent higher.

*All values are in United States dollars.

Heartland of heavy steel is Monterrey, Mexico's bustling northern metropolis of a million people, and nearby Monclova, a company town. Coal is mined a short distance away and iron ore is railed in from the north-central part of the country. Foundries, rolling mills, and specialty steel operations are concentrated in the Mexico City area 600 miles to the south.

Four Primary Producers

Like Canada, Mexico has four principal primary steel producers. Three of them, each integrated from iron ore mines to consumer end products, have headquarters in the Monterrey-Monclova area. The fourth and newest is at Veracruz on the Gulf Coast. These four are

spending almost $300 million on expansion. Their plans, as announced to date, are:

1. FUNDIDORA DE ACERO Y HIERRO DE MONTERREY, S.A.—Fundidora, Latin America's largest privately-owned steelmaker, tapped in Mexico's first blast furnace in 1903. The initial stage in a three-stage program raised ingot capacity to 480,000 tons in 1964. The second stage, to cost $50 million, is now under way and includes a new 1,500 to 2,000 ton-per-day blast furnace and cold drawing facilities. When the third stage, to cost $40 million, is completed in 1970, capacity will be 1.2 million tons. Much of the new expansion is being financed by the U.S. Export-Import Bank.

The 15-company Fundidora group controls the country's largest source of iron, the Cerro de Mercado in Durango. The company took 365,000 tons of ore from the mine in 1963 for its three blast furnaces and sold 490,000 tons to other users. Coal is brought from the Palau field in Coahuila.

2. ALTOS HORNOS DE MEXICO S.A.—Government - owned AHMSA is Mexico's largest and most integrated producer. Ingot output last year topped one million tons for the first time. AHMSA's output is second only in Latin America to Volta Redonda in Brazil.

AHMSA was founded at Monclova, 180 miles northwest of Monterrey, in 1942. It subsequently took over La Consolidada S.A., an existing steelmaker with plants at Piedras Negras on the Texas border and in Mexico City. Present facilities include two 1,800-ton blast furnaces at Monterrey, a 200-ton blast furnace at Piedras Negras, and a total of eleven Siemens Martin electric furnaces.

An $80 million program is currently under way to raise ingot capacity to 1.45 million tons by 1966. A new 1,200-ton blast furnace is going into Monclova and will boost that plant's output of pig iron to 1.3 million tons a year. Modification of the small blast furnace at Piedras Negras will raise its pig iron capacity to 190,000 tons. A new 4,500-ton sinterization plant, in addition to the existing 1,600-ton unit, and a 200,000-ton rolling mill will also be located at Monclova and oxygen capacity will be expanded to 200 tons a day.

Further mechanization is to be undertaken at AHMSA's several coal properties at Barrateran, Coahuila, and its modern mine at Palau in the same state. Washed coal capacity will be raised to over a million tons a year.

At the company's La Perla open-pit iron mine on the Coahuila-Chihuahua border, new machinery will be installed to raise production from 840,000 to 1.1 million tons a year.

3. HOJALATA Y LAMINA S.A.—HYLSA was founded just after World War II in Monterrey by a large private brewery to ensure supplies of steel sheet and tinplate. By 1964, capacity had risen to 380,000 tons and end products were 95 per cent sheet and 5 per cent tinplate. Iron ore is railed in from the company's own small operation at Pihuamo-Encina on the west coast and from Durango.

During the next four years, $80 million is to be spent on doubling ingot capacity to 760,000 tons. A new rolling mill with an eventual capacity of 750,000 tons and other facilities worth perhaps $40 to $50 million are also projected.

A subsidiary, Fierro Esponja S.A., is the world's leading commercial producer of sponge iron—a direct reduction of iron ore by natural gas. Present capacity of 170,000 tons is to be expanded to 450,000 tons at a new site adjoining the above rolling mill. The closely protected process, developed in 1957, is regarded as having application in other parts of the world where scrap iron is in short supply and coal costs are high but natural

TABLE I

MEXICAN PRODUCTION AND CONSUMPTION OF IRON AND STEEL PRODUCTS

Primary Products	Production	Imports	Exports	Apparent Consumption
		(thousands of metric tons)		
Scrap iron	....	447	....	447
Pig iron	833	....	....	833
Sponge iron	170	....	....	170
Ferro-alloys	26	2	....	28
Steel ingot	2,026	....	....	2,026
Total				**3,504**
Intermediate Products				
Plate	193	2	....	195
Sheet	385	7	112	280
Tinplate	85	7	4	88
Skelp	42	....	....	42
Rod, strip and wire	136	16	1	151
Total				**756**
End Products				
Tubes	273	19	52	240
Shapes	183	25	....	208
Corrugated rod	309	....	....	309
Railway materials	17	66	....	83
Other	12	34	2	44
Total				**884**

gas is plentiful, and where the volume required would make a blast furnace impractical.

4. TUBOS DE ACEROS MEXICO S.A.—TAMSA is the newest and smallest of the big four. Located near the port city of Veracruz on the Gulf of Mexico, it was founded in 1951 by industrialist Bruno Pagliai. Steel capacity in 1964 was 140,000 tons, all from scrap iron. TAMSA is the nucleus of a six-firm complex which manufactures a variety of metal products, including seamless pipe, large-diameter tanks, and industrial gas cylinders. In the past few years significant exports of seamless pipe have been made to other Latin American countries.

Present expansion plans call for expenditures of $40 million to double capacity to 280,000 tons and an immediate start on a $6 million sponge iron plant in Veracruz, under licence to Hojalata y Lamina.

Specialty Steel Plants

In recent months a number of new specialty steel ventures have been announced. Vanadium Alloys is moving its Canadian plant from London, Ontario, to a site near Mexico City. Bliss and Laughlin, with AHMSA, is putting in a cold rolled operation. Schultz and Bickenbach of Germany is also co-operating with AHMSA on various cold rolled steel bars.

Exploiting Ore Deposits

One of the most interesting impending developments in the Mexican iron and steel picture is the probable exploitation of large new iron ore deposits on the Pacific coast to meet an anticipated shortfall of 1.4 million tons of iron by 1968.

Total Mexican reserves of iron ore, some 90 different deposits, are estimated at 600 million tons. They grade an average of 57 per cent and several are high in phosphorus. Only nine deposits have been thoroughly investigated and six of these are being worked. Most important are Fundidor's Cerro de Mercado at Durango City, which supplies to the three big steelmakers, and AHMSA's La Perla-La Negra mine in Chihuahua. Potential output of the two is five million tons of ore a year. The four other sites being worked have a potential of only half a million tons a year. Most of the mines now active are on the central plateau and occur as isolated hills or "cerros" that can be easily stripped.

Most likely to be developed are the 200-million-ton Pena Colorado-Las Truchas deposits in the Pacific Central states of Colima and Michoacan. Pena Colorado is perhaps the most logical because it is already close to rail and road facilities and the ocean port of Manzanillo. Las Truchas is closer to a major source of power but otherwise more remote and the deposits are scattered. The ore might be concentrated in some form on the site but because there is no major natural gas line west of the central plateau, it is unlikely that a sponge iron plant would be located there.

Export of non-renewable resources such as iron is strictly controlled. It has been suggested, however, that if development began in the near future, it could be partly financed by exports until increasing demand required the use of total production by Mexican mills. To be economical, two million tons of ore a year would have to be recovered. Initial cost of developing the west coast deposits is set at $60 million.

TABLE II

MAJOR MEXICAN IRON DEPOSITS

Deposit and Location	Proven	Indicated	Inferred	Total
		(thousands of tons)		
*Cerro del Mercado, Dgo.	56,953	13,381	.....	70,334
*La Perla, Chih.	30,028	18,278	4,500	52,806
*Pihuama-Encino, Jal.	7,219	10,500	286	18,005
Las Truchas, Mich.	66,782	7,105	.....	73,887
Pena Colorado, Cal.	61,192	35,400	34,170	130,762
Sta. Ursula, B.C.	27,000	3,000	.....	30,000
Zanitza, Oaxaca	11,469	76	19,706	31,251

*Currently being worked

Opportunities for Canadians

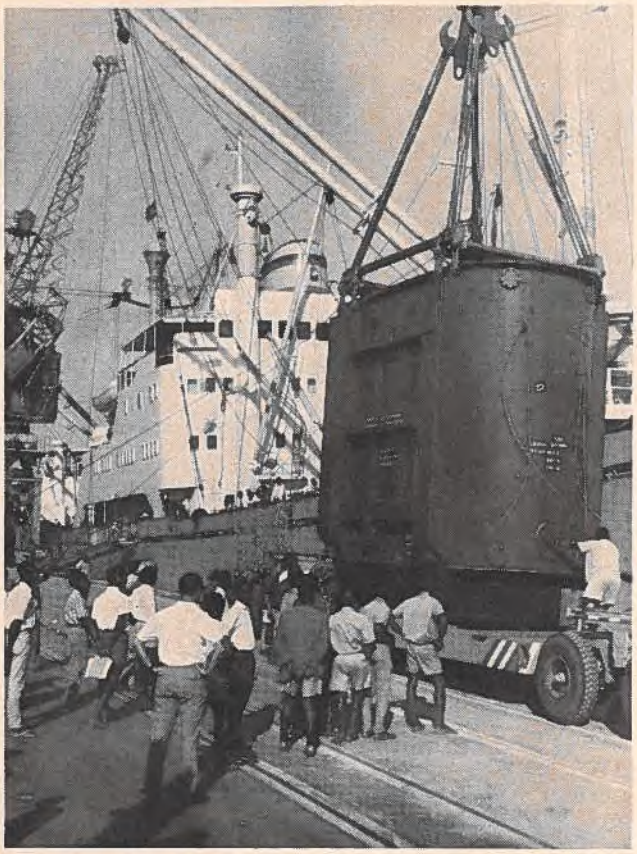
The Mexican iron and steel industry, owned and controlled by Mexicans, will virtually double its existing capabilities in the next few years. Equipment for smelters and mills and even complete plants are being sought. Steel technology will be both imported and exported. Mining and concentrating equipment will be needed for the new iron developments on the west coast and port works and conveying and loading facilities will be required. Overseas capital may well be asked to participate. Certainly, equipment purchases will be made on extended credit terms. Creditworthiness of the major buyers is unquestioned.

Expansion of the Mexican iron and steel industry is in many respects paralleling the development of our own. The problems involved and the prospective tonnages are possibly more compatible with Canada's experience than with that of larger steel-producing countries. Yet the Canadian industry and its suppliers are relatively unknown in Mexico. We suggest to interested Canadian businessmen in this field that they make themselves and their products or experience known, preferably in person, to the Mexican industry. ●

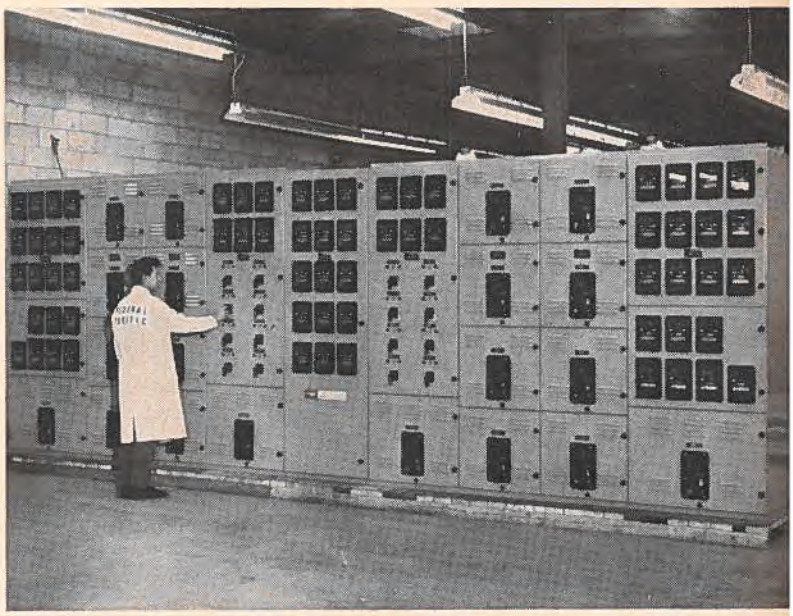
Canada in Foreign Markets

Canadian exporters are invited to contribute to this series photographs of their products in use or on sale in foreign markets. Photographs should be adequately captioned, protected for mailing, and addressed to: The Editor, "Foreign Trade".

In the Philippines—A newspaper gathers its news from all over the world—and then often prints it on newsprint made in Canada. Here some of the employees of Manila's leading newspaper stockpile a shipment of paper which has just arrived from Canada.



In Ghana (above)—Dockworkers at the port of Tema watch as a larger transformer manufactured in a Peterborough, Ontario, plant is placed on a flatbed trailer. It is the first of four to be supplied by this Canadian firm for the Volta River project.



In Colombia (right)—Here a final check is made of a switchboard manufactured in a Toronto, Ontario, plant. It is the last part of a $229,000 switchgear order placed with a Canadian company and it will he shipped to a hydro station near Bogotá.

91872—2½

His Majesty Hassan II greets Canada's Minister-Counsellor (Economic/Commercial) to Morocco (who is stationed in Paris) at the formal ceremony marking the presentation of the Canadian Ambassador's credentials.

A Look at Morocco

Industry in Morocco is a growing market and now imports $100 million a year worth of industrial equipment, raw materials, manufactured goods and foodstuffs. Canadian manufacturers will find there are opportunities well worth exploiting—and there are projects in which Canadian engineering firms could participate.

R. CAMPBELL SMITH* *Minister Counsellor (Economic/Commercial), Paris, and*
JEAN BESNARD, *Commercial Assistant, Paris.*

THE Royal Cherifian Empire of Morocco deserves its proud name, not only as a country with a unique place in history and the arts but also as a tourist's paradise. Facing Europe on the Mediterranean and the New World on the Atlantic, it is approximately 700 miles long and 400 miles wide. Morocco is a study in geography—from the Saharan desert in the east to the Atlas Mountain range and to the vast agricultural plains on the two seaboards.

Under its youthful ruler, King Hassan II, Morocco is energetically promoting the development of its resources, secondary industry, education and land reform. Partly because of French government assistance and private French capital, the country is among the more fortunate of the world's new nations. Its 12 million population enjoys a high rate of literacy and a basically solid economic structure. The estimated internal production in 1963 was Can.$2.1 billion which represents an increase, at constant

*Mr. Campbell Smith is a member of Canada's diplomatic mission to Morocco, headed by the Canadian Ambassador in Madrid.

prices, of 11 per cent over 1960. The main sources of income are: agriculture 35 per cent, industry 25 per cent, and the remainder comes from trade, transport and services.

The main agricultural products are grains, wine, citrus fruits, livestock and vegetables. The mining industry accounts for nearly 40 per cent of Morocco's exports and employs some 50,000 workers. Phosphates account for about half of all mine production. Morocco produced 10 million tons of mineral phosphates in 1964 and is the world's second largest producer. In manganese and cobalt, it ranks third and fourth respectively. Morocco also mines between one and two million tons of iron ore each year and is a producer of anthracite, oil, lead, zinc, copper, barytes, fuller's earth and rock salt.

Industrial Development

The industrial heart of Morocco is Casablanca, one of the largest and most modern cities of Africa and among the continent's leading seaports. Secondary industry had its beginnings in the 1920's, with food processing and consumer staples and later branched out into textiles, building materials and fabricating. Further impetus has been given since the last war to more sophisticated lines of production, including oil refining, cellulose pulp, cement, chemicals, tires, car and truck assembly plants, tractors, agricultural machinery, fabrication of aluminum, asbestos-cement pipe, plastic products and so on.

In 1960, manufacturing accounted for 16 per cent of GNP and employed 8 per cent of the labour force. The index of production rose from 111 (1958=100) to 124 in 1963, or at an annual rate of 4 per cent.

Moroccan industry is thus of growing importance as a buyer of industrial materials. Main imports include textile fabrics, lumber, steel products, asbestos, chemicals, rubber, paper, wood pulp, combustion engines, pumps, fertilizers, machinery and equipment, mining and oil drilling equipment, computers and parts, and instruments. Total imports under these categories are over $100 million a year.

The Moroccan Five-Year Plan, launched in 1960, sought to bring industrialization to the take-off point by the end of 1964 by achieving an annual rate of increase of 10 per cent each year. Although in the first four years the rate reached only 4 per cent, growth rates in primary industry and power production were largely on target. The National Bank for Economic Development has redoubled its efforts to build up investment in both secondary and primary industry, with encouraging results. Among the more important projects have been the Safi chemical complex for the production of sulphuric and phosphoric acid and phosphate fertilizers; assembly of Berliet trucks, coaches and road tractors; Simca and Fiat assembly plant (SOMACA); the SAMIR oil refinery; a new tire factory; a munitions plant; the production of frozen orange juice and fish meal. Plans are afoot for the production of iron and steel, chlorine and caustic soda, paper (from alfalfa), a new textile mill and spinning plant and other smaller industries.

The foregoing provides a general idea of the degree of industrialization that has taken place in this country and the direction that it is taking. The Three-Year Plan, 1965-1967, is aimed at reinforcing and diversifying the economy. Export industries, the tourist industry and agriculture are to be further developed. Special emphasis is being placed on training workers in technical skills.

Imports Rigidly Controlled

In October 1964, the Moroccan Government was obliged to adopt a severe austerity program as a result of internal and external financial difficulties. Since then the Government has prohibited imports of all goods other than those listed in the "Avis aux Importateurs" of October 12, 1964. This list was revised on March 8, 1965.

These regulations apply to all countries including those with which Morocco has bilateral trade agreements. The main result is the elimination of preferential arrangements for imports from France and from other countries in the franc zone.

The list of products eligible for import into Morocco is confined to basic commodities (animal and vegetable food products, raw ma-

Morocco in Brief

Area: 212,000 square miles, approximately half that of Ontario.

Population: 12 million, 50 per cent under age of 20, including an estimated 300,000 foreigners.

Population growth: 2.7 per cent a year.

Principal languages: Arabic, French (for business).

Electric power: 1.3 billion kwh. per year.

Port facilities: 13 ports, including Casablanca (9.9 million short tons both ways, 60,000 passengers), and Safi (2.12 million short tons).

Airports: six major airports, including Casablanca (200,000 passengers per year), and Rabat (120,000 passengers per year).

Railways: 1,200 miles, 480 miles electrified.

Roads: 12,600 miles, 9,600 miles paved.

Automobiles: 1962—185,000 vehicles, including 135,000 passenger cars.

Mining operations: 1962 (in short tons)—coal 407,000, petroleum 143,000, iron 1.27 million, lead 143,000, phosphates 9 million.

Cereal production: pounds per head (annual averages)—hard wheat 158, soft wheat 105, barley 433.

Foreign trade: $800 million.

terials and industrial equipment), and to manufactured goods essential to the economy of Morocco. Among the latter products likely to be of interest to Canadian exporters are the following:

Purebred animals
Condensed milk
Cheese
Seed potatoes
Wheat
Inedible oilseeds
Animal and vegetable oils
Fatty acids
Hydrogenated fats
Alcoholic beverages
Asbestos
Sulphur
Zinc and lead ores
Chemicals, organic and inorganic
Fertilizers
Pharmaceuticals
Lubricants
Plastics and synthetic resins
Rubber and rubber manufactures (tires, belting, hose, garments, footwear etc.)
Hides and skins
Lumber and wood products, including railroad ties, handles etc.
Woodpulp
Certain qualities of paper
Synthetic and artificial textile fibres and fabrics
Velvets
Narrow fabrics
Knitted fabrics
Coated fabrics
Cordage and twine
Abrasives
Asbestos products
Refractories
Wall and floor tiles
Glass and glassware
Fibreglass
Silver
Gold
Platinum and their alloys
Iron and steel
Copper and copper alloys and products thereof
Nickel
Aluminum
Lead alloys
Zinc
Tools and cutlery
Lighting equipment, non-electric
Engines, boilers and mechanical equipment
Electrical machinery and equipment
Railway rolling-stock and signalling equipment, non-electric
Tractors
Automobiles valued at less than Dirhams 10,000 f.o.b., and parts
Aircraft
Ships and vessels
Optical goods
Photo and cine cameras and projectors and accessories
Scientific, surgical, medical, dental, surveying and precision instruments
Gas meters and other measuring equipment
Clocks and watches
Sound-recorders and reproducers for industrial and cultural uses only
Medical and surgical furniture
Sporting goods and fishing tackle
Buttons
Slide fasteners
Ballpoint pens and pencils
Vacuum flasks

All the above products remain divided in two categories known as List A (products for which no quantitative limitations are set) and List L (products for which specific import quotas are provided in the annual general import program). Most essential goods belong to the first category.

All imports into Morocco, regardless of the country of origin, are now subject to delivery by the Moroccan Ministry of Commerce of specific authorizations termed "Engagements d'Importation" when the goods originate in France or a country in the franc zone, and "Licences d'Importation" when the products originate in countries outside the franc zone. In all cases, the application must be filed by the prospective importer at least 30 days before the date on which import is scheduled to take place, and a *deposit* equal to 25 per cent of the total value of the goods must be paid by the importer to the bank of his choice within 15 days from the date on which the import authorization has been approved by the Moroccan Ministry of Commerce.

Import authorizations are valid for a period of six months from the date on which they are approved but this six-month period is no longer renewable should the importer fail to make use of his permit before the end of the period.

Market Prospects

What are the prospects for the relaxation of controls? Business opinion in Morocco doubts whether significant changes can be expected this year. True, the external trade deficit last year dropped by almost one-half but Moroccan gold and dollar reserves are still critically low. There seems little probability of a substantial growth in reserves this year. One major unfavourable factor is the expected drop in exports of oranges resulting from the low quality of some 40 per cent of this season's crop.

The Canadian exporter should therefore think in terms of the opportunities open to him within the strict limits of those categories for

CANADA'S TRADE WITH MOROCCO*

	1963	1964 (nine months)
Canadian exports to Morocco	**$962,936**	**$555,082**
Products as percentage of total		
	per cent	
Flaxseed	30.3	....
Asbestos fibres, milled	19.8	24.3
Synthetic rubber	14.8	6.0
Automobiles and parts	2.8	45.2
Tractors and parts	10.4	3.9
Copper and brass products	6.2	8.2
Agricultural machinery and parts	2.3	4.0
Rock-drilling and mining equipment	5.5	4.2
Other:		
Inorganic chemicals	....	....
Office and business machines	....	....
Television receivers	....	....
Shoemaking machinery	....	....
Whisky	....	....
Remainder	7.9	4.2
	100.0	100.0
Canadian imports from Morocco	**$539,898**	**$955,437**
Products as percentage of the total		
	per cent	
Rock phosphate	59.3	34.7
Oranges, mandarines, tangerines	....	32.3
Orange juices	....	10.0
Raw wool	....	6.3
Oriental rugs	8.7	3.3
Cork slabs, boards etc.,	5.0	....
Drugs and chemicals	7.3	4.1
Canned sardines	3.6	1.3
Onions	3.1	.4
Spices, pimentos and pickles	3.9	.8
Preserved fruits (not canned)	2.5	3.7
Other:		
Animal feeds	....	....
Olives, in brine or canned	....	....
Leather goods	....	....
Remainder	6.6	3.3
	100.0	100.0

*DBS figures.

which import licences are now granted. These are still opportunities very much worth exploiting and the Paris office of Trade and Commerce will give every possible assistance.

In addition, there are government and foreign aid projects in which Canadian suppliers and engineering firms can participate. The Department of Trade and Commerce is informed whenever invitations to bid are issued and these are passed to firms known to be interested.

Over the longer term, Morocco is going to become an expanding market. Canadian firms may well have a special reason to take an interest in its possibilities because there is a reasonable prospect that Morocco will sharply increase shipments of some of its minerals to Canada over the next two or three years. If this should materialize, it will undoubtedly act as a strong incentive to the purchase of more Canadian goods and materials. ●

A Subway for Mexico City?

J. E. G. GIBSON, *Assistant Commercial Secretary, Mexico, D.F.*

MEXICO CITY, the second most populous metropolis in the Western Hemisphere, may shortly start building a rapid transit subway system. At present, the pros and cons are being discussed by the authorities here and although there are bound to be a number of serious problems, it seems likely that the decision to go ahead will soon be announced.

Surface transit in this city of six million is remarkably swift but the rate of population increase plus the number of new cars appearing on the streets is rising at a staggering rate. Indeed, half of Mexico's one million cars operate within the metropolitan capital area. The result is that traffic will soon become chaotic unless changes are made.

Apart from the normal improvements in traffic circulation, such as cross-town freeways, prohibition of parking in the commercial areas, etc., the two new schemes receiving most attention are the construction of a monorail network (for which a good case can be made) or of a subway system. For a number of reasons, the subway proposal has found more favour.

Is a Subway Possible?

The principal engineering problems in constructing a subway here will arise from the geological conditions in and around Mexico City. Centuries ago, the city was on an island in the middle of Lake Tenochtitlan. As time went by, the lake receded and now has almost disappeared but the subsoil still remains saturated and is extremely porous. For years Mexico City obtained its water supply from natural wells under its surface. However, more water was drawn out than flowed back in and as a consequence the valley floor began to settle and the city started to sink. Most of the wells have now been abandoned and the sinking has virtually ceased. Nevertheless, occasional subsoil collapses still occur and this could play havoc with an underground system.

A further problem is that Mexico City and the surrounding area is in an earthquake zone. Special techniques are needed to construct larger buildings in this area, and clearly this would have to be taken into account in a subway system. It may be that these same techniques will point the way to a successful subway installation. Many new buildings are sitting on piles driven into a solid stratum some 100 feet below the surface. The proven success of this method has led to the belief that it may be feasible to drive the subway tunnels through this stratum.

Although a number of papers on the need for a subway have been made public, a full feasibility study has yet to be carried out. A complete survey of Mexico City's geological conditions has been published and would seem to bear out the arguments of those in favour of a subway.The estimated cost of a feasibility study is reported at Can.-$100,000 and we understand that French, German, Japanese and North American companies are actively seeking the contract. The actual cost of a subway would depend on the number of lines to be installed and their total length. On the basis of published information, the outlay could be anywhere from Can.$80 million to Can.$120 million. Taking into account the burgeoning residential zones and their distances from the commercial areas, it is safe to say that the costs will be substantial.

Opportunities for Canadians

Canada's knowledge of and experience in the planning, construction and operation of subways is substantial and could be well received by the Mexican authorities. The Commercial Division of the Canadian Embassy is keeping in close touch with developments here and would be pleased to hear from engineering companies and equipment suppliers interested in Mexico City's proposed subway. ●

How to Win World Markets 8

To the new exporter, foreign tariffs may seem complex. First he must grasp the tariff terms in common use and their meaning. Next, he must understand preferential arrangements and other tariff legislation, customs unions, and free trade areas. Part I of a two-part article defines and explains many of these tariff terms.

Understanding Foreign Tariffs

Office of Trade Relations.

THE EXPORTER'S INTEREST in the rate of duty levied on his products in countries abroad starts from the time he investigates the market possibilities. He wants to know the duties that apply for various reasons:

- To assess the possibility of selling his product in competition with those of other countries or those produced locally.
- To determine whether the tariff provides for equal, less than equal, or preferential treatment of his product in relation to that of his foreign competitors.
- To find out whether there are any problems of tariff classification affecting his goods.
- To understand any subsidiary question that may arise, such as the dutiable value or weight of his products, conditions under which preferences are granted, the possibility of dumping duties being applied, and so on.
- To ascertain whether, in addition to the tariff, there are other trade regulations or restrictions—such as import controls, consular fees, marking requirements, quantitative restrictions, foreign exchange regulations, food and drug or veterinary or sanitary requirements, and so on.

The purpose of this article is to help answer these questions briefly and to explain some of the technicalities of tariff legislation that confront Canadian exporters doing business abroad.

Tariff Systems

Tariff systems may be classified as follows:

Single column tariff—this consists of one schedule of duties and each rate is applicable equally to imports from all countries. Duty reductions negotiated by countries employing such a system are usually generalized to apply to all other countries.

Maximum-minimum tariff—this involves the setting-up of two more or less complete columns of duties in the tariff. The lower rate is applicable to countries accorded most-favoured-nation treatment and the higher to other countries. Sometimes maximum-minimum tariffs contain only one column (usually called the minimum tariff) and the rates of the maximum tariff are determined by applying a percentage increase or multiplier to the minimum rates.

General-conventional tariff—the countries employing this system start with a single column of duties and then proceed to establish a second column of conventional duties in negotiation with other countries. This second column includes only those items on which conventional rates have been negotiated and does not therefore cover all tariff items. The conventional rates are applied to countries enjoying most-favoured-nation treat-

ment. On items on which rates have not been negotiated, the general tariff applies. This system is in use in Japan and the United States. The United States has a two-column tariff, with column two rates applying to products of most Communist countries, and column one rates (negotiated rates) applying to all other countries. When no rate is shown in column one, the column two rate applies to all countries.

Preferential tariff—this consists of the reduced rates accorded by one country to another country by reason of a special relationship existing between them—such as among members of the Commonwealth, between France and its overseas territories, between Portugal and its possessions, and the preferences exchanged by the U.S. and the Philippines.

In a separate category are the preferences currently being exchanged among the six member countries of the European Economic Community and among the seven member states of the European Free Trade Association. Both customs unions and free trade areas provide for the eventual elimination of internal tariffs. In a customs union, however, imports are subject to a common external tariff; free trade areas, on the other hand, maintain national tariffs on imports from outside countries. In the meantime, the gradual reduction in internal duties in customs unions and free trade areas has already resulted in what amounts to a preferential system. Similar preferences are granted in whole or in part to other countries associated with these groups.

Types of Rates

Specific duties are rates levied upon commodities in terms of so much currency according to their weight, number, length, volume, or other units of measurement—for example, 35 cents per pound. Duties are usually expressed in the currency in use in the country and may be converted into Canadian funds at the current rate of exchange. There are exceptions, however; in the tariff of Chile rates are given in gold pesos. To convert duties to local currency, the rates are multiplied by an established factor of conversion.

Ad valorem duties are levied in percentage terms on the value of the goods landed at the port of destination (c.i.f.), or at the port in the country of origin (f.o.b.).

Alternative duties occur where both specific and ad valorem duties are specified for an article. The rate applicable is the one that returns the higher duty. In a few instances, the lower rate is the ruling one.

Compound duties provide for both a specific rate and an ad valorem rate on the same article.

Tariff Classification

The simplest form of tariff is one which consists of a single item levying the same rate of duty on all imports. Such a tariff is applied only by a country with a simple economy. As the industry of a country grows and as more and more articles are produced, tariffs tend to become more complex because of the desire to assess duties on a wide range of goods with greatly varying values to protect domestic industry and to encourage the import of essential products.

Tariffs that employ specific duties are apt to become much more highly specialized than those in which ad valorem duties predominate. For example, a single ad valorem rate may be used to cover a wide range of machinery. When levying specific duties on the same machinery, however, it is often found necessary to break the classification down into weight groups, with lower rates applying to the heavier machines. The textile tariffs of many countries display very complex classifications, with rates varying with the component fibre or mixtures of fibres, weight per yard (or other measure), thread count, type of weave, and whether or not the fabric is dyed or printed.

Before the Second World War the tariffs of many countries, particularly those of Europe and Latin America, were based on specific duties and were on this account very complex. Since the war, however, the tendency has been to convert to the ad valorem system. A further trend towards simplification of tariff administration is the adoption by a large number of countries of a standard tariff nomenclature, worked out by an international committee of experts and approved by the countries participating in the Customs Co-operation Council in Brussels.

In spite of some simplification in tariff procedure, the task of administering tariffs presents many problems. It is obvious that even a tariff of several hundred items cannot describe clearly every product that enters into trade. The constant flow of new products and of new materials in manufacturing processes introduces new problems of tariff classification. Frequently two or more items of a tariff may have to be considered in assessing the rate on a particular article, depending upon its use or component material. Disputes over the correct assessment of an article may have to be resolved by a customs court or tariff board established for that purpose in the importing country.

Duties for Special Purposes

There are two kinds of duties levied only in special circumstances and under certain specified conditions: anti-dumping duties and countervailing duties.

Anti-dumping duties—the term "dumping" generally refers to the sale of a product for export at a value lower than that normally charged in the domestic market in the country of origin. Dumping may also occur where the exchange rate is used to improve the competitive position of a product for export, resulting in abnormally low prices in terms of foreign currency. Sales at such export prices may be termed

exchange dumping. When lower export prices are accounted for by legitimate drawbacks or exemption of the exported goods from direct internal taxes, these sales are not usually regarded as dumping.

To offset the effects of dumping, many countries have introduced legislation providing for the imposition of anti-dumping duties. Such duties take the form of special additional import charges designed to cover the differences between the export price and the home consumption price in the country of export. They are almost invariably applied only to articles of a class or kind produced in the countries of import.

Countervailing duties—these are related to but different from anti-dumping duties. Countervailing duties are designed to offset bounties or subsidies paid on exports by the government of the exporting country and usually are equal in amount to the bounty or subsidy.

Additional Charges on Imports

In addition to ordinary customs duties, many countries levy extra charges of one kind or another. The most common form is a surtax of a percentage of the duty. Other forms include a package tax, a small extra charge on each package in the shipment. Generally these taxes are used for some particular purpose, such as construction of port works, funds for promotion of social welfare, and so forth. There are also ad valorem import surcharges which may be applied on selected items, such as Britain has introduced temporarily for balance-of-payments reasons. The exchange regulations of a country may provide for taxes on imports. The removal of quantitative restrictions or imports may also lead to the imposition of a compensatory import tax.

Of a different kind are the internal taxes collected on imports by many countries. These are usually (but not invariably) levied at the same rate as on similar products of domestic origin. Included in this category are sales taxes, excise taxes, purchase taxes, turnover and transaction taxes and the like.

Consular fees—In many countries, particularly in Latin America, consular fees for legalization of shipping documents are an added (and sometimes substantial) charge on imports. Some of these are collected by consular authorities and others by customs officials at the port of entry.

Prior deposits—Certain Latin American countries have been requiring importers to deposit local funds of up to 100 per cent of the value of shipment before import. These funds are held by the Central Bank for specified periods of time before being refunded.

Dutiable Weight

When specific duties are calculated on the weight of the goods it is necessary to know not only the rate of duty applicable but also whether the duty is levied on the gross, legal or net weight of the goods. Each country has its own definition of these terms, but generally along the following lines:

Gross weight—weight of the goods and of all interior and exterior containers and packing material.

Legal weight—weight of the goods together with the immediate interior containers. This is employed mainly in tariffs of Latin American countries.

Net weight—weight of the goods without packing materials. In a few countries net weight is defined to include the immediate containers.

Tare—the allowance made for the difference between net and gross weights. This allowance is used to arrive at the dutiable weight. Sometimes such allowance is determined as a specified percentage which varies according to the type of container used. Or, as in Switzerland, the tare allowance as a specified percentage is added to the net weight in order to arrive at the gross weight.

By knowing the basis on which duty is levied on his goods, an exporter is better able to assess the true level of the duty and has some guide to the kind of packing material he should use to reduce the dutiable weight without risk of damage. This is particularly true of products like canned goods and bottled liquids, in which the weight of the containers and packing material makes up a large share of total weight of the shipment.

Most countries using specific duties use all the foregoing types of dutiable weights, depending upon the commodity. However, in some countries (such as Venezuela, Switzerland and Colombia) most specific duties are levied on the gross weight, regardless of the nature of the goods.

Dutiable Value

Ad valorem duties are not always applied on the invoice value of the goods; very often some other basis of valuation is used. For example, in many Commonwealth countries duty is levied on the export price or the current domestic value of the goods, whichever is higher. (Current domestic value usually refers to the exporting country, except in Britain, which levies duties on the c.i.f. value or the price the goods would fetch at that time in Britain.) In Australia the dutiable value is either the actual price paid for the goods by the Australian importer or the current domestic value in the country of origin, whichever is higher. In either case, all charges payable for placing the goods free on board are added at the port of export.

A change in 1958 in the United States Value Law resulted in the appraisal of most goods on the basis of the price at which they are freely offered for sale or sold in the U.S. in the usual wholesale quantities. This law applies to all goods, with certain specific exceptions which comprise the Final List.

A form of dutiable value now less widely used is the official value. Under this system the values of imported goods are fixed by legislative

or administrative action and are incorporated in the tariff schedules. Among the countries now employing this system are Mexico and Uruguay. In Mexico, the official values are used as a basis for applying ad valorem duty only when they are higher than the invoice price. In Uruguay, the official valuations are used irrespective of the invoice value and are generally considerably lower than the current market prices. To offset this, the nominal ad valorem rates, plus various surcharges, are set at a high level by the Uruguayan authorities.

It is particularly important, therefore, that invoices should show prices in the form required by the regulations of the importing country. ●

Brazil Tackles Payments Problems

Settling of short-term commercial debt and other steps taken by the authorities have renewed confidence abroad in Brazil's future. The result: large foreign credits, grant aid and development loans have been flowing in to strengthen the economy further.

C. M. FORSYTH-SMITH, *Commercial Counsellor, Rio de Janeiro.*

BRAZIL, after several years of uncertainties and delays, has now paid up to date all outstanding short-term commercial debts due to foreign creditors. Moreover, the plan is that future foreign commitments undertaken by the Brazilian authorities or Brazilian companies under the authority of the Central Bank will be met promptly.

Debts Settled or Deferred

The process of regularizing Brazil's international accounts began shortly after the revolutionary Government came to power in April 1964. At that time, the payments position was critical and payments under short, medium and long-term obligations were subject to lengthy delays, in some instances over two years. Among the first priorities of the new government was the commencement of negotiations with foreign creditors with a view to rescheduling medium and long-term debts. These negotiations were carried on with government organizations and large individual creditors and resulted in agreements with private and institutional creditors in the United States, Japan, France, West Germany, Italy, Britain and several other European countries. The terms of the agreements with creditors varied but in general resulted in deferment of 1964 obligations until 1967, and of 1965 obligations until 1968. Total debts thus deferred were in the vicinity of $200 million.

When the problem of large-scale medium and long-term debts had been met, the authorities turned their attention to settlement of short-term commercial debts, which by the end of November 1964 were estimated at about $270 million but had been reduced to under $200 million by mid-April 1965. These debts were the obligations of the Foreign Exchange Division of the Banco do Brasil, because all international payments had to be made through this organization. Under Brazilian regulations, individuals or companies must prepay all foreign remittances in local currency and delays in payment were therefore due to delays at the Bank of Brazil and did not reflect tardiness on the part of individuals or companies.

To strengthen Brazil's reserves of foreign exchange, the authorities arranged large-scale credits from abroad. These included credits from the United States Agency for International Development (AID), the U.S. Treasury, and the International Monetary Fund. Apart from the credits from international agencies and U.S. government sources, a credit of $80 million was obtained from a group of U.S. banks and a further $60 million credit from private banks in Europe is under negotiation.

These loans and credits, totalling some $468 million, plus an estimated $200 million in previously held reserves, have enabled Brazil to pay its short-term commercial arrears—with the exception of about $105 million arising from petroleum imports which were funded over a two-year period—and at the same time add to its foreign exchange reserves. Continued deficits in the Brazilian international accounts are anticipated over the next two years at least, but these deficits should be reduced progressively. Thereafter, if present programs achieve the expected results, progress should be made toward repayment of long-term and medium-term debts and the foreign exchange reserves should show an appreciable improvement.

It is obvious that the various steps taken, including the rescheduling of medium and long-term debts, the funding of certain obligations, and the negotiation of loans and credits, have not in themselves im-

proved Brazil's serious international financial position. These actions have, however, clearly outlined the debt problem and placed the Brazilian authorities in a position to control it more effectively. In view of the genuine and concerted effort being made to meet obligations and the willingness of influential organizations in many countries to back this effort, there are grounds for optimism. Nevertheless, the struggle for viability in international transactions will be a long and painful one for Brazil.

Financing for Development

While the Brazilian authorities have been actively engaged in straightening out the problems associated with past and current commercial obligations, massive assistance has been forthcoming from various outside sources in the form of aid and development loans. The total U.S. aid program announced for Brazil for 1965 amounts to an impressive $450 million and includes, in addition to credits for balance - of - payments purposes, about $100 million in project loans, between $50 million and $90 million in PL 480 wheat shipments, about $25 million in rice shipments, $25 million in U.S. government guarantees for housing loans made by U.S. labour unions, and $25 million in project loans by the Export-Import Bank. Germany has granted a 200 million DM ($50 million) loan, the World Bank $80 million, and the Inter-American Development Bank about $100 million in project loans.

Even more important have been expansion plans announced by a number of large foreign companies, including Volkswagen of Germany and the Ford Motor Company of the U.S. The renewed interest of foreign private investors is a significant indicator of the improved economic and political climate and of Brazil's prospects of achieving a stable and expanding economy. The inflow of private investment capital has not yet reached a high level but measures to encourage this investment are beginning to bear fruit.

The balance-of-payments loan from the International Monetary Fund and the project loans from the World Bank were made following detailed on-the-spot studies by teams of experts from these organizations and were further signs of confidence abroad. These studies indicated that the economic policies being followed by the Government were sound, in line with acceptable practices, and if continued had a reasonable chance of achieving desirable economic objectives, such as the containment of inflation, stimulation of industrial development, improvement of agricultural production, the stabilization of the currency, and the improvement of the foreign exchange position. Both organizations had excluded Brazil from their programs for several years because they were not satisfied that appropriate policies were being followed.

Implications for Canada

Canadian exports to Brazil have declined drastically—from $29,447,407 in 1963 to $22,984,527 in 1964. The decline stems from several factors, including Brazilian efforts to discourage imports of non-essential goods and goods produced locally, the reluctance of Canadian suppliers to extend even short-term commercial credits in view of Brazil's recent unfavourable payments record and unsettled economic conditions, and the lack of available sources of medium and long-term financing.

It is too early to assess the effect on Canadian trade of Brazil's action in liquidating all arrears arising from Canadian sales, but the fact that the country was able to obtain such massive outside support, and the world-wide confidence this implied, is reason to hope that Canadian confidence will be sufficiently restored to encourage renewed interest in this market. The Brazilian policy of confining imports to essentials and of insisting on long-term credits for capital goods imports will continue to be an inhibiting factor, but Canadian companies should now be in a better position to approach the Brazilian market. The reappearance of funds from the International Monetary Fund and the World Bank on the Brazilian scene after a number of years' absence provides a source of untied financing for projects in which Canadian suppliers can compete.

Iran to Extend Highways

THE Iranian Government will receive two loans totalling $40.5 million for the continuance of its road development program. A loan of $32 million was made for the construction or improvement of 1,050 miles of highways, extending the main highway network northeastward to the Afghanistan border, and from the center of the country southeastward through Kerman toward the new port of Bandar Abbas. The second loan, of $8.5 million, will help to finance a project for the construction of some 50 feeder roads with a total length of 1,125 miles to connect six agriculturally productive areas with Iran's main highway system.

Under the $32 million loan, the main roads to be constructed or improved in the southern part of the country consist of one from Nain to Kerman (338 miles) and the other from Kerman to Sirjan (106 miles). The road in the northeast will run along the northern foothills of the Elbruz Mountains for 462 miles from Shahpasand to the Afghan border via Meshed. The project also includes the paving of the 143 mile Tehran-Rudehen-Babol highway, which was built in recent years.

The execution of the project will be the responsibility of the Ministry of Roads with the assistance and supervision of the Plan Organization. All contracts will be awarded on the basis of international competitive bidding. The project is scheduled for completion in late 1968 at a total estimated cost of $90 million.

The total cost of the feeder road project is estimated at the equivalent of $33.7 million, and it is scheduled for completion in early 1969. The Plan Organization is responsible for the selection of roads and the provision of funds, while construction is the responsibility of Technical Bureaus in each province. Contracts will be awarded on the basis of international competitive bidding on all but a few of the roads, which are being built locally.●

Why Not Visit Jamaica?

If you want to get into this market or stir up greater interest in your product, do it in person. Even three days here will bring results if you plan them carefully and enlist our help.

L. D. BURKE, *Commercial Secretary, Kingston.*

WHEN did you last visit Jamaica? If you are selling here and hope to retain your share of the market, someone from your firm should visit the island at least every year or every 18 months. If you are not already exporting but are interested in this market, a personal visit is the most effective way of deciding whether or not your product can be sold in this country.

For firms already exporting to Jamaica, a regular visit to this market is essential because:

• With industrialization, a growing population, and a rising standard of living, the Jamaican market is constantly changing. Possibly you may have to modify your product to meet changing conditions. The alteration required may only be minor—perhaps the packaging or a slight adjustment in price—but it can often mean the difference between the strengthening of your hold on the market and losing out to competitors.

• The number of agents in Jamaica is very limited and as a result, each usually represents many overseas firms. The question always is how much time he is able to give to each line. A personal visit is the best way to maintain or perhaps revive the representative's interest in your products.

• There are nearly 500 different Canadian products being sold in Jamaica. Unfortunately, a number of these move only in limited quantities, but it should be possible to expand sales for many of them. A visit by someone from your firm will help you to decide, with your agents, how this can be done.

These Jamaican salesmen are moving their wares to market but Canadian exporters won't want to use the same method. However, they do need to make personal visits.

Plan Your Prospecting

If you are not exporting to Jamaica but are anxious to determine whether a demand for your products could be created here, a personal visit is again the recommended approach. It will help you to discover how your product should be priced, packaged and distributed to ensure local acceptance and to "sell" (as you will probably have to) local importers on the idea of handling your line.

Before you make any arrangements for your trip, however, you should first write to our office in Kingston, sending us literature, prices (preferably c.i.f. Kingston but failing that, f.o.b. port of exit in Canada) and samples, if possible. It is also advisable to let us have any point-of-sale material you use in Canada, such as display cards or stands. If a local importer knows he can get this kind of material, this could have a bearing on his initial interest in representing you. Armed with this information, we will do a preliminary market survey to determine whether prospects here are sufficiently encouraging to warrant a trip by someone from your organization. This is necessary because certain products cannot be imported into Jamaica because they are made here—for example, envelopes, floor coverings, mattresses and paints. Or for other lines there

may be simply no demand because of local conditions.

A trip to Jamaica can easily be tied in with a trip to other parts of the Caribbean, although you must bear in mind that not all products sell in all markets in this region because of varying degrees of industrialization and levels of income. But on your way to or from Jamaica you can touch at Bermuda, the Bahamas, Trinidad, Barbados and the Leeward and Windward Islands —even Puerto Rico if you so desire. Air Canada now has three flights a week from Toronto to Kingston with stops in the Bahamas, one flight a week from Montreal, and one a week from Vancouver.

Canadians coming to Jamaica should be aware that under the Commonwealth and Foreign Nationals Employment Act which came into force recently certain classes of business visitors require work permits—for example, any businessman coming here to solicit orders directly and on his own. If he is coming merely to investigate the market for his product, to appoint an agent, or to visit his agent, he does not require a permit.

Application forms for work permits may be obtained from the office of the High Commissioner for Jamaica, Royal Bank Building, Sparks Street, Ottawa. When the form is filled in, it should be sent to the Ministry of Home Affairs, P.O. Box 467, Kingston, Jamaica. For exporters of most lines, three full days in Jamaica should be sufficient. There is no objection to your combining a holiday with a business visit as long as you are willing to set aside the necessary time exclusively for business calls.

We have learned from our own experience that a Trade Commissioner can do much of the preliminary work—such as market surveys and the drawing-up of lists of suitable representatives—but in the final analysis, the businessman is the person best equipped to make sales. Time and time again we have proved that if the Canadian businessman will come to this market, he can usually sell his products here. As a result of personal visits, new Canadian lines that have been established recently in Jamaica include brushes, lighting fixtures, jewellery, irrigation equipment and hosiery. The majority of firms which have sent representatives here have been pleased with the results. Your visit could be equally successful. ●

What's current in commodities?

Air-Conditioning Equipment

West Germany—**Last year West Germans spent $43 million on air-conditioning equipment. Local production cannot keep pace with the growing demand and Canadian firms will find it worthwhile to promote their products vigorously to increase sales.**

HOWARD E. CAMPBELL, *Consul, Duesseldorf.*

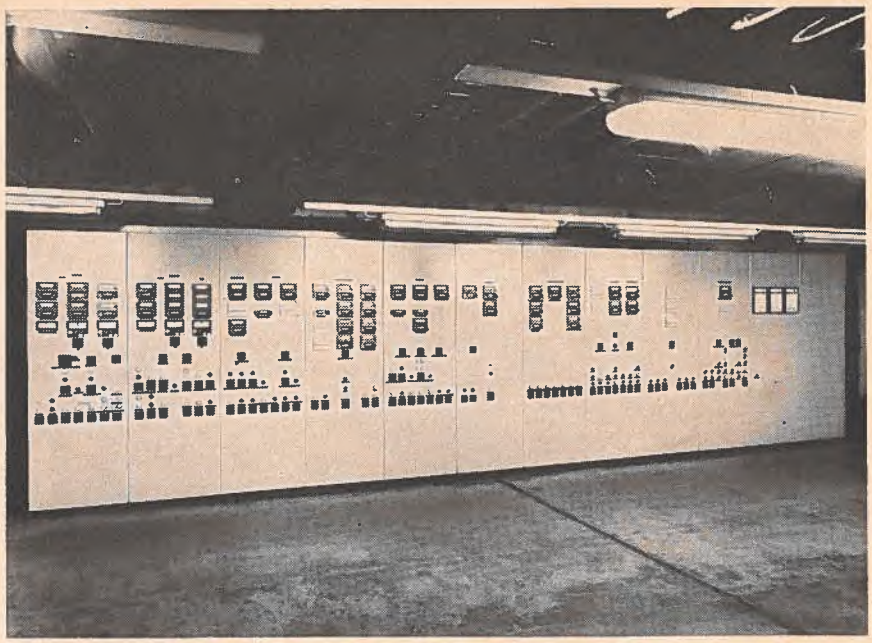
INDUSTRY is thriving in West Germany and businessmen there are faced with the problems that seem to accompany full production. Land in the cities is expensive and new buildings must rise perpendicularly. Labour is scarce and employees are demanding better working conditions. Wage increases have averaged 9 per cent a year for the past three years and firms old and new are scrambling for a share of the workers' increased pay. Industry and commerce have adopted a modern technique applicable to these three problems—air-conditioning.

The new skyscrapers are inevitably of light construction, curtain-walled, and with an immense amount of glass. These buildings are at the mercy of the elements and without air-conditioning are uninhabitable. The skyscraper's lower, more conventional neighbours are also being air-conditioned; without it, the people working in them are subjected to city street noises and dirt if they open their windows. Increasing numbers of businessmen are convinced that not only do they need air-conditioning to attract and hold personnel, but for the sake of office efficiency they must have it.

Industries outside the cities are also good air-conditioning prospects today. Although they are spread out and have a plentiful supply of fresh air, they create dirt and smog that annoy personnel and lower plant efficiency.

And no matter where they are or in what kind of building they

are housed, there are many German manufacturers who, in the face of stiff competition, cannot afford to risk production failures arising from the weather. Many of them were badly hit by the severe winter of 1962-63 (during which the Rhine froze over) and others suffered equally from the inordinate heat of last summer. Air-conditioning has come to be recognized as vital in Germany's important chemical and drug laboratories, confectionery factories, bakeries, data processing centers, printing houses, inspection laboratories, watch and precision instrument factories, and textile industry.



A control panel for air-conditioning equipment is a common sight in most new West German buildings. Businessmen there are convinced of the need for air conditioning.

Industry Unable to Meet Demand

Although there are close to 200 German manufacturers of air-conditioning equipment, they cannot keep pace with the greatly expanded demand. Last year equipment totalling $7.5 million was imported into the Bundesrepublik—more than double the value of similar imports in the previous year. In addition to these imports, much of the equipment was supplied by foreign manufacturers located in Germany. One of these—a leading United States manufacturer who recently made a survey of the market—has predicted that sales of new self-contained air-conditioning units will increase 100 per cent every year for the next five years. With prospects so promising, it should be worthwhile for Canadian manufacturers to try to sell here.

Self-Contained Units Wanted

In the past, German manufacturers have tended to specialize, making only one or two of the many components needed. Few of them offered complete knowhow or complete systems, which meant the customer was obliged to buy one part here and another part there to assemble a very expensive custom-built system. Judging by the experience of other foreign manufacturers, Canadian firms most likely to make sales will be those offering self-contained models in standard sizes. The best sales outlets would probably be in office buildings, banks, department stores and smaller retail shops. Last year these establishments spent $7 million on self-contained units and out of this total $5 million worth was imported.

The most popular air-conditioning unit in Germany is the "Raumklimagerät", which is a self-contained climate changer of from three to fifteen horsepower capacity. These units consist of filters for incoming air, compressor, centrifugal fan and coils to cool or warm the air. Most climate changers are basically cooling units but they can be connected to the central heating system of a building to give both warm and cool air. Where this is not practical, an electric element is installed to warm the air. At present U.S. self-contained climate changers are being offered to German consumers at the following capacities and prices:

3 horsepower—DM	4,800	(U.S.$1,200)
5 horsepower—DM	6,200	(U.S.$1,550)
7 horsepower—DM	8,160	(U.S.$2,040)
10 horsepower—DM	10,800	(U.S.$2,725)
15 horsepower—DM	14,400	(U.S.$3,600)

Included in these prices are freight costs from North America—which add 25 per cent to 40 per cent to the factory price—and German customs duties of 8.2 per cent as well as an 'Umsatzaugleichssteuer' (turnover tax) of 6 per cent. It usually costs another DM 500 (Can.$150) to connect the units to a hot water or steam central heating system. Connection with a warm air system requires ductwork costing about $10 a square yard.

There is a strong demand for larger centrifugal refrigeration units ranging in size from 250 to 300 tons—and even up to 1,000 tons. These, and units of 20 to 100 horsepower (with reciprocating compressors), are also being imported in fairly large quantities.

Few Humidifiers in Use

Selling Canadian-made humidifiers to Germany's industrialists would be difficult. Weather in most of the Bundesrepublik is comparable to that along Canada's eastern seaboard so that the market for humidifiers is confined to special industries such as tobacco and textiles. In these industries humidify-

ing units are normally installed as part of a custom-built air-conditioning plant for which the specifications are drawn up by a local engineer. To sell humidifiers, the Canadian manufacturer would have to submit a bid and his chances of beating out the small German manufacturer who specializes in humidifiers are very small indeed. On the other hand some business in humidifiers for the home might be possible because German manufacturers have tended to ignore this field.

Homeowners Form Large Market

The field of air-conditioning for the home in Germany is both promising and challenging. It is promising because there are a healthy number of potential customers. An estimated 500,000 new dwellings (mostly apartments) are built in the Federal Republic each year. About 5,000 are homes of the luxury type whose owners could afford air-conditioning similar to that being installed in many North American homes. To date, German manufacturers have not attempted to cater to this market and Canadian manufacturers with home air-conditioning to offer face almost no competition from local industry.

The situation at first glance appears ideal, but with no one making home air-conditioning equipment, nothing has been done to promote it. Consequently, although the potential demand for home air-conditioning is estimated at about 5,000 units a year, not everyone able to buy it is convinced of the merits of "packaged fresh air". It is probably safe to say that not many of these potential customers have been in an air-conditioned home and few have seen enough advertising to convince them that air-conditioning would make their homes more comfortable. Neither architects nor the general public have been exposed to much promotion on home air-conditioning, and any Canadian sales effort in this field would have to be backed by an intensive publicity and advertising campaign.

Both domestic and imported air-conditioning equipment is generally sold through contractors, but some of the larger German manufacturers sell direct. The contractors are customarily consulted by architects on the air-conditioning requirements for new buildings and are therefore in a position to influence the choice of units. In the past they have leaned toward custom-built equipment obtainable locally. However, the price of such installations is high and manufacturers offering self-contained units in standard sizes, either directly or through contractors, are apt to get the business on the basis of price.

To cater to the growing demand for standard equipment, several of the larger U.S. manufacturers of air-conditioning equipment (Crane, Trane, York) have appointed contractors to handle the distribution of their products. They have also set up warehouses in Rotterdam and Antwerp to ensure prompt delivery to their European customers. Most of these American firms give a full year's guarantee on their products and have organized adequate repair facilities. If their equipment breaks down, it can be put back in running order in a matter of hours.

Because there has been so little home air-conditioning sold here, there is no definite pattern of selling. Most equipment is sold through contractor/distributors and some business in smaller units is done by large wholesalers who supply contractors on credit. The few firms selling home air-conditioning in Germany have found it absolutely necessary to offer adequate arrangements for the repair and maintenance of their units. German home-owners, like Canadian, want assurance that air-conditioning equipment installed in their homes will be repaired quickly if it breaks down.

German Standards

There are no fixed rules or regulations governing air-conditioning installations in Germany, but the industry is guided by the recommendations (DIN 1946) of the Deutscher Normenausschuss in Berlin. English translations of these regulations (which are called "Ventilation Plants—VDI Ventilation Regulations—DIM 1946") can be obtained for Can. $2.35 plus postage from:

Beuth Vertrieb GmbH,
Berlin 15,
Uhlandstrasse 175,
West Germany.

More rigorous standards are being drawn up for air-conditioning units to be used by hospitals, confectionery and other specialized indutries, but it may be some months before they are finished.

Canadian air-conditioners offered for sale in Germany should be wired in accordance with the recommendations of the Verband Deutscher Elektrotechniker (VDE) to operate on 220/380 volt, three-phase, 50-cycle current. All units must be grounded. Full details of the manner in which power installations should be wired are contained in the VDE standard 0100/11.58 for units of below 1,000 volts rated capacity. An English version can be had for Can.$3.00 from:

VDE GmbH,
Berlin 22,
Bismarckstrasse 33,
West Germany.

Buildings and homes in Germany are serviced with three-phase electric current but many home-owners use only one of them. It is usually a routine matter, however, to connect heavier wiring to the lead-in when three-phase current is needed for additional electrical equipment, such as an air-conditioning unit.

Terms of Payment

Air-conditioning equipment sold to industry in Germany is usually supplied on the understanding that 30 to 40 per cent will be paid when the unit is ordered and the remainder upon completion of installation. Payment for air-conditioning

plants sold to offices and hotels is customarily made as components are delivered to the site—with payment of the balance after completion of the installation. For home air-conditioning equipment, a 30 per cent down payment is normal when the unit is delivered and the balance is collected upon completion of the installation.

Preparing to Sell in Germany

To suggest that entry into the German market is easy would be a mistake. Canadian manufacturers of air-conditioners who come into the market will face competition not only from the German industry but from large international companies as well. Canadians pioneering in Germany will also find themselves selling in an atmosphere less receptive than at home. Potential German customers think of air-conditioning—if they think of it at all—as something for specialized use in industry or in bars and restaurants.

Canadian manufacturers coming into Germany should be prepared to spend a few thousand dollars on advertising and publicity, regardless of the type of unit offered. The same media used in Canada to sell air-conditioning can be used in Germany—with the addition of trade fairs which are highly regarded here as a means of bringing buyer and seller together. Most foreign manufacturers who want to bring their air-conditioning equipment to the attention of buyers in this part of the world display their units in the heating and plumbing section of the Frankfurt Fair held in March of each year.

As a first step toward doing business in Germany, Canadian manufacturers should get the names and addresses of air-conditioning contractor/distributors who are not tied up with another supplier on an exclusive basis. Canadian Trade Commissioners stationed in Hamburg, Duesseldorf and Bonn can supply this information. Additional leads could also be obtained by advertising for a distributor in such German trade magazines as *Die Kälte, Klimatechnik, and Heizung-Lüftung-Klimatechnik*. These publications are read by most people in the trade.

The next step is to provide each prospective distributor with complete details on the product and prices c.i.f. German ports. Because few air-conditioning contractors speak English, the letter, supporting literature and price lists should be in German.

Once a promising number of prospects have been lined up, a senior officer from the Canadian company should come to Germany and visit the prospective distributors. This visit will not only give the Canadian executive a chance to explain to would-be distributors the arrangements to be made for servicing and the supply of spare parts, but also enable him to make a first-hand appraisal of the market. The visit could also be used to lay the groundwork for the advertising and publicity campaign needed to promote the sale of the Canadian firm's products.

The market for air-conditioning equipment in Germany has proved profitable to foreign manufacturers offering standard units at competitive prices. United States firms already established in the market have had to fight their way in and Canadian manufacturers prepared to do likewise can expect to reap the same rewards. They can also count on the help of Canadian Trade Commissioners in establishing contacts and overcoming language difficulties. ●

Salt

Brazil—Consumption of salt is rising, local production has declined because of damage to salt beds. Imports of 400,000 tons this year will probably be needed—a sales opportunity for Canada.

J. P. RICHARDS, *Assistant Commercial Secretary, Rio de Janeiro.*

BRAZIL was for many years self-sufficient in salt and during years of surplus production small quantities were exported to other Latin American countries. Most of the salt in Brazil is produced in salt beds by evaporation from sea water and approximately 70 per cent comes from the State of Rio Grande do Norte in the northeast. Last year the output of the salt beds in this area was severely hampered by heavy rainfall and Brazil was forced to import over 100,000 tons of salt to satisfy the local demand, which is currently estimated at about 120,000 tons a month.

The weather has continued to be unfavourable for salt production in Rio Grande do Norte and in May tenders were issued for another 100,000 tons of salt to be imported beginning at that time. The Brazilian Salt Institute has estimated that the country may have to import 400,000 tons of salt this year if conditions do not improve.

All salt tenders in Brazil are issued by the Brazilian Salt Institute, a government-controlled organization responsible for the supply and distribution of salt in Brazil. In addition, the exchange terms of each tender must be approved by the Central Bank of Brazil (formerly SUMOC, Superintendency of Money and Credit) before any contract may be awarded. Because Brazil's foreign exchange situation continues to be critical, the Bank is likely to give preference to potential suppliers from several of the soft currency countries that have special trade agreements with Brazil.

In an effort to remedy the situation, the President of the Republic has signed a decree announcing a new fund to be used to develop the local salt industry and to improve the distribution of the product. The funds are to be obtained from the difference between the cost and selling price of the imported salt. This can be done because the freight costs in transporting salt from the north of the country to the principal markets of Rio de Janeiro and Sao Paulo are so high that the c.i.f. price of imported salt is usually well under the equivalent price of the domestic product.

Financing from the new fund will be granted to salt producers to purchase new equipment for further mechanization of mining, auxiliary vessels, vehicles for transportation of the product from the salt mines to the ships, and for the construction of properly equipped warehouses. This new decree is expected to stimulate production, although transportation from the north will continue to be a major problem because there are no ports where coastal freighters can be loaded directly.

Salt consumption in Brazil has been rising sharply in recent years, partly as a result of the rapidly expanding population and partly because of the new industrial and chemical complexes, which are already absorbing over 33 per cent of total production. The Brazilian Salt Institute has reported that consumption is increasing at the rate of 100,000 tons a year and if this is so, Brazil will probably import salt for a number of years to come.

Several Canadian companies have indicated a strong interest in the Brazilian salt requirements, although competition is intense because of the lower freight rates available to European suppliers. Copies of the tenders issued by the Brazilian Salt Institute are forwarded to the Department of Trade and Commerce, which in turn informs all Canadian salt producers who have an interest in this market. ●

Michigan: Customer o

IAN V. MACDONALD, Consul and Trade Commissioner in Detroit, will be visiting Montreal and Toronto later this month and possibly other centres in the Maritime Provinces in August. Here he outlines the great potential of the Michigan market, suggests how Canadians can exploit it, and lists some products now selling there.

MICHIGAN is one of the world's best markets for Canadian products —the most accessible and until recently, the most overlooked. During the past few years corporation and personal incomes in Michigan have risen dramatically. Michigan has achieved an economic vitality that offers outstanding sales opportunities for both new and traditional Canadian exports. The prospects more than justify the slight expense of a personal visit.

To place Michigan in perspective, look at it as a separate country rather than as a state. In such terms, it would rank eleventh in wealth among the nations of the world. Because of the high proportion of personal and corporate incomes in Michigan that can be used at the company's or the individual's discretion, and for other reasons, the potential for Canadian exports in Michigan is even greater than in most countries with higher national but lower per capita incomes.

Incomes of factory workers in "soaring Detroit" this year reached an astonishing average yearly rate of over $9,000, by far the highest in the country. For the state as a whole, personal incomes rose by $1.8 billion during 1964, or 8.8 per cent over the high levels of 1963. Retail sales have more than kept pace. Only two states, Florida and Nevada, exceeded this growth rate.

Detroit is becoming a major United States port for overseas import-export trade as well as for tonnage originating in the Great Lakes. It is now the number one port on the Great Lakes for foreign tonnage (excluding grain), consistently exceeding 20 million tons.

Michigan is of course the top automobile-producing state, with about one-third of the national total. Administrative offices (including central buying offices) of the Big Three auto manufacturers and American Motors Corporation are concentrated in the Detroit area, although there are substantial manufacturing facilities in other Michigan centres such as Flint, Pontiac, Saginaw and Lansing.

Motor industry spokesmen express confidence that production and sales will continue at recent high levels and even exceed 1964 records. Henry Ford II has predicted car sales "as high as 8.7 million" compared with 8.1 million in 1964 (including imports of 485,000). This would ensure continued large sales for U.S. and Canadian parts suppliers. Truck sales in 1964 reached 1.4 million units.

The economic fluctuations characteristic of Michigan's earlier dependence on the automotive industry will be less severe in future because of diversification and the decentralization programs of the automotive companies, now largely concluded. The new stability of Michigan has been favourably re-

Your Doorstep

marked on in national business publications, and the state's improved image and its rich sales potential have attracted business investment.

Defence Materials Produced

Although only about 2 per cent of Michigan's production is related to military requirements, there are excellent prospects for Canadian subcontractors of defence materials. The headquarters of the United States Army Mobility Command and the Army Tank Automotive Center are located close to Detroit, and so are facilities of the major automotive manufacturers engaged in defence production. Among the many other firms with defence contracts in Michigan are Lear Siegler, White Motor Company, Holly Carburetor, Burroughs, A.C. Spark Plug, Ex-Cell-O Corp., Sperry-Rand, Eaton Automotive, Rockwell-Standard, Evans Products, and Ling-Temco-Vought.

Many Michigan firms have subsidiaries overseas and in Canada, and in some instances this fact provides Canadian suppliers with a convenient introduction to the parent company.

Two Sales Methods

• *Sample Shows at Canadian Consulate, Detroit*—To assist Canadian exporters to introduce their products into Michigan effectively at lowest cost, the Consulate holds regular sample shows to which Canadian exporters in specific industries are invited. Purchasing officers, buyers, agents, and representatives of various publicity media attend these shows. Usually these run for two days, during which an exporter can develop many useful contacts in congenial surroundings, with hospitality provided jointly by the Consulate and the exhibitor. The shows have had good coverage on T.V. and in newspapers and trade publications. During the past year, 84 Canadian companies have taken advantage of these sample show opportunities at the Detroit Consulate and the majority have reported a good response from both established and new agents and customers.

• *In-Store Promotion*—The Canadian Festival scheduled for October 11-23, 1965, at Wurzburg's department stores in Grand Rapids, Michigan, in co-operation with the Department of Trade and Commerce, offers the best chance ever for Canadian manufacturers of consumer goods to establish sales in West Michigan. The strong interest on the part of Wurzburg executives and buyers in Canadian products assures a good reception and the crowd-attracting events and other promotion activities should focus consumer attention on the Canadian merchandise. Canadian firms wishing to participate in the Wurzburg promotion are urged to contact the Trade Commissioner in Detroit at once. (See also *Foreign Trade* of June 12, 1965, pages 8 and 9.)

Good Sales Techniques

My prime suggestion for Canadian firms wishing to make or increase sales in Michigan is that they visit personally the buying offices of present or potential customers. Although the need for these visits is self-evident, a surprisingly small proportion of Canadian companies with good export prospects send representatives regularly to Michigan. Those who do have a high ratio of successes, and often earn the thanks of buyers seeking more convenient import sources, American quality, faster delivery and lower freight charges. In these and other ways the Canadian supplier has a great advantage over his foreign competitors and even more distant United States suppliers.

Important also is the ability of Canadian exporters to contact the right buyer at the right time. Here the Canadian Trade Commissioner can give useful advice, set up appointments, arrange personal introductions, and provide continuity of contact with the local customer between visits from the Canadian sales representative. (The exporter can also contact Michigan department store buyers at syndicate offices in New York and at U.S. trade fairs in New York, Chicago and other places.)

Help with Customs Problems

Present trends in industrial organization and tariff adjustment suggest that Canadian manufacturers should take an increasingly North American view in planning production and sales promotion. The United States customs tariff and import regulations still present difficulties, however, particularly to the uninitiated. Here the Trade Commissioner can help through his contact with United States Customs, the Food and Drug Administration, and other regulatory agencies. Knowledge of the United States tariff is a prerequisite to an effective approach to buyers, who not unnaturally insist on knowing their ultimate cost, although prices f.o.b. Canadian factory are also of interest. (See "How to Work Out Export Prices", *Foreign Trade,* May 16, 1965.) U.S. Customs information is available also from the U.S. Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa, and from U.S. Customs offices.

Choosing an Agent

In his initial market survey, the Canadian selling consumer goods should discuss his product with

buyers at department stores, distributing networks, vending companies, rack jobbers, variety chains, discount houses, trading stamp companies, restaurant chains, hardware and automotive chain stores. At this stage, he might well decide whether his company is in a position to cover this market with its own personnel or to appoint a local agent or food broker to act on its behalf. Either way, discussion of market prospects and product design with one or more local agents may yield useful information.

Selecting an Agent

Should an agent be required, select him with great care and train him thoroughly if the product is a technical one. The agent can then develop business on his own, supported by occasional visits by the Canadian exporter's salesmen. (These visits are especially recommended in dealing with larger customers.) An agent attempting to sell industrial products in Michigan should have a complete knowledge of his principal's production facilities, financial background, and historical development, since it is important to introduce the supplying company effectively as well as the product. It is an advantage to be able to cite previous sales in the United States or to U.S. subsidiaries in Canada or in other export markets.

Selling Points

Canadian exporters and their representatives should not forget to mention the unique relationship between our two countries, the growing integration of U.S. and Canadian industry, the vital importance of Canada to the United States, and the enthusiasm on the part of Canadians for increased two-way trade—an enthusiasm that can often be imparted to the United States buyer.

Canadian exporters should consider rail, road, air and water shipping services to obtain optimum rates and timing of shipments. Small sample shipments may be sent inexpensively by air freight.

Because of the growing diversification and receptiveness of the Michigan market, it is well not to have any preconceptions about what may or may not be sold there. The following list of products already being exported from Canada to Michigan illustrate only Canada's general competitiveness.

Auto parts, including tooling and materials, vehicles
Industrial fasteners
Agricultural equipment and parts
Boats and equipment
Confectionery
Electronic and mechanical components and assemblies
Sporting and recreation goods
Lumber and wood products
Men's, women's and children's outerwear
Fish (fresh, frozen, canned)
Specialty foods
Novelties, ceramics, glassware, giftware, objets d'art
Coins of numismatic value
High fidelity equipment
Specialty furniture
Beverages and concentrates
Peat
Meat products

We Can Help

Call on us or write us (1139 Penobscot Building, Detroit, Michigan 48226), phone (area code 313, 965-2811), or telex (0.023.445) for introductions to agents and buyers, for reports on local markets and local firms, for help with your visit, for advice on marketing, and for preliminary information on tariff and import regulations. We are always ready to help you.

Agriculture Aided in Peru

PERUVIAN FARMERS will receive more financial assistance through a World Bank loan of $15 million to the Banco de Fomento Agropecuario del Peru. The Banco is the major source of agricultural credit in Peru and has been an important factor in the increasing output of crops for both domestic and foreign markets in recent years. This loan will provide half the funds required through March 1967 for farm investments, to be assisted by the Banco's medium and long-term lending program.

Continuation of farm credit from the Banco is essential to the implementation of the Government's agricultural policies. The capital investment needed for further agricultural development considerably exceeds the farmers' own financial resources and cannot be carried on without agricultural credit. The Banco's role is to provide supervised credit to farmers for irrigation facilities, improved soil preparation and water management, mechanization, increased use of fertilizers and pesticides, and the introduction and multiplication of improved plant and animal breeding stock. It also provides comprehensive technical services. This loan will enable the Banco to continue its medium and long-term lending program on the scale of the last three years. As in the past, World Bank funds will be used for such purposes as farm water supplies, land improvement, agricultural machinery, livestock, fencing, tree and plantation crops, processing and storage facilities and farm buildings. It is expected that larger amounts will be lent for farm water supplies because of the growing interest of farmers in irrigation and the availability of technical assistance from the Government in the more efficient use of water resources. The program also gives considerable emphasis to the production of livestock. Earlier World Bank loans financed the import of large numbers of high-quality pedigree dairy cattle, dual-purpose cattle and sheep, and the widespread establishment of breeding herds and flocks. Foundation herds have now been established so that many high-quality animals can be purchased locally, although some imports of pedigree livestock are still expected.

The Sulphur Situation in Mexico

The tight world supply of sulphur has focused international attention on Mexico's action in limiting exports of elemental sulphur. From Mexico City comes this report designed to answer questions about this limitation and its possible effect on the market for sulphur.

M. B. BLACKWOOD, *Commercial Counsellor, Mexico, D.F.*

THE recent action by the Government of Mexico to limit exports of elemental sulphur has caught the attention of many companies engaged directly or indirectly in the production of and trade in this very important commodity. If producers in Mexico are unable to maintain the export level of 1964 by finding and proving new reserves, the shortfall in deliveries will aggravate an already tight world supply position. Upward pressure on prices has already resulted.

Sulphur production in Mexico dates back to the days of the Aztecs but full-fledged production using the Frasch Method began in December 1953. In the years since then, Mexico has become the world's second largest sulphur producer (after the United States) and its leading sulphur exporter.

Mexico's two major sulphur companies are, in the majority, U.S.-owned. Both were founded by the Brady brothers, three Americans who originally discovered the three major sulphur deposits in the the Isthmus of Tehuantepec in the mid-1940's. They formed Pan American Sulphur Co. in 1946, then sold out to establish Azufres de Veracruz in 1951. Later this firm came under the operating control of the Gulf Sulphur Corporation.

Before foreign exploration and development of the deposits in the Isthmus, sulphur production totalled only 11,200 metric tons (1950). By 1954, this figure jumped to 114,485 tons. Production and exports during the past five years are set out in Table I. Table II compares Mexican and Canadian sulphur exports in 1964.

The two major producers hold operating concessions for which they pay the Ministry of National Patrimony a fee of 20 per cent per ton of the export price f.o.b. port of shipment. They are not subject to the Mexican Mining Law which requires a majority of Mexican capital in mixed enterprises. Texas Gulf Sulphur and two smaller companies also hold concessions but are not operating them.

In light of the strong nationalistic attitudes in Mexico, it is not surprising that the policies under which Pan American and Gulf have been operating have been reviewed and changed, particularly as the sulphur industry is one of the last foreign-owned mining operations in Mexico.

Nationalization Proposed

First rumblings of discontent were heard early last December just after Mexico's new government, headed by President Diaz Ordaz, took office. At that time, the National Chamber of the Manufacturing Industries (CNIT) in its house organ came out in favour of "Mexicanization" of the sulphur industry. They claimed that although Mexico had become the world's second largest producer, virtually no sulphur was being used or was available for national industry, thus hampering development in the fields of sulphuric acid, fertilizer and insecticide production. Despite the fact that Mexico currently uses only about 10 per cent of annual production and the remaining 90 per cent is exported (mainly to the United States, Europe, Australia and Israel) the CNIT was of the opinion that reserves would soon be totally extracted by the foreign operators and that insufficient sulphur would be left for Mexico's own purposes when the country had reached a higher level of industrialization. This body considered that nationalization of the industry was desirable and feasible. The actions of the sulphur companies were compared with those of the foreign companies that had exploited Mexican petroleum.

Part of this grass-roots urge for government action against the sulphur companies resulted from

TABLE I

MEXICO'S SULPHUR PRODUCTION AND EXPORTS

	1960-1964 Production	Exports
	(metric tons)	
1960	1,209,045	1,236,472
1961	1,246,136	1,147,595
1962	1,447,927	1,345,015
1963	1,554,106	1,457,448
1964	1,725,300	1,840,727

TABLE II

EXPORTS OF SULPHUR—1964

	Canada	Mexico
	('000 long tons)	
Western Europe	101	656
Communist Bloc	104	50
North America	565	902
South America	33	19
Africa	47	129
Asia	134	28
Australasia	171	71
Total	**1,155**	**1,854**

the wide discrepancies in the extent of the reserves reported by the two major producers. The figures varied all the way from 12 million to 100 million tons. Those in the Mexican Government who considered the lower figure more accurate were perhaps not unreasonably disturbed to note that, with exports running at close to two million tons per year, the supply of sulphur might well disappear in a matter of six years.

Recently the Government has issued the following official figures on reserves:

	million metric tons
Operating Companies	
Pan American Sulphur Co.	12
Gulf Sulphur Corporation	3.5
Sub-total	**15.5**
Non-Operating Companies	
Texas Gulf Sulphur together with "others"	8.3
Grand total	**23.8**

Because the CNIT enjoys good relations with the Government, there seems to be no doubt that its push for national control of the sulphur industry had some bearing on the action that the Government took last April. But the new policy was not nearly as tough as that championed by the CNIT.

The New Policy

Beginning in January 1966, the new policy stipulates that the operating companies will be allowed to export 10 per cent of the reserves they prove up each year. The remaining 90 per cent is to be retained for Mexico's future use. At the same time, ceilings will be placed on the amount of sulphur the operating companies may export. However, when proven reserves reach a total of 31.5 million tons, the 10 per cent quota is to be lifted. Exactly what additional amounts the companies will be allowed to export at that time is not yet very clear.

The arrangements which have been made for the remainder of 1965 vary somewhat from the above. Pan American Sulphur Co. is reported to have shipped 300,000 tons in the first quarter of 1965. It holds an export licence for an additional 450,000 tons, making a total of 750,000 tons. During the year it is to be allowed to export an additional 750,000 tons. This amount is to be charged against new discoveries, either during 1965 or in future years. During the whole of 1965, therefore, this company is expected to be able to export 1.5 million tons.

In 1966 and thereafter, Pan American is to be allowed to export up to 1.5 million tons per year charged against the 10 per cent of its new proven reserves. To be able to export 1.5 million tons in 1966, for example, Pan American will have to prove 15 million tons in new reserves. The general consensus is that the company will be able to prove 15 million tons in 1966 because it has only worked as yet about 14,826 acres of its 23,227-acre concession at the Jaltipan Dome in the Isthmus of Tehuantepec, which is reputed to be the world's richest sulphur field.

In 1965, Gulf Sulphur Corporation is to be allowed to export 240,000 tons and to sell 30,000 to 40,000 tons in the domestic market. Additionally, Gulf may be allowed to ship a further 80,000 tons this year. In 1966 and thereafter, arrangements are to be made to enable Gulf to export up to 320,000 tons. It appears that the Mexican Government authorities have recognized that if Gulf could not export at least this amount per year, it would be difficult for the company to stay in business. In other words, Gulf's future exports are not to be tied as closely as Pan American Sulphur's to new discoveries. It is interesting to note, however, that on May 26 Gulf announced a new strike on its concession although the size had not yet been revealed.

As matters now stand, Pan American Sulphur Company and Gulf Sulphur Corporation together expect to be able to export 1,820,000 tons in 1965, compared with exports of 1,840,727 tons in 1964. Before the new policy was announced, there were indications that Pan American had plans to export 2.5 million tons and Gulf had plans to export 450,000.

As mentioned above, the 10 per cent export quota stipulation is to be removed when proven reserves reach 31.5 million tons. Current indications are that this total can be reached within a year or two.

Exploration Encouraged

One result of the new sulphur policy is that it will encourage the operating companies to step up their exploration activities. In addition, they will probably take a more active interest in Mexico's domestic economy — for example, it has been announced that Pan American Sulphur Company has plans for a fertilizer plant near the Jaltipan Dome.

In addition to the sulphur produced by the two U.S. companies operating here, Mexico has other, though much smaller, sources of sulphur. Pemex, the national petroleum monopoly, produces some sour gas sulphur and ouput in 1964 is reported at 36,000 tons. Some volcanic sulphur is also mined by a Mexican company at San Luis Potosi in Central Mexico, north of Mexico City—about 26,000 tons in 1964. All of the Pemex and volcanic sulphur was consumed internally, plus 120,000 tons of Frasch-process sulphur from the U.S.-controlled companies. Internal consumption in 1964 therefore totalled about 182,000 tons.

It appears likely, therefore, that Mexico will have adequate sulphur to meet its own future needs and at the same time permit sales to its traditional export customers but it is not certain whether the present regulations might be modified in any way. Meanwhile, in view of Mexico's importance as a supplier the world sulphur industry is watching with great interest the effect on marketing that these developments will have. ●

FOREIGN TARIFFS AND TRADE REGULATIONS

Argentina

TRACTORS—An official decree has established new regulations for the import of tractors into Argentina. The decree takes into account the local development of the tractor industry and the need the country has for the import of certain tractors, especially track types used in highway construction and forestry work.

The new import surcharges by type of tractor are:

(1) Track Tractors	
Less than 12 h.p.	100 per cent
Between 12 and 85 h.p.	300 per cent
More than 85 h.p.	No surcharge
(2) Four-wheeled or tricycle tractors	
Less than 12 h.p.	100 per cent
Between 12 and 85 h.p.	300 per cent
More than 85 h.p. and up to 120 h.p.	200 per cent
More than 120 h.p and up to 130 h.p.	100 per cent
More than 130 h.p.	No surcharge

—Buenos Aires.

SOME VETERINARY PRODUCTS EXEMPTED FROM PRIOR DEPOSIT—The Argentine Central Bank has recently exempted the import of drugs, raw materials and patent medicines to be used for veterinary purposes from the prior deposit at present required for the import of many other items amounting to 75 per cent of the c. & f. invoice value of the goods. In order to benefit from this relaxation, importers must provide proof that the imported items are to be used exclusively for veterinary purposes and that they are being bought under no less than 180-day payment terms—Buenos Aires.

EXEMPTIONS FROM PRIOR DEPOSITS—Further to our note in the issue of May 29 (page 35), our Trade Commissioner in Buenos Aires reports that exemptions from the 75 per cent deposit may be granted for imports of certain raw materials for industry provided that they are purchased on payment terms of no less than 180 days and that the importer's stock does not exceed 20 per cent more than the average used during any quarter of the year 1964.

Jamaica

IMPORT CONTROLS—The Jamaican Government has, between April 1 and June 4, 1965, added the following items to the list of goods which are subject to import control:

Chutney
Strawberries, fresh, frozen and canned
Canned or bottled fruits—n.o.p.
Fruit juices and nectars—n.o.p.
Peanuts
Thyme—processed and unprocessed
Cosmetics as follows:
- hair sprays and rinses
- creams: hand, hair, body, shaving and treatment
- lotions: body, sun tan, sunburn, preshaving, after shaving and bath
- toilet waters, bath salts
- brilliantine
- perfume and cologne
- shampoo
- powders: face, dusting and talcum
- deodorants

Furniture of wood—chairs only, not exceeding 30/-each c.i.f.
Furniture, upholstered
Tires and tubes for motor vehicles
Materials for retreading tires for motor vehicles
Lumber of all kinds
Materials for repairing tubeless tires
Soft toys
Scatter cushions
Tea cloths and tea towels
School chalk
Blackboard erasers
Beef sausages
Kitchen and table cutlery of all kinds—knives, forks and spoons of base metals, including plated
Brilliantine

South Africa

NEW CUSTOMS INVOICE FORM—On January 1, 1965, a new customs invoice form came into use, but it was originally stated that the old forms might be used until June 30, 1965. South African authorities announce that the cut-off date for using old forms has been extended to December 31, 1965.

Uruguay

IMPORT BAN LIFTED—After a 15-day suspension of imports, Uruguay is reported to have reopened the market for raw materials and most essential goods on June 16.

Merchandise has been grouped into three different lists. The Banco de la Republica began authorizing import declarations covering goods in List 1 on June 16. Import declarations for merchandise included in List 2 will be authorized beginning August 17, 1965, and merchandise in List 3 from September 16, 1965.

During this period, the Bank may approve import declarations covering merchandise not included in the three lists but only provided that each shipment does not exceed a value of U.S.$1,000. Among the items included in these lists are:

List 1: salt, cortisone, penicillin.

List 2: Pine planed or sawn 25 mm. or more, charcoal, petroleum products, certain drugs, aluminum ingots, cellulose, copper ingots.

List 3: All drugs and other items for medical purposes.

TRADE COMMISSIONERS ON TOUR

In Canada

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

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

Ottawa—July 2-15

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

Belgium—L. H. Ausman, Commercial Counsellor in Brussels:

Winnipeg—September 1-3
Montreal—September 7-15
Quebec City—September 16

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

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

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

Winnipeg—July 12-13
Regina—July 14
Edmonton—July 15
Vancouver—July 16-20

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

Winnipeg—July 26
Toronto—Aug. 16-20
Montreal and Quebec City—Aug. 23-27

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

Winnipeg—July 9-12

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

United States—W. Adair Stewart, Consul and Trade Commissioner in Boston, will visit Montreal July 26 to July 30.

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

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

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

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

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

Winnipeg—July 12-13

Venezuela—W. D. Wallace, Commercial Counsellor in Caracas:

Montreal—Aug. 9-11
Ouebec City—Aug. 12-13
Toronto—Aug. 16-20
Winnipeg—Aug. 23
Edmonton—Aug. 24-25
Vancouver—Aug. 26-Sept. 3

When he completes his tour, Mr. Wallace will be posted to London, England, as Commercial Counsellor.

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

Winnipeg—July 12
Regina—July 13
Calgary—July 14
Edmonton—July 15
Vancouver—July 16-20

Temporary Duty in Ottawa

Norman Gish, Assisant Trade Commissioner in Hong Kong, August 9-13. Contact Commonwealth Division, phone: 992-2421.

W. J. Millyard, Consul and Trade Commissioner, Philadelphia, July 5-16. Contact U.S. Division, phone: 992-5176.

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

W. D. Wallace, Commercial Counsellor in Caracas, Venezuela, July 26 to August 6. Contact Latin American Division, phone: 992-7641.

Foreign Trade Service Abroad

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
Argentina Paraguay	M. B. Bursey Commercial Counsellor H. E. Ryan Assistant Commercial Secretary (Agriculture)	Canadian Embassy Bartolome Mitre 478 BUENOS AIRES	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 33-8237
Australia (Capital Territory New South Wales, Northern Territory Queensland) Dependencies	J. A. Stiles Commercial Counsellor for Canada R. L. Richardson Assistant Commercial Secretary A. D. Schulman Assistant Commercial Secretary	21st Floor A. M. P. Building Circular Quay SYDNEY	*Mail:* P.O. Box 3952 G.P.O. *Cable:* CANADIAN *Phone:* 27-7565 *Telex:* SYD 600 (CANADIAN SYD)
Australia (Victoria, South Australia, Western Australia, Tasmania)	H. A. Gilbert Commercial Counsellor for Canada R. D. Lucas Assistant Commercial Secretary J. D. Tennant Assistant Commercial Secretary	Mobil Centre 2 City Road MELBOURNE	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 61-3473 *Telex:* MLB 501 (CANADIAN MLB)
Australia	J. B. O'Neill Commercial Counsellor D. I. Campbell Assistant Commercial Secretary	Office of the High Commissioner for Canada Commonwealth Avenue CANBERRA	*Mail:* (City Address) *Cable:* DOMCAN *Phone:* 7-2541 *Telex:* CBA 62017 (DOMCAN CBA)
Austria Albania, Bulgaria, Czechoslovakia, Hungary, Rumania, Yugoslavia	C. F. Wilson Minister-Counsellor (Commercial) W. J. Collett Commercial Secretary R. J. L. Berlet Assistant Commercial Secretary	Obere Donaustrasse 49/51 VIENNA II	*Mail:* P.O. Box 190, Vienna 1/8 *Cable:* CANADIAN *Tel.:* 23-32-94 *Telex:* 07-5320 (DOMCAN VIENNA)
Belgium Luxembourg, European Economic Community, European Atomic Energy Com- munity, European Coal and Steel Community	Commercial Counsellor (absent) M. Faguy Acting Commercial Secretary	Canadian Embassy 35 rue de la Science BRUSSELS 4	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 13.38.50 *Telex:* 221613 (DOMCAN BRU)
Brazil	C. M. Forsyth-Smith Commercial Counsellor J. P. Richards Assistant Commercial Secretary	Canadian Embassy Edificio Metropole Av. Presidente Wilson 165 RIO DE JANEIRO	*Mail:* Caixa Postal 2164-ZC-00 *Cable:* CANADIAN *Phone:* 42-4140 *Telex:* RIO 175 (DOMINION RIO)
Brazil	Consul and Trade Commissioner (absent) R. W. Burchill Vice Consul and Acting Trade Commissioner	Canadian Consulate Edificio Alois Rua 7 de Abril 252 SÃO PAULO	*Mail:* Caixa Postal 6034 *Cable:* CANADIAN *Phone:* 36-6301
Britain	S. G. Tregaskes Commercial Counsellor	Office of the High Commissioner for Canada One Grosvenor Square LONDON, W.1	*Mail:* (City Address) *Cable:* SLEIGHING, LONDON, W.1 *Phone:* MAYfair 9492 *Telex:* 22526 (DOMINION LDN)

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
Britain	J. M. Rochon Commercial Counsellor (Metals and Minerals) G. E. Woollam Commercial Counsellor (Agriculture) H. M. Maddick Commercial Counsellor W. M. Miner Commercial Secretary (Agriculture) E. J. Ward Commercial Secretary (Timber) O. Hickie Commercial Secretary (Timber) G. W. Rooney Assistant Commercial Secretary (Industrial Development) N. L. Williams Assistant Commercial Secretary E. L. Bobinski Assistant Commercial Secretary H. G. Garland Attaché (Fisheries) Miss M. A. Armstrong Attaché (Exhibitions)		*Cable:* TIMCOM, LONDON, W.1
Britain (Midlands, North England)	W. R. Van Canadian Government Trade Commissioner D. S. Armour Assistant Trade Commissioner	Martins Bank Building Water St. LIVERPOOL	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* MARitime 2177
Britain (Scotland)	Finlay Sim Canadian Government Trade Commissioner D. G. Nelson Assistant Trade Commissioner	Cornhill House 144 West George St. GLASGOW C.2	*Mail:* (City Address) *Cable:* CANTRACOM *Phone:* DOUglas 6751
Britain (Northern Ireland)	Finlay Sim Canadian Government Trade Commissioner D. G. Nelson Assistant Trade Commissioner	15-17 Chichester St. BELFAST 1	*Mail:* (City Address) *Phone:* 21867
Cameroun Central African Republic, Chad, Congo (Brazza- ville), Gabon		Canadian Embassy Soppo Priso Bldg. rue Joseph Clerc YAOUNDE	*Mail:* P.O. Box 572 *Phone:* 38-03
Ceylon	Commercial Division	Office of the High Commissioner for Canada 6 Gregory's Road Cinnamon Gardens COLOMBO	*Mail:* P.O. Box 1006 *Cable:* CANADIAN *Phone:* 91341 *Telex:* 106 (DOMCAN COLOMBO)
Chile	R. E. Gravel Commercial Counsellor Z. W. Burianyk Assistant Commercial Secretary	Canadian Embassy 5th Floor Agustinas 1225 SANTIAGO	*Mail:* Casilla 771 *Cable:* CANADIAN *Phone:* 64189
Colombia Ecuador	J. G. Ireland Commercial Secretary (absent) J. C. Bradford Acting Commercial Secretary	Canadian Embassy Edificio Banco de Los Andes Carrera 10, No. 16-92 BOGOTA	*Airmail:* Apartado Aereo 8582 *Surface Mail:* Apartado 1618 *Cable:* CANADIAN *Phone:* 43-00-65

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
Congo	Chargé d'Affaires	Canadian Embassy C.C.C.I. Building Boulevard Albert 1er LEOPOLDVILLE 1	*Mail:* Boîte Postale 8341 *Cable:* CANADIAN *Phone:* 2706 *Telex:* LEO 268 (DOMCAN LEO)
Cuba	Commercial Division	Canadian Embassy Calle 30 No. 518 esquina 7ª Avenida Miramar HAVANA	*Mail:* Gaveta 6125 *Cable:* CANADIAN *Phone:* 32-3526
Denmark Greenland, Poland	K. Nyenhuis Commercial Counsellor G. H. Musgrove Assistant Commercial Secretary (Agriculture)	Canadian Embassy Prinsesse Maries Allé 2 COPENHAGEN V	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* Hilda 3306 *Telex:* 5036 (DOMCAN KH)
Dominican Republic Puerto Rico	J. E. Kepper Acting Commercial Secretary	Canadian Embassy Edificio Copello 408 Calle El Conde SANTO DOMINGO	*Mail:* Apartado 1393 *Cable:* CANADIAN *Phone:* 2-8138
France Algeria, Morocco	R. Campbell Smith Minister-Counsellor (Economic/Commercial) J. E. Montgomery Assistant Commercial Secretary (Agriculture) G. P. Morin Assistant Commercial Secretary D. H. M. Branion Assistant Commercial Secretary	Canadian Embassy 35 Avenue Montaigne PARIS 8e	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* BALzac 99-55 *Telex:* 20600 OR 20601 (DOMCAN A PARIS)
Germany Federal Republic (States of Baden-Wuert-temberg, Bavaria, Hesse, Rhineland-Palatinate, Saar; West Berlin)	H. J. Horne Commercial Counsellor W. F. Hillhouse Commercial Counsellor (Agriculture) R. J. Buchan Assistant Commercial Secretary	Canadian Embassy Kennedy-Allee 35 BAD GODESBERG	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 76995 *Telex:* 886421 (DOMCAN BONN)
Germany (State of North Rhine-Westphalia)	Consul (absent) J. A. Elliott Consul G. D. Valentine Vice Consul	Canadian Consulate Koenigsallee 82 4 DUESSELDORF 1	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 2-05-25 *Telex:* 8587144 (DOMCAN DUESSELDORF)
Germany (City States of Bremen and Hamburg, States of Lower Saxony and Schleswig-Holstein)	R. W. Blake Consul General D. S. McCracken Vice Consul	Canadian Consulate General Ferdinandstrasse 69 HAMBURG	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 326149
Ghana Guinea, Ivory Coast, Liberia, Mali, Maure-tania, Togo, Upper Volta	M. S. Strong Commercial Counsellor K. R. Higham Assistant Commercial Secretary	Office of the High Commissioner for Canada E 115/3 Independence Ave. ACCRA	*Mail:* P.O. BOX 1639 *Cable:* CANADIAN *Phone:* 4824 *Telex:* 224 (DOMCAN ACC)
Greece Turkey	B. A. Macdonald Commercial Counsellor Commercial Secretary (absent)	Canadian Embassy 31 Vassilissis Sophias Ave. ATHENS 138	*Mail:* (City Address) *Cable:* DOMCAN ATHENS 5584 *Phone:* 714-041 *Telex:* 5584 (DOMCAN ATHENS 5584)

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
Guatemala Costa Rica, El Salvador, Honduras Nicaragua, Panama and Canal Zone	J. H. Nelson Commercial Secretary P. D. Donohue Assistant Commercial Secretary	Canadian Embassy 5a Avenida 11-70, Zone 1 GUATEMALA CITY, C.A.	*Airmail:* P.O. Box 400 *Surface Mail:* P.O. Box 444 *Cable:* CANADIAN *Phone:* 28448
Haiti	Chargé d'Affaires, a.i. and Consul	Canadian Embassy Route du Canape Vert St. Louis de Turgeau PORT AU PRINCE	*Mail:* P.O. Box 826
Hong Kong Cambodia, Communist China, Laos, Vietnam, Macao	R. K. Thomson Senior Canadian Government Trade Commissioner P. M. Roberts Trade Commissioner R. G. Woolham Trade Commissioner	P & O Building 11th Floor 21-23, Des Vœux Road, Central HONG KONG	*Mail:* P.O. Box 126 *Cable:* CANADIAN *Phone:* 224087 *Telex:* HKG 391 (DOMCAN HKG)
India (except States of Gujerat, Maharashtra, Andhra Pradesh, Mysore, Madras, Kerala) Bhutan, Nepal, Sikkim	W. G. Roberts Acting Commercial Secretary	13 Golf Links Road NEW DELHI 1	*Mail:* P.O. Box 11 *Cable:* CANADIAN *Phone:* 61-8254 *Telex:* 346 (DOMCAN DLI)
India (States of Gujerat, Maharashtra, Andhra Pradesh, Mysore, Madras, Kerala)	Canadian Government Trade Commissioner (absent)	Gresham Assurance House Mint Road BOMBAY 1-BR	*Mail:* P.O. Box 886 *Cable:* CANADIAN *Phone:* 255154
Iran	W. Gibson-Smith Commercial Counsellor	Canadian Embassy Bezrouke Building Corner of Takht Jamshid Ave. and Forsat St. TEHRAN	*Mail:* P.O. Box 1610 *Cable:* CANTRACOM *Phone:* 4-9291
Ireland	P. V. McLane Commercial Counsellor for Canada	66 Upper O'Connell St. DUBLIN	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 44251
Israel Cyprus	B. C. Steers Commercial Secretary for Canada G. L. Gagne Assistant Commercial Secretary	Canadian Embassy 84 Hahashmonaim St. TEL AVIV	*Mail:* (P.O. Box 20140) *Cable:* CANADIAN *Phone:* 37161/2 *Telex:* 740 (DOMCAN TV)
Italy (Toscana, Marche, Umbria, Lazio, Abruzzi-Molise, Puglia, Campania, Basilicata, Calabria, Sicilia, Sardegna), Libya, Malta	J. H. Stone Commercial Counsellor W. J. Jenkins Commercial Secretary J. J. R. Gagnon Assistant Commercial Secretary	Canadian Embassy Via G. B. De Rossi 27 ROME	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 864-327 *Telex:* 61056 (DOMCAN ROME)
Italy (Emilia-Romagna, Lombardia, Piedimonte, Trentino-Alto Adige, Veneto, Liguria, Trieste, Valle D'Aosta, Friuli-Venezia)	A. B. Brodie Consul General and Trade Commissioner N. R. Cumming Consul and Assistant Trade Commissioner	Canadian Consulate General Via Pirelli 19 MILAN	*Mail:* C.P. 3977 *Cable:* CANTRACOM *Phone:* 652-485/652-600 *Telex:* 31368 (CANTRACOM MILAN)

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
Jamaica Bahamas, British Honduras	L. D. Burke Commercial Secretary D. I. Ditto Assistant Commercial Secretary	Office of the High Commissioner for Canada 32 Duke St. (corner Duke and Barry Sts.) KINGSTON	*Mail:* P.O. Box 225 *Cable:* CANADIAN *Phone:* 26948
Japan Korea, Okinawa	R. G. C. Smith Minister (Commercial) P. A. Savard Commercial Counsellor E. L. Gray Assistant Commercial Secretary	Canadian Embassy 16, Omote-Machi 3-chome, Akasaka, Minato-ku TOKYO	*Mail:* Canadian Embassy c/o Akasaka Post Office, Tokyo *Cable:* CANADIAN *Phone:* 408-2101/8 *Telex:* TK 2218 (DOMCAN TK 2218)
Lebanon Iraq, Jordan, Persian Gulf area, Saudi Arabia, Syria	Commercial Counsellor (absent) R. H. M. Cathcart Assistant Commercial Secretary V. G. Lotto Assistant Commercial Secretary	Canadian Embassy Alpha Building Rue Clemenceau BEIRUT	*Mail:* Boîte Postale 2300 *Cable:* CANADIAN *Phone:* 250955 *Telex:* 652 (DOMCAN BERYT)
Malaysia Burma, Thailand, Brunei	Geo. Hazen Acting Trade Commissioner F. M. Mulkern Assistant Trade Commissioner	American International Building Robinson Road and Telegraph St. SINGAPORE	*Mail:* P.O. Box 845 *Cable:* CANADIAN *Phone:* 74633
Mexico	M. B. Blackwood Commercial Counsellor J. E. G. Gibson Assistant Commercial Secretary	Canadian Embassy Melchor Ocampo 463, 7th Floor MEXICO 5, D.F.	*Mail:* Apartado Postal 5-364 *Cable:* CANADIAN *Phone:* 33-14-00 *Telex:* 00017716 (DOMCAN MEX)
Netherlands	D. A. B. Marshall Commercial Counsellor J. B. McLaren Assistant Commercial Secretary	Canadian Embassy Sophialaan 5-7 THE HAGUE	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 61-41-11 *Telex:* 31270 (DOMCAN HAGUE)
New Zealand Fiji, Tahiti, Tonga, Western Samoa	W. B. McCullough Commercial Counsellor C. A. Carruthers Assistant Commercial Secretary	Office of the High Commissioner for Canada 3rd Floor, ICI Building Molesworth Street WELLINGTON	*Mail:* P.O. Box 1660 *Cable:* CANADIAN *Phone:* 70-644 *Telex:* WELLINGTON NZ 3505 (DOMCAN NZ 3505)
Nigeria Dahomey, Gambia, Niger, Senegal, Sierra Leone	G. F. Mintenko Commercial Secretary (absent) R. A. Food Acting Commercial Secretary	Office of the High Commissioner for Canada Barclays Bank Building, 4th Floor 40 Marina Road LAGOS	*Mail:* P.O. Box 851 *Cable:* CANADIAN *Phone:* 25262
Norway Iceland	J. E. P. Lancaster Commercial Secretary M. R. Bell Assistant Commercial Secretary	Canadian Embassy Fridtjof Nansens plass 5 OSLO 1	*Mail: (City Address)* *Cable:* CANADIAN *Phone:* 33-30-80 *Telex:* OSLO 1880 (DOMCAN OSLO)
Pakistan Afghanistan	R. D. Sirrs Commercial Secretary R. D. Lee Assistant Commercial Secretary	Office of the High Commissioner for Canada Hotel Metropole, Victoria Road KARACHI	*Mail:* P.O. Box 3703 *Cable:* CANADIAN *Phone:* 50322 *Telex:* KRC 10 *Telex:* KARACHI 10 (DOMCAN KHI)

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
Peru Bolivia	K. G. Ramsay Commercial Counsellor A. T. Eyton Assistant Commercial Secretary	Canadian Embassy Edificio El Pacifico (Insurance Co.) Corner Avenida Arequipa and Plaza Washington LIMA	*Mail:* Casilla 1212 *Cable:* CANADIAN *Phone:* 72760
Philippines Republic of China (Taiwan)	J. L. Mutter Consul General and Trade Commissioner (absent) R. C. Anderson Consul and Trade Commissioner	Canadian Consulate General L & S Building, 3rd Floor 1414 Dewey Boulevard MANILA	*Mail:* P.O. Box 1825 *Cable:* CANADIAN *Phone:* 5-85-97
Portugal Angola, Azores, Cape Verde Islands, Madeira, Portuguese Guinea	T. J. Monty Commercial Counsellor P. A. Thébèrge Assistant Commercial Secretary	Canadian Embassy Rua Marques de Fronteira No. 8—4° D° LISBON	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 55-31-18
Rhodesia Malawi, Seychelles Is., Zambia	I. R. Smyth Acting Trade Commissioner C. D. Miller Assistant Trade Commissioner	8th Floor Grindlays Bank Chambers Baker Ave. SALISBURY	*Mail:* P.O. Box 2133 *Cable:* CANTRACOM *Phone:* 26571
South Africa (Natal, Orange Free State, Transvaal) Malagasy, Mauritius, Mozambique, Reunion	C. R. Gallow Canadian Government Trade Commissioner S. B. McDowall Assistant Trade Commissioner	Mobil House 17th Floor, Corner Rissik and De Villiers Sts. JOHANNESBURG	*Mail:* P.O. Box 715 *Cable:* CANADIAN *Phone:* 834-6521
South Africa (Cape Province), St. Helena, South West Africa	H. W. Richardson Canadian Government Trade Commissioner D. H. Leavitt Assistant Trade Commissioner	13th Floor African Life Centre St. George's St. CAPE TOWN	*Mail:* P.O. Box 683 *Cable:* CANADIAN *Phone:* 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio Muni, Spanish Sahara	Commercial Counsellor (absent) R. M. Dawson Commercial Secretary	Canadian Embassy Edificio Espana Avenida de Jose Antonio 88 MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Phone:* 247-54-00
Sweden Finland	G. A. Browne Commercial Counsellor J. P. Bell Assistant Commercial Secretary	Canadian Embassy Strandvagen, 7-C STOCKHOLM	*Mail:* P.O. Box 14042 *Cable:* CANADIAN *Phone:* 67-92-15
Switzerland Tunisia	S. G. MacDonald Commercial Counsellor B. Horth Assistant Commercial Secretary	Canadian Embassy Kirchenfeldstrasse 88 BERNE	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* 44-63-81 *Telex:* 32-489 TT TANDC BERNE (DOMCAN BERNE)
Trinidad and Tobago Barbados, Leeward and Windward Islands, British Guiana, French Guiana, Surinam, Guadeloupe, Martinique	L. D. R. Dyke Commercial Secretary D. H. Clemons Assistant Commercial Secretary	Office of the High Commissioner for Canada Colonial Building 72 South Quay PORT-OF-SPAIN	*Mail:* P.O. Box 1246 *Cable:* CANADIAN *Phone:* 34787
Union of Soviet Socialist Republics	J. M. T. Thomas Commercial Secretary	Canadian Embassy 23 Starokonyushenny Pereulok Moscow	*Mail:* (City Address) *Cable:* CANAD *Phone:* 415142 *Telex:* 945 (DOMCAN MSK)

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
United Arab Republic Aden, Sudan, Ethiopia, Yemen	Commercial Counsellor	Canadian Embassy 6 Sharia Rouston Pasha Garden City CAIRO	*Mail:* Kasr el Doubara Post Office *Cable:* CANADIAN *Phone:* 23110
United States	Commercial Counsellor (absent) G. W. Green Commercial Counsellor W. R. Hickman Commercial Counsellor (Agriculture) N. W. Boyd Commercial Secretary S. G. Harris Assistant Commercial Secretary Miss V. F. Wightman Attaché (Agriculture)	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 36, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* DEcatur 2-1011 (Area Code 202) *Telex:* 0089664 (DOMCAN WSH)
United States	N. R. Chappell Counsellor (Energy)	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 36, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* DEcatur 2-1011 (Area Code 202)
United States (Connecticut, the eleven northern counties of New Jersey, New York) Bermuda	C. J. Van Tighem Deputy Consul General (Commercial) A. A. Lomas Consul and Trade Commissioner W. G. Huxtable Consul and Trade Commissioner C. G. Bullis Consul and Assistant Trade Commissioner J. D. Welsh Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 680 Fifth Ave. NEW YORK CITY 19	*Mail:* (City Address) *Cable:* CANTRACOM *Phone:* JUdson 6-2400 *Night Line:* JUdson 6-2321 (Area Code 212) *Telex:* 00126242 (DOMCAN NYK)
United States (Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)	M. R. M. Dale Consul and Senior Trade Commissioner W. A. Stewart Consul and Trade Commissioner D. S. Baker Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 607 Boylston St. BOSTON 16	*Mail:* (City Address) *Phone:* 262-3760 (Area Code 617) *Telex:* 0094567 (DOMCAN BSN)
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Kentucky, Missouri, Nebraska)	D. H. Cheney Consul and Senior Trade Commissioner V. B. Chew Consul and Trade Commissioner R. H. Gayner Consul and Trade Commissioner M. Rowan Consul and Assistant Trade Commissioner L. G. Lee Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 310 South Michigan Ave. Suite 2000 CHICAGO, ILLINOIS 60604	*Mail:* (City Address) *Phone:* 427-7926 (Area Code 312) *Telex:* 0025571 (DOMCAN CGO)

Territory	Officer	City Address	Mail and Cables, Office Telephone & Telex
United States (Ohio)	A. W. Evans Consul and Senior Trade Commissioner N. L. Currie Consul and Trade Commissioner	Canadian Consulate Illuminating Building 55 Public Square CLEVELAND	*Mail:* (City Address) *Phone:* 861-1660 (Area Code 216) *Telex:* 00985364 (DOMCAN CLV)
United States (Michigan)	Consul and Trade Commissioner (absent) K. D. Taylor Consul and Acting Trade Commissioner	Canadian Consulate 1139 Penobscot Building DETROIT, MICHIGAN 48226	*Mail:* (City Address) *Phone:* WOodward 5-2811 (Area Code 313) *Telex:* 0023445 (DOMCAN DET)
United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico	F. B. Clark Consul and Trade Commissioner L. J. Taylor Consul and Assistant Trade Commissioner J. H. Suggitt Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 510 West Sixth St. LOS ANGELES 14	*Mail:* (City Address) *Phone:* MAdison 2-2233 (Area Code 213) *Telex:* 00674119 (DOMCAN LSA)
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	G. E. Blackstock Consul and Trade Commissioner	Canadian Consulate General Suite 1710 225 Baronne St. NEW ORLEANS 12	*Mail:* (City Address) *Phone:* JAckson 5-2136 (Area Code 504) *Telex:* 0058237 (DOMCAN NLN)
United States (Delaware, Maryland, the nine southern counties of New Jersey, Pennsylvania, Virginia, West Virginia)	Consul and Trade Commissioner (absent) R. F.Turcotte Consul and Acting Trade Commissioner	Canadian Consulate 3 Penn Center Plaza PHILADELPHIA 2	*Mail:* (City Address) *Cable:* CANADIAN *Phone:* LOcust 35838 (Area Code 215) *Telex:* 0083396 (DOMCAN PHA)
United States California (except the ten southern counties), Wyoming, Nevada (except Clark County), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General 333 Montgomery St. SAN FRANCISCO 4	*Mail:* (City Address) *Phone:* YUkon 1-2670 (Area Code 415) *Telex:* 0034321 (DOMCAN SFO)
United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General The Tower Building Seventh Avenue at Olive Way SEATTLE 1	*Mail:* (City Address) *Phone:* MUtual 2-3515 (Area Code 206) *Telex:* 0032462 (DOMCAN SEA)
Uruguay Falkland Islands	Commercial Division	Canadian Embassy No. 1409 Avenida Agraciada Piso 7° MONTEVIDEO	*Mail:* Casilla Postal 852 *Cable:* CANADIAN *Phone:* 96096
Venezuela Netherlands Antilles	Commercial Counsellor (absent) J. R. Caux Acting Commercial Secretary	Canadian Embassy Avenida La Estancia No. 10 Ciudad Comercial Tamanaco CARACAS	*Mail:* Apartado 11452-Este *Cable:* CANADIAN *Phone:* 32.40.41.44

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 .9230.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent June 28	Units per Canadian dollar	Notes (see below)
Algeria	Dinar		.2211	4.52	
Argentina	Peso	Free	.006336	157.83	
Australia	Pound		2.4198	.4133	
Austria	Schilling		.04197	23.83	
Bahamas	Pound		3.0248	.3306	
Belgium and Luxembourg	Franc		.02183	45.81	
Bermuda	Pound		3.0248	.3306	
Bolivia	Peso		.09209	10.86	
Brazil	Cruzeiro	Official Free	.0005896	1,696.06	
Britain	Pound		3.0248	.3306	
British Guiana	Dollar		.6302	1.59	
British Honduras	Dollar		.7562	1.32	
Burma	Kyat		.2275	4.40	
Ceylon	Rupee		.2269	4.41	
Chile	Escudo	Bank rate	.3489	2.87	
		Free	.2956	3.38	
Colombia	Peso	Free	.05431	18.41	
		Certificate	.1204	8.31	
Congo, Republic of	Franc		.007223	138.45	(1)
Costa Rica	Colon		.1635	6.12	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1505	6.64	
Denmark	Krone		.1563	6.40	
Dominican Republic	Peso		1.08344	.9230	
Ecuador	Sucre	Official	.06019	16.61	
		Free	.05851	17.09	
El Salvador	Colon		.4334	2.31	
Fiji	Pound		2.7250	.3670	
Finland	Markka		.3386	2.95	
France, Monaco, etc.	Franc		.2211	4.52	(2)
Franco-African Republics, etc.	Franc		.004422	226.14	(3)
French Pacific	Franc		.01216	82.24	(4)
Germany	D Mark		.2706	3.70	
Ghana	Pound		3.0248	.3306	
Greece	Drachma		.03611	27.69	
Guatemala	Quetzal		1.08344	.9230	
Haiti	Gourde		.2167	4.61	
Honduras	Lempira		.5417	1.85	
Hong Kong	Dollar	Free	.1879	5.32	*June 18
		Official	.1891	5.29	

*Latest available date.

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

Country	Unit	Type of Exchange	Can. dollar equivalent June 28	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02520	39.68	(1)
India	Rupee		.2269	4.41	
Indonesia	Rupiah		.004334	230.73	(1)
Iran	Rial		.01430	69.93	
Iraq	Dinar		3.0336	.3296	
Ireland	Pound		3.0248	.3306	
Israel	Pound		.3611	2.77	
Italy	Lira		.001734	576.70	
Japan	Yen		.003010	332.23	
Lebanon	Pound	Free	.3342	2.99	
Malaysia	Dollar		.3539	2.83	
Mexico	Peso		.08668	11.54	
Morocco	Dirham		.2167	4.61	
Netherlands	Florin		.3006	3.33	
Netherlands Antilles	Florin		.5745	1.74	
New Zealand	Pound		3.0139	.3318	
Nicaragua	Cordoba		.1548	6.46	
Nigeria	Pound		3.0248	.3306	
Norway	Krone		.1515	6.60	
Pakistan	Rupee		.2269	4.41	
Panama	Balboa		1.08344	.9230	
Paraguay	Guarani	Free	.008598	116.31	
Peru	Sol	Free	.04039	24.76	
Philippines	Peso	Free	.2779	3.60	
Portugal & Colonies	Escudo		.03768	26.54	(5)
Sierra Leone	Leones		1.5168	.6593	
South Africa	Rand		1.5124	.6612	
Spain and Dependencies	Peseta		.01809	55.28	
Sweden	Krona		.2096	4.77	
Switzerland	Franc		.2499	4.00	
Syria	Pound	Free	.2836	3.53	
Thailand	Baht	Free	.05244	19.07	(1)
Tunisia	Dinar		2.0748	.4820	
Turkey	Lira		.1204	8.31	(1)
United Arab Republic	Pound	Official	2.4919	.4013	
United States	Dollar		1.08344	.9230	
Uruguay	Peso	Free	.01852	54.00	
Venezuela	Bolivar	Official Free	.2412	4.15	
West Indies	Dollar		.6302	1.59	(6)
	Pound		3.0248	.3306	(7)
Yugoslavia	Dinar	Official	.001445	692.04	

Notes

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

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

CANADA
POSTAGE PAID
PORT PAYÉ