FOREIGN TRADE

DECEMBER 25. 65

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

FOREIGN TRADE

DECEMBER 25, 1965 Vol. 124 No. 13

From the Mexico City Office

Although a slowdown in economic growth has been evident since the new Government took office in 1964, the Mexican economy itself is healthy and should continue to expand. An increasing industrial self-sufficiency has meant that the pattern of Canada's sales has changed, with more emphasis on exports of capital equipment and raw materials and less emphasis on finished goods.

From the Guatemala City Office

The five members of the Central American Common Market have continued to increase trade among themselves. Capital investment and steady industrial development and expansion are key factors. Panama and the Canal Zone have recovered from the 1964 disturbances; both exports and imports are on the rise.

From the Santo Domingo Office

Civil strife in the Dominican Republic has slowed down economic growth but improvement is expected in the last quarter of this year. Puerto Rico's "Operation Bootstrap" has encouraged additional industry, increased employment.

Season's Greetings

It's not often that the date December 25 appears on our cover. For this occasion we have cast business aside and asked the artist, Neville Smith, to produce something in the spirit of the season. It's our way of conveying our greetings to all the readers of "Foreign Trade".

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

The Hon. MITCHELL SHARP, Minister.

J. H. WARREN, Deputy Minister.

O. MARY HILL, Editor.

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

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

Single copies: 25 cents each.

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

COMING—FREIGHT FORWARDERS SPEED EXPORTS, JANUARY 8 ISSUE

91884—1

Mexico Continues Industrial Progress

Political and economic stability and a hard currency, coupled with long-range planning, have put Mexico well on the road to becoming a prosperous industrial nation. Gross national product increased 10 per cent in 1964 and economic progress is expected to continue.

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

THE ECONOMY of Mexico is sound, although some slowdown has been evident since December 1964 when a new government took office. This is not serious but rather the usual pattern of events in Mexico when a new administration assumes control and the period of transition is expected to be relatively short.

Mexico has cast aside the mantle of an under-developed country and is busily turning itself into an industrialized nation. There is every indication that the generally impressive economic progress will continue. In 1964, the gross national product increased 10 per cent. Although the growth will be less in 1965, it reached a healthy 6 per cent in the first half of the year, compared with 6 per cent a year attained in the 1955-1963 period.

Both revenues and expenditures are rising rapidly. Estimated revenues for 1965, at U.S. $1,427.6 million, are almost triple those of 1952. Expenditures have been somewhat higher than revenues but bonds, foreign loans and grants have covered the shortfall. The foreign debt now totals about $1,400 million, but repayments are being made promptly.

The benefits of development, however, have not yet been extended to all Mexicans. Out of an estimated population of some 41 million, increasing 3.4 per cent a year, only about one third are considered to be actively participating in the money economy. Great numbers, particularly in agriculture, hack out a bare living with the most primitive equipment on small uneconomic plots. Migration from rural to urban areas, particularly to Mexico City, is extensive. But jobs for the unskilled and illiterate are not plentiful in the built-up areas.

More than one third of the Mexican budget goes to health, education and social services, and only slightly less to economic development (communications, agriculture and industry). In striking contrast to the situation in most countries, national defence receives only a very small portion of the budget—about one-ninth. Most of this is spent on salaries and social services rather than on new equipment.

Fiscal Controls Extensive

Mexico is now exercising greater control over both revenues and expenditures. In January 1965 it placed the budgets of the decentralized government agencies like Petroleos Mexicanos, the national petroleum monopoly, and the national railways under the direct control of the Minister of Finance. He is now responsible for the budgets of all government agencies and departments.

Investments in fixed assets are about evenly divided between the private and public sectors of the economy. In 1963, private investment was reported at U.S. $1,110 million; government investment reached U.S. $989 million. The government-controlled industrial development bank, Nacional Financiera, is the main channel for public investment. Not only does it lend funds but it also purchases shares, often to the point of outright control. It may also provide management services. The largest steel mill in the country is one of the bank's charges, as are companies producing fertilizers, paper and other prod-

The Paseo de la Reforma in Mexico City symbolizes the progress Mexico has made towards becoming an industrialized country. This has led to migration to the capital from the rural areas where the standard of living is often low. But many of the migrants find it difficult to get work in the metropolitan areas because they are unskilled and sometimes illiterate.

ucts. The bank holds minority control of other companies producing chemicals, cement, glass, sugar, motion pictures, foodstuffs, etc.

Private Capital Important

The main source of private investment in Mexico is retained profits of operating firms because the political and economic system permits the entrepreneurial class to make substantial profits. The stock exchange is not yet an important source of new capital.

Another growing source of capital is the steadily growing middle class; most of their savings are going into banks, insurance companies or for the purchase of participation certificates in Nacional Financiera. In turn, these funds contribute to private development.

Industrial Growth Encouraged

Mexico has an ambitious industrial development plan spanning the period 1965-70. The sectors given the greatest priority are chemicals, petroleum and petrochemicals, steel and metal manufacturing, paper, machinery and machine tools. Realization of this plan is predicated on a GNP growth rate of 6 per cent and an increase in the work force from 12.5 million to 16 million by 1970. The required investment funds will come largely from foreign loans and taxation and tariff revenues. A recent revision of the income tax law along United States lines is expected to make tax collection easier and more effective.

91884—2

The Mexican peso is internationally recognized as a hard currency. There are no exchange controls; capital, interest and profits may be freely transferred abroad. The maintenance of foreign exchange reserves is encouraged, however, by an elaborate system of import controls which apply to an ever-growing list of goods now being manufactured locally or deemed non-essential. Tariffs are an additional means of controlling exchange outflow.

The system of tariffs and import controls is also designed to stimulate the development of domestic industry. Mexico now is virtually self-sufficient in manufactured consumer goods and is making good progress industrially. The iron and steel industry is the most efficient in Latin America and production was estimated at 2.3 million metric tons in 1964. It has impressive expansion plans and capacity is expected to reach 4.5 million tons by 1970—an 88 per cent increase. The fastest growing industry in the country is the chemical industry which employs some 100,000 workers in over 1,100 plants. Secondary industry is now manufacturing a wide range of engineering products; some of the main ones are farm tractors, textile machinery, railway cars, automotive parts, office equipment, seamless steel tubing and structural steel products.

In its drive toward increased industrialization, the Government recently published a list of 370 different products now imported that it considers should be manufactured here. Such a list is not without precedent: in June 1962, a total of 450 products were singled out for the special attention of Mexican industrialists and investors and interested foreign companies. The response to that list was remarkable: in little more than three years no less than 391 of the products have become "made in Mexico". The products in the new list are expected to be taken up by local manufacturers with equal enthusiasm.

Foreign investment plays an important role in domestic production and many foreign firms have established branches here. The greatest number of these are U.S. subsidiaries because of geographical proximity, but many are offshoots of British, German, Japanese and French firms. A growing number of Canadian companies are setting up branch operations in Mexico.

Foreign Capital Welcomed

The establishment of production or manufacturing operations in Mexico with foreign capital is carefully regulated. Foreign investment laws are basically nationalistic and are designed to keep as much control as possible in Mexican hands. Some industries and activities are completely reserved for Mexican ownership and control. These include petroleum, electrical utilities, railroads, radio broadcasting, motion pictures, transport services, publishing, soft drinks and rubber products. Others like mining, lumbering and agriculture require majority Mexican ownership and control. Subject to these limits, however, Mexico welcomes foreign investment.

Although foreign capital can participate in the majority of industries and enterprises without forming a liaison with local capital, it is usually desirable to do so. Tax and tariff exemptions and other rules which apply to new enterprises customarily require negotiation with the Government. Foreign firms usually find it advantageous to seek minority Mexican partnership and to employ some senior Mexican personnel.

Mexico, although pressing on at full speed with industrialization, still has to import large quantities of specialized production equipment and raw materials. It is in these fields that Canadian firms will find their best sales opportunities. Many Canadian exporters are doing well in this market but many more could and should participate. ●

Canada

**The pattern of trade betw
Canada and Mexico is char
Rapid industrialization is
eliminating the need for so
imports but creating demand
others. This is the time for
Canadian manufacturers o
capital and plant equipment
increase their exports to
Canada's most important L
American market.**

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

WITH EACH YEAR that p
Mexico is becoming increasing
dustrialized and self-sufficien
numerous products formerly
ported. Nevertheless, the expa
of the economy has created a g
ing demand for imports, espe
those that contribute to indu
development.

Mexican imports in 1964 to
Can.$1,614.2 million. The U
States, traditionally its prime
plier, retained 68 per cent o
market. Next came West Gern
followed by Canada with 4
cent. Other important sup
were Britain, France and
Table I lists 40 leading commo
in Mexico's foreign trade. T
together, the value of the 20
ports in the table constituted 5
cent of total import trade.

Mexico's exports last year
ceeded Can. $1 billion for the
time in history. The exact total
Can. $1,115.5 million, of w
20 per cent was cotton and 1
cent coffee.

Trade with Latin America

Trade with other countrie
the Latin American Free T

Trade with Mexico

Association, of which Mexico is a charter member, increased substantially during 1964. The total value of this trade last year was, however, considerably less than that with Canada and there seems to be little immediate prospect of any change in this situation.

Mexican exports to LAFTA countries in 1964 totalled Can. $35.6 million and imports from them $18 million. This favourable balance will probably be cut by as much as 20 per cent during 1965, because Mexico's purchases within LAFTA are running 50 per cent higher than in the same period last year. Over the long haul Mexico's trade with LAFTA will assume increasing importance for it is the stated policy of the Government to give active support and encouragement to the development of this association.

Export Policy

The Government recently announced that increased emphasis will be placed on exports of manufactured goods. To accomplish this it has created an Export Development Fund to provide competitive credits for Mexican exporters. Some Canadian exporters to third markets have already encountered this new competition and will see more of it in the future.

Now nearing the end of its first year in power, the Mexican Government seems to be concentrating heavily on the development of markets in the western hemisphere. The country has already shown support for LAFTA but of even greater importance is the gigantic U.S. market on its northern border. Fully two thirds of Mexico's exports go to the U.S. and it has become clear that this figure could be increased. Carrying this one step further, it is equally obvious that the Canadian market is open to an increasing number of Mexican exporters.

TABLE I

MEXICO'S CHIEF IMPORTS AND EXPORTS, 1964

Exports	Imports
1. Cotton	1. Automobiles, passenger
2. Coffee	2. Machinery installations
3. Sugar	3. Automobiles, cargo
4. Shrimp	4. Parts, agricultural & mining equipment
5. Petroleum	5. Parts, automobile
6. Sulphur	6. Tractors
7. Wheat	7. Petroleum
8. Silver	8. Metalworking machinery
9. Tomatoes	9. Iron & steel
10. Salt	10. Locomotives
11. Cattle	11. Industrial mixtures & preparations
12. Lead metal & concentrate	12. Fertilizers
13. Fresh fruit	13. Wool
14. Meat, fresh & frozen	14. Parts, tractors
15. Calcium fluoride	15. Railway material
16. Baler twine	16. Telephone & telegraph equipment
17. Corn	17. Resins
18. Copper metal & concentrate	18. Insecticides, etc.
19. Molasses	19. Newsprint
20. Hormones	20. Rubber—natural & synthetic

TABLE II

CANADA'S TRADE WITH MEXICO BY LEADING PRODUCTS, 1964

Exports	(Can.$million)	Imports	(Can.$million)
Railway rails	14.8	Tomatoes fresh	4.7
Locomotives, engines & parts	8.2	Coffee green	3.0
Newsprint	7.1	Peanuts green	1.8
Plastics & synthetic rubber	6.4	Fluorspar	1.7
Railway track material	5.9	Sisal & other vegetable fibres	1.2
Asbestos milled fibres	3.4	Strawberries frozen	1.2
Engines, motor vehicle	2.5	Baler twine	1.0
Pulp & paper machinery & parts	1.5	Raw cotton	1.0
Motor vehicle parts	1.4	Shrimps, fresh & frozen	1.0
Power boilers & equipment	.9	Raw sugar	.8
Agricultural implements	.8	Cantaloupes & muskmelons	.7
Non-metallic minerals, crude	.7	Gypsum	.7
Wood pulp bleached sulphite	.6	Oranges, mandarins & tangerines	.6
Cattle purebred	.6	Melons, fresh	.4
Radio, TV equipment	.5	Orange juice concentrates, fresh	.4
Total Exports	**65.2**	**Total Imports**	**23.6**

Source: Dominion Bureau of Statistics.

Trade Relations Changing

Last year the Government stated that the existing tariff structure would be replaced with the Brussels Nomenclature. The changeover, now complete, is making it easier to obtain tariff rulings on Canadian imports.

Mexico is not a member of GATT but under a trade agreement negotiated several years ago, Can-

91884—2½

ada continues to enjoy most-favoured-nation treatment in its trade with Mexico. Now that the Latin American Free Trade Association is well established, member nations are granting each other tariff concessions. As a result Mexico has a two-column tariff with the headings "LAFTA" and "Non-LAFTA". In general, LAFTA tariffs are either nil or very low; as Canadian exporters know, non-LAFTA tariffs tend to be much higher.

Canada's Trade with Mexico

Canada's sales to Mexico last year totalled Can. $65,150,742, an increase of $10 million over 1963. Some 330 items (DBS classifications) figured in this total. This too is an increase despite the fact that Mexico in its drive to industrialize is steadily replacing imports with domestic products.

Our chief export to Mexico in 1964, as in the past several years, was railway rails which together with railway track material accounted for over Can. $20 million, or 30 per cent of the total. It is likely that Mexico's demand for this type of equipment will continue.

Table II lists the leading items in Canadian-Mexican trade in 1964. The makeup of our principal exports is unlikely to show any change in 1965, with the exception of locomotives, engines and parts, and motor vehicle engines. For locomotives, the total value shown represents delivery of the final half of an order obtained under long-term financing in 1963 and Canada has not secured additional orders for locomotives since then. Motor vehicle engines have for the past few years been an important item in our trade with Mexico. However, a Mexican plant is now in full production and all imports of engines are prohibited.

Canadian imports from Mexico last year totalled Can. $23,612,318, almost matching the 1963 figure. As in the past, the bulk of our purchases consisted of fresh fruit, vegetables and raw materials, all traditional items.

The leading commodity (see Table I) was fresh tomatoes, up 28 per cent over 1963, followed by coffee, peanuts and fluorspar. In 1964, there was very little change in the make-up of our imports from Mexico nor is there likely to be much in 1965.

Canada enjoys a favourable trade balance of 2.2 to 1 with Mexico, but this is partially offset by the spending of some 50,000 Canadian tourists who each year flock to the beaches at Acapulco and to the other delightful tourist centres.

Prominent among Canadian exports to Mexico were motor vehicle engines; these sales reached $2.5 million last year. This picture shows a number of Canadian automotive manufacturers with two members of the staff of the Canadian Embassy in Mexico City visiting a plant which bought automobile engines made in Canada.

Prospects Reviewed

Slowly but surely the import market is being restricted to capital goods, highly specialized equipment, and raw materials not available locally. Naturally this policy is changing the composition of our exports to Mexico. The example of motor vehicle engines mentioned previously is a case in point. Our exports of synthetic rubber will decline in about two years' time because Mexico is now building a plant to manufacture this material locally. Canada's major synthetic rubber manufacturer is a minority partner in this particular venture.

One area where Canadians could improve their sales is capital and plant equipment. Almost all this equipment is imported and will probably continue to be imported for several more years. In demand are heavy electrical equipment, pulp and paper machinery, chemical plant equipment, machine tools and sawmill machinery. Naturally, competition is keen.

Canadian products are welcome in Mexico, but other trading nations, attracted by the expanding economy, are giving increasing attention to this market. Local industry, although it is producing some products formerly imported, has increased demand for others. Provided our products are competitive and manufacturers keep a close watch on developments, there is no reason why Canada cannot improve its position in the booming Mexican market.

The Central American Common Market Makes Further Progress

JOHN H. NELSON, *Commercial Secretary, Guatemala City.*

THE CENTRAL AMERICAN COMMON MARKET (CACM) made further rapid progress in 1964 towards its ultimate goals of a common external tariff and complete free trade between Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica, the member countries. A significant number of tariff rates were equalized and further items added to the list of products traded duty-free within the market.

Treaty Signed in '58

The Central American Common Market is the smallest of the three common markets now in the process of formation but perhaps the most successful in reaching its goals. Work on the CACM started in 1951 and the first positive results took place in 1958 with signing of the Multilateral Treaty of Free Commerce and the Agreement on the Regime for Central American Integration Industries. The former established a list of products that would be allowed progressively to move freely within the CACM and the latter set up a system of special incentives for industries that would serve the CACM. In 1959 the Agreement on the Equalization of Import Duties on goods from countries outside the CACM was ratified. This was followed by the General Treaty on Central American Economic Integration which was signed by Guatemala, El Salvador, Honduras, and Nicaragua in 1960 and by Costa Rica in 1963. By 1970 the Customs Union will be complete. Panama is continuing to study membership in the CACM.

The success of the CACM is best exemplified by the large number of new industries that have been set up in the five republics, most of which serve their own domestic market and some or all of the other four countries. The growth of inter-regional trade is shown in the table below.

Regional Organizations

The CACM has spawned a number of regional organizations and agencies to assist in and report on developments. The list includes:

The Central American Bank for Economic Integration

TRADE WITHIN THE CENTRAL AMERICAN COMMON MARKET

	1961		1962		1963	
	Exports	Imports	Exports	Imports	Exports	Imports
	(thousands of U.S. dollars)*					
Costa Rica	2,188	4,046	1,720	3,308	3,945	3,817
El Salvador	20,267	33,386	18,695	23,058	30,228	28,923
Guatemala	4,231	3,110	8,695	6,490	17,294	14,176
Honduras	6,446	6,352	12,630	8,911	12,807	13,259
Nicaragua	1,636	2,775	3,531	5,343	4,759	7,353
Total	**34,768**	**49,669**	**45,271**	**47,110**	**69,033**	**67,528**

* Export values are f.o.b. and import values c.i.f.

Permanent Secretariat of the General Treaty on Central American Economic Integration

The Organization of Central American States

The Central American Institute for Industrial and Technical Investigation

The Central American Superior School for Public Administration

The Superior University Council of Central America

The Nutrition Institute for Central America and Panama

The Central American Institute for Business Management

The Central American Monetary Clearing House

The Central American Tourism Integration Secretariat

The Central American Corporation of Aerial Navigation Services

The Joint Planning Mission

The Central American Federation of Chambers and Associations of Industry

Many of these organizations and agencies are highly specialized and their titles are sufficiently descriptive. Others are of broader interest.

Of Broader Interest

The Central American Bank for Economic Integration (CABEI) has received its capital from the member countries, the U.S. Agency for International Development, and the Inter-American Development Bank. Its main purpose is to promote economic development in Central America through loans to finance industrial and agricultural projects and public works.

The Permanent Secretariat of the General Treaty on Central American Economic Integration is responsible for supervising the implementation of the various Central American agreements. It also carries out projects and studies that will assist economic integration.

The Organization of Central American States is charged with achieving political, economic, and social integration in Central America. Within the organization there are eight major units: the Reunion of Chiefs of State, the Conference of Ministers of Foreign Affairs, the Executive Council, the Legislative Council, the Central American Court of Justice, the Central American Economic Council, the Cultural and Educational Council and the Central American Defence Council.

The CACM is a dynamic and successful organization and as it progresses, there will be increasing opportunities for Canadian firms to participate in its growth through direct investment, technical and professional advice, and the supply of machinery, equipment, component parts, and raw materials.

One of the newer buildings in San José, Costa Rica's capital, city of 1.3 million.

Costa Rica

Economy still based on coffee but industry is assuming greater importance. Canada's exports rose 5 per cent but its share of Costa Rican market declined. Manufacturers could increase sales by paying closer attention to the developing industrial sector.

PAUL D. DONOHUE, *Assistant Commercial Secretary, Guatemala City.*

COSTA RICA'S 1964 coffee crop, as predicted, was cut 25 per cent because of the fall of ash from the volcano Irazu. But expansion in other areas offset this loss and prevented what could have been a serious decline in the economy.

Unprecedented development took place in the industrial sector in 1964 and industries representing an investment of U.S. $17 million* were established. Of this, U.S. $7 million was invested in the food-processing industry and other substantial amounts in the rubber, clothing, and mechanical products industries.

Prospects for even greater industrial development in 1965 are bright. For example, construction of one of the world's largest and most modern freeze-dry plants is planned for this year plus further expansion of the rubber industry.

During 1964, Costa Rica experienced another year of expansion in its over-all foreign trade. Although the balance of trade remained unfavourable, the gap between exports and imports narrowed. Preliminary figures showed that exports increased 22.3 per cent to U.S. $113 million and imports increased only 15.2 per cent to U.S. $142.6 million. The net trade imbalance was thus reduced by about $2 million. Exports of agricultural products constituted 80 per cent of the total; coffee led the way with 40 per cent, followed closely by bananas at 22 per cent. Manufactured goods of all types accounted for 13 per cent.

One stimulus to Costa Rican expansion was trade with its partners in the Central American Common Market. Exports to the other four members totalled over $12 million, compared with less than $4 million in 1963. Imports jumped from slightly over $2 million to about $5 million in 1964.

In 1964, Canada's imports from Costa Rica totalled Can. $8.36 million compared with $7.31 million in 1963. (DBS figures). In both years, bananas and coffee comprised about 99 per cent of our purchases.

Our exports to Costa Rica increased from $3.65 million in 1963 to $3.84 million in 1964. Although this represents an increase of slightly more than 5 per cent, it indicates a substantial decrease in Canada's share of the Costa Rican market because the latter increased over 15 per cent.

Although Costa Rica is importing an increasing number and variety of products, Canada's sales for the most part remain in what have become traditional categories. Statistics reflect the fact that Canadian companies are not taking full advantage of new market opportunities. Only four commodities comprise over 70 per cent of our exports to Costa Rica (see Table I).

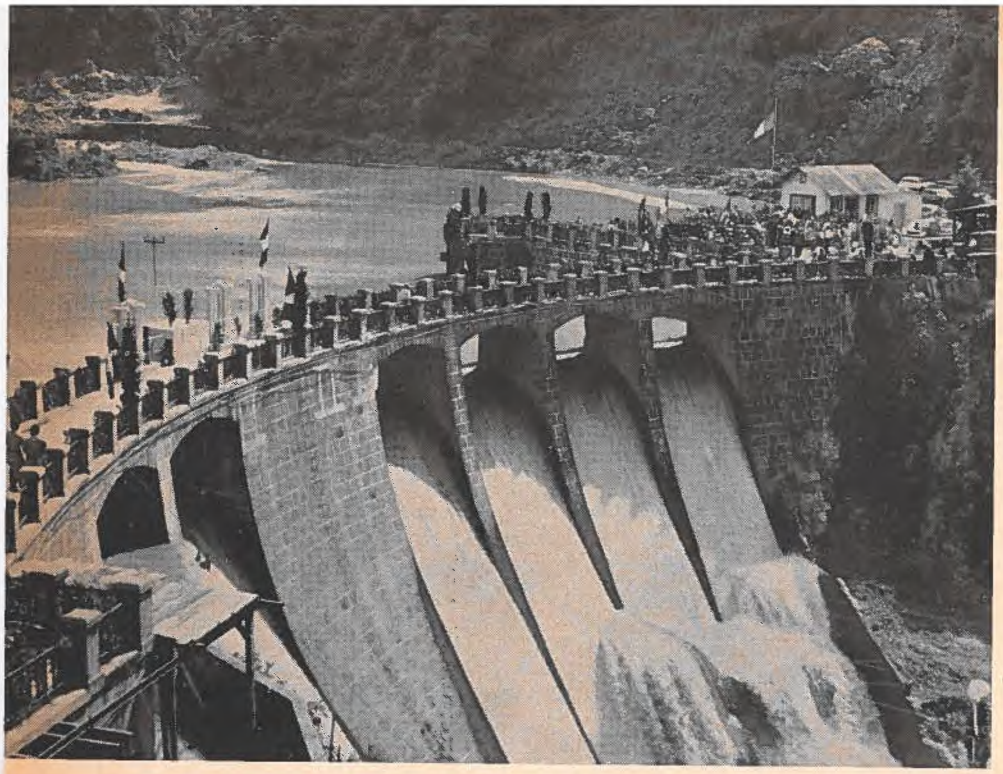
If we are to increase or even maintain our share of the Costa Rican market, Canadian companies must examine this changing market more closely and follow up new leads. ●

*All values in U.S. dollars unless otherwise indicated.

TABLE I

WHAT CANADA SELLS TO COSTA RICA

	1963		1964	
	(Can. $ million)	%	(Can. $ million)	%
Wheat flour	1.69	46.3	1.75	45.6
Newsprint	.71	19.5	.55	14.3
Synthetic yarn	.11	3.0	.26	6.8
Truck and bus tires	.16	4.4	.20	5.2
Total	2.67	73.2	2.76	71.9



Guatemala is emphasizing hydroelectric development in a 14-year program. This is the Santa Maria power project, one of twelve, to cost a total of about $70 million, that are being planned and carried out by the National Electrification Institute.

Guatemala

Expanding economy has brought increased imports, a trade deficit, and lower foreign exchange reserves. Imports may be restricted if coffee, cotton and sugar do poorly abroad but prospects good.

JOHN H. NELSON, *Commercial Secretary, Guatemala City.*

THE ECONOMY of Guatemala continued to expand in 1964 as it did in 1963, and it is estimated that the gross national product increased approximately 7 per cent in real terms during the year. Although a large part of this increase resulted from good export markets for cotton and coffee, most sectors of the economy shared in the expansion. Construction was up over 30 per cent, utilities 16 per cent, banking, insurance, and real estate 15 per cent, transportation and communications 11 per cent, wholesale and retail trade 9 per cent, manufacturing 6 per cent, and agriculture 5 per cent. Among the 55 firms that received licences under the Industrial Development Law in 1964 were those turning out such varied products as fertilizers, plastic products, processed food, insecticides, galvanized steel, and light bulbs.

Imports May Be Restricted

Preliminary foreign trade figures for 1964 show that Guatemala has a large trade deficit. Exports were valued at U.S. $155.5 million and imports at U.S. $202.2 million, compared with exports of U.S. $138.6 million and imports of U.S. $145.1 million in 1963. Another deficit is expected in 1965 which, combined with inflationary pressures and a drop in the foreign exchange reserves, may force the Government to consider putting restrictions on imports. Whether or not this will be necessary depends largely on how well Guatemala's exports of coffee, cotton and sugar sell this year in world markets.

Canadian Investment and Trade

The International Nickel Company of Canada recently announced that it would proceed with a project of major importance to the economy of Guatemala. In the underdeveloped Lake Izabal area, the company will invest approximately U.S. $50 million to produce ferronickel at an initial rate of 25 million pounds a year.

Canada's exports to Guatemala in 1964 rose to Can. $3,433,635 from Can. $3,106,999 in 1963 and Can. $2,705,275 in 1962. The major products we sold to Guatemala, in order of importance, were wheat, synthetic yarn, newsprint, malt, oatmeal and rolled oats, and wood pulp. Last year our imports from Guatemala dropped slightly to Can. $2,422,100 compared with Can. $2,559,212 in 1963, and Can. $1,795,697 in 1962. Approximately one half of these imports consists of coffee, with bananas the other major commodity.

The prospects in Guatemala are promising. Industry has made significant progress in the last few years and this progress is expected to continue. The full benefit of earlier investments is now being felt although there are potential problems with inflation, the balance of payments and foreign exchange reserves. There is every reason to believe, however, that the economy will remain strong and continue its satisfactory rate of progress. ●

Coffee ranked second among Nicaragua's exports last year, with shipments valued at over $25 million. Here a worker is tending young coffee trees that later will be ready for planting out on some of the country's hundreds of coffee plantations.

Nicaragua

Good cotton and coffee crops sold well abroad last year; imports, mainly for industrial development, rose. Canadian exports declined with opening of new flour mill, but wheat was sold for the first time.

PAUL D. DONOHUE, *Assistant Commercial Secretary, Guatemala City.*

THE BOOM in Nicaragua in 1963 continued through 1964 and record crops sold at good prices boosted the economy to an all-time high. This, coupled with increased industrial output, has created a feeling of optimism in the Nicaraguan business community and 1965 should be another record year.

Cotton and Coffee Crops Large

The 1964-65 cotton crop, Nicaragua's main cash crop, exceeded all expectations; it totalled 451,000 bales, an increase of 122,000 bales over the previous crop year. Predictions for an even larger crop in the 1965-66 season must be altered, however, because drought conditions this year will seriously affect the next harvest.

Cotton and cottonseed exports of close to $60 million* accounted for by far the largest share of Nicaragua's 1964 exports, which totalled approximately $124 million. Coffee was second, with sales of over $25 million. Exports of processed beef approached $7.5 million.

Nicaraguan imports of over $137 million produced a trade deficit. These rising imports reflect new industrial development and consisted for the most part of machinery and capital equipment, chemicals, and industrial raw materials.

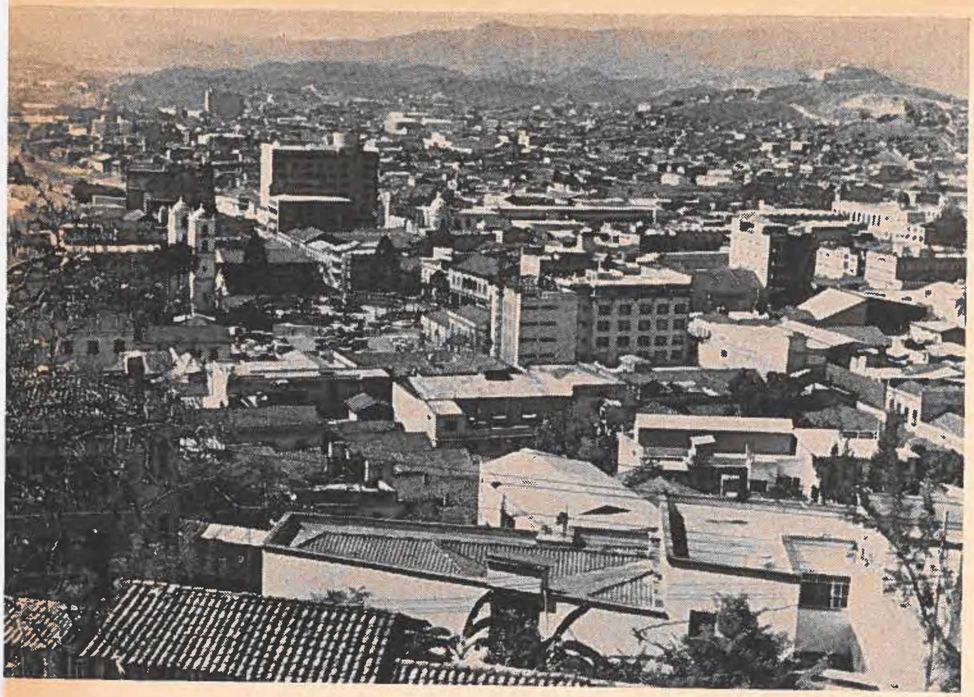
This trend should continue for some time. In 1964 alone, approval was given for the establishment of 100 new industries, representing an investment of almost $50 million.

Trade with Canada

Canada's sales of Can. $2.21 million (DBS figures) in 1964 were down slightly from the 1963 figure of $2.70 million, largely because the opening of a new flour mill cut our flour sales from $1.20 million in 1963 to $93,336 in 1964. Canadian wheat sales of $430,000 helped to make up for this; previously we sold no wheat in Nicaragua. Other important Canadian exports were malt ($200,000), newsprint ($140,000).

Nicaragua's exports to Canada in 1964 of $726,840 were almost double those of 1963. Cotton, which was not purchased in 1963, contributed $239,135 to this increase. ●

*All values in U.S. dollars unless otherwise indicated.



This is Tegucigalpa, capital of Honduras, and headquarters of the CACM Bank.

Honduras

Improvements in transportation and development of industry, forest and mineral resources should mean impressive growth in the next few years. Our exports rose slightly to $1.2 million last year.

JOHN H. NELSON, *Commercial Secretary, Guatemala City.*

THE ECONOMY of Honduras made good progress in 1964, and the country seems to be narrowing the gap between its own industrial development and that of the other Central American republics. This is especially true in San Pedro Sula, the north coast industrial centre. Some of the new industries that have recently started operations there include steel rolling, cornstarch, and the making of aerosol cosmetics, lingerie, cigars, powdered milk, and clothing. Construction in both San Pedro Sula and Tegucigalpa increased considerably over 1963.

During 1964, the paving of the road from San Pedro Sula to El Salvador was completed. This now gives the industry of San Pedro Sula an outlet to the rest of Central America by less expensive road transport. Previously, many goods went by air. It now appears that the other major block in the road transportation system will be eliminated by the construction of a paved road between San Pedro Sula and Tegucigalpa, though it will be at least two years before this project is completed. During the year a new airport capable of handling small jets was opened at San Pedro Sula.

Some Problems Persist

The infestation of the Honduran pine forests by the bark beetle is declining but the problem of productive use of the damaged trees remains. The Government has received a number of proposals from private consultants interested in the question. The U.S. Government and FAO have both prepared studies. At the moment, a subsidiary of the international investment group ADELA has an eight-man team in Honduras evaluating earlier studies and examining the problem at first hand.

Sales Abroad Increase

Foreign trade during 1964 increased. Preliminary figures show exports 13.4 per cent higher at U.S. $94.7 million compared with U.S. $83.5 million in 1963. Imports rose 6.9 per cent to U.S. $101.7 million compared with U.S. $95.0 million in 1963.

Canada's share of the Honduran market is small, reflecting the lack of direct shipping services from the East Coast. In 1964, our exports rose slightly to Can. $1,259,612 compared with Can. $1,100,115 in 1963 and Can. $898,632 in 1962. The major items in our exports were, in order of importance, computer equipment, asbestos, wheat and flour. In 1964, our purchases from Honduras rose to Can. $7,670,207 from Can. $6,867,800 in 1963 and Can. $7,617,065 in 1962. Bananas accounted for almost the entire amount each year.

The outlook in Honduras is bright and in next few years economic progress should be impressive. The Government has already implemented a number of the promises made at the time of its inauguration, and plans for industrial development now being worked out will strengthen this sector of the economy. Barring natural calamities, agriculture will continue to contribute a large proportion of the gross national product. Finally, Honduras is encouraging the development of its forest and mineral resources and possibilities for further development are believed to be good. ●

El Salvador

Industrial expansion led to increase in imports in 1964 but also to a trade deficit. Imposition of credit restrictions and exchange controls, coupled with heavy earthquake damage, has slowed up the boom but a strong recovery is expected during the coming year.

PAUL D. DONOHUE, *Assistant Commercial Secretary, Guatemala City.*

THE YEAR 1964 was a record one for El Salvador, Central America's smallest but most densely populated republic. Increased agricultural and industrial production resulted in an all-time high in general business activity and foreign trade.

Almost 200 new firms were established in the country during 1964 giving the economy a transfusion of over $100 million.* The per capita GNP exceeded that of 1963 by 9 per cent.

*All values are in U.S. dollars unless otherwise indicated.

Sizable increases in both imports and exports reflect the acceleration in Salvadorean business activity. Exports for 1964 reached a record $178.4 million, an increase of $24.8 million over 1963. Imports totalled $196.9 million, compared with $151.4 million in 1963, and for the first time in four years El Salvador had an unfavourable balance of trade.

Both of these increases resulted mainly from industrial expansion. Exports of manufactured goods increased by one third, although the over-all rise was only slightly more than 15 per cent. At the same time, imports consisted largely of capital goods and equipment and industrial raw materials.

El Salvador boasts a number of small manufacturing plants that turn out a wide range of products, like this one making metal furniture. About 200 new firms came into operation last year, representing an investment totalling over $100 million.

Trade with Canada

Canada's purchases from El Salvador reached $3.36 million in 1964, a 71.4 per cent increase over the $1.96 million of 1963. In both years coffee made up over 90 per cent of El Salvador's exports to Canada.

Canada's exports to El Salvador rose 41.2 per cent—from $3.13 million in 1963 to $4.42 million in 1964. Of this amount, wheat accounted for $1.98 million and newsprint for $790,000. We sold a wide range of other products: the most important were synthetic yarns and aluminum fabricated materials.

Credit Restrictions Imposed

In an effort to avoid any future crises in the balance of payments, the Central Reserve Bank of El Salvador raised the legal cash reserve requirement of the chartered banks from 15 to 17.5 per cent, effective May 1, 1965, and to 20 per cent effective August 1. The banks have also been instructed not to extend credit for non-essential purposes.

On June 1, 1965, the Central Bank also announced new exchange controls. Foreign exchange will be authorized for payment of imports of raw materials and equipment for agricultural and industrial use and for essential products, only when the terms of sale do not exceed 360 days. For all other goods, terms must be 120 days or less.

The restrictions described here have definitely curtailed credit both in El Salvador and abroad as the local banks have less money to lend and foreign suppliers must curb their credit terms so that the purchaser may obtain foreign exchange for payment. This will undoubtedly bring about a slackening in business activity, particularly in consumer goods.

Earthquake Upsets Economy

One other factor has seriously affected the Salvadorean economy this year. Early in May 1965 an earthquake struck the area around the city of San Salvador, causing loss of life, injury and severe property damage estimated at about $21 million. Unfortunately, one of the areas hardest hit was the industrial section. Production came to a halt in several factories and often it was weeks before they were able to resume normal operations. These adverse factors will undoubtedly influence the 1965 statistics but the economy of El Salvador is expected to make a strong and rapid comeback. ●

Panama and Canal Zone

Progress resumed during the year, following disruptions of 1964; Canal revenues increased. Expected expansion, plus use of Free Zone at Colon, could improve Canadian opportunities.

JOHN H. NELSON, *Commercial Secretary, Guatemala City.*

THE DISTURBANCES over the Canal Zone that broke out on January 9th were the dominating influence on the economy of Panama during 1964. Diplomatic relations with the United States were interrupted, assistance from AID was cut off, large numbers of bank deposits were withdrawn, the construction industry declined, purchases by the Canal Zone Co. and Zone residents decreased, and the tourist trade diminished.

Panama has become one of the world's leading sources of shrimp and this shellfish, both fresh and frozen, now ranks as one of the country's best dollar earners.

The restoration of diplomatic relations with the United States, settlement of the Canal Zone dispute, and the May general election all assisted in the recovery process. By the end of 1964 the situation was once again normal and most sections of the economy had surpassed the levels attained at the end of 1963.

The final figures are still not available but from preliminary statistics it appears that the Panamanian economy will have shown a 4 per cent growth during 1964. This is smaller than in previous years when the increase averaged 10 per cent and can be attributed directly to the January 9th riots.

Exports and Imports Up

The available figures for foreign trade during 1964 indicate that imports totalled U.S. $168 million and exports U.S. $59 million, compared with U.S. $166 million and U.S. $58 million in the previous year. This severe imbalance was partially offset by the usual revenues from services and the Canal Zone.

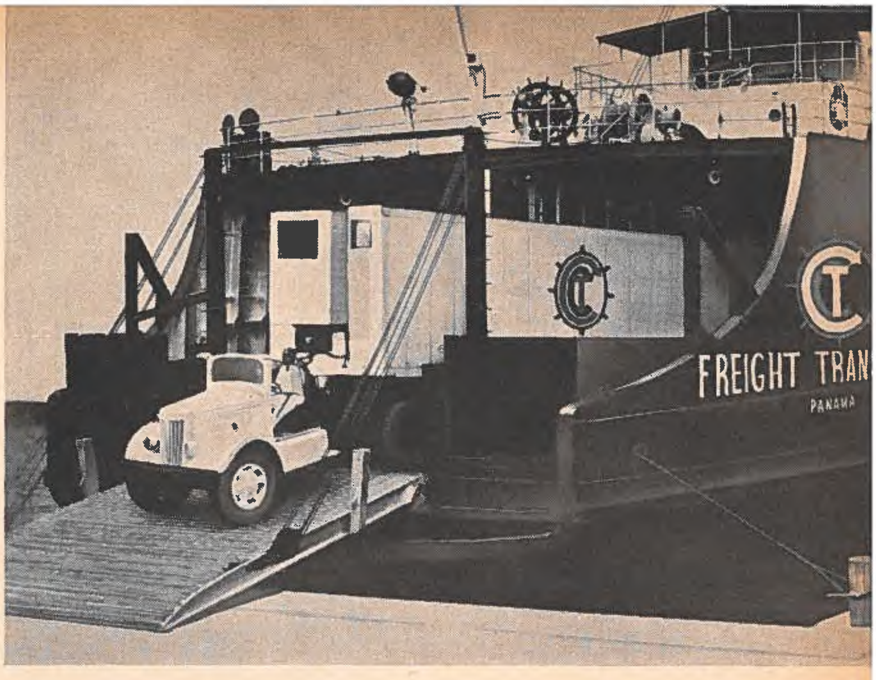
In 1965 it appears that the economy of Panama regained its earlier rate of progress. Both agriculture and industry expect a good year. Uncertainties in the business community over the new tax laws were clarified when the Government issued regulations to go with the law. Now that all interested parties have had an opportunity to study the law and the regulations, there seems to be general agreement that the proposed changes should assist the Government in coming closer to balancing the budget.

The volume of traffic through the Panama Canal increased further in the fiscal year ended June 30, 1965. Revenues rose to U.S. $67.2 million from U.S. $62.5 million in the previous year and the volume of cargo rose to 78.9 million long tons from 72.1 million. Four possible sites are under study for a new sea-level canal, two of them in Panama.

Trade with Canada

In 1964 Canada's balance of trade with Panama remained unfavourable. Our exports rose slightly to Can. $4.6 million compared with Can. $4.4 million in 1963, but declined from the Can. $5.6 million of 1962. The major items in our exports to Panama were, in order of importance, antibiotics, newsprint, ships and boats, wheat flour, radio and TV equipment, oatmeal and rolled oats, and truck and bus tires. Our imports from Panama were up significantly in 1964 to Can. $15.1 million compared with Can. $11.05 million in 1963 and Can. $8.3 million in 1962. Almost all of the increase last year was accounted for by larger imports of No. 2 and No. 3 fuel oil. The other major commodities Canada imported from Panama were bananas, gasoline and sex hormones.

The business outlook in Panama is good. Canadian exports were not affected to any extent by the troubles in 1964 and as the Panamanian market grows there should be greater opportunities for our exporters. The marketing system offered by the Free Zone at Colon, which is still largely unused by Canadian firms, could provide a focal point for broader distribution throughout Central and South America and the Caribbean. ●



Ship by Truck to Central America

SHIPPING is one of the many problems that confront a Canadian manufacturer exporting to Central America. On the West Coast the Grace Line and the Gran Colombiana Line both offer frequent and direct services to each of the five Central American republics; the "K" Line has a direct route to Costa Rica. The Canada-Jamaica Line, sailing from East Coast ports, carries cargo directly to Puerto Matias de Galvez and Puerto Barrios, Guatemala, and to Belize, British Honduras. A number of other lines also offer shipping services to both coasts of Central America but only with transshipment.

Central American importers express general satisfaction with the shipping services that these lines offer. However, difficulties often result from congested ports, poor storage facilities at the docks, pilferage and breakage. Additional delays also arise when inland transport is required.

If the product or products you sell to Central America are suitable for road transportation and if time and security are important, you can now ship by truck to the following points: Guatemala City, Guatemala; Tegucigalpa, Honduras; San Salvador, El Salvador; Managua, Nicaragua, and San Jose, Costa Rica.

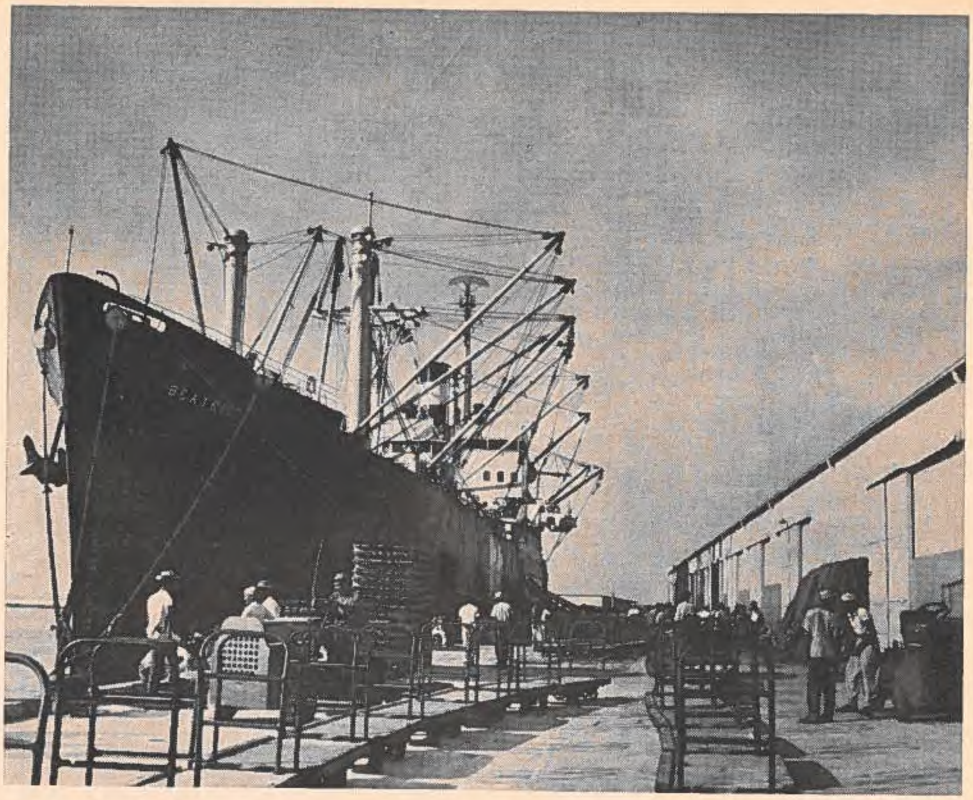
Coordinated Caribbean Transport prepares trailers for regular refrigerated and dry cargo service at Miami, Florida. When less-than-trailer shipments are involved, the company holds them until it has a full load. It then loads the trailers on a ferry that sails direct to Puerto Matias de Galvez, Guatemala. Sailings from Miami are scheduled every four to six days, and there is also a less frequent service from Tampa, Florida.

Trailers go by road from Puerto Matias de Galvez direct to the city of destination. On arrival, those carrying mixed shipments deliver their cargo to the central Customs warehouse where the importer clears his goods in the usual manner. Full trailer shipments can go direct to the importer's warehouse if a Customs officer is present to break the "in bond" seal and inspect the cargo. Trailers are normally en route for five to twelve days after departure from Miami, depending on destination. The return trip from Central America to Miami, which may be of interest to Canadian importers, takes the same time.

Exporters may obtain additional information on this freight service from Coordinated Transport Inc., 3400 N.W. 62nd Street, Miami, Florida. The Commercial Division, Canadian Embassy, P.O. Box 400, Guatemala City, C.A., will also be pleased to answer any queries you may have.

—JOHN H. NELSON,
Commercial Secretary, Guatemala City

These sbips are being unloaded in tbe barbour of Santo Domingo. This port could not be used for normal operations during the recent disturbances in the Republic and traffic bad to be routed through tbe secondary ports.



Dominican Republic

Business is slowly returning to normal, though imports remain below usual average. Import deposit increased to 80 per cent but many products exempt. Canadian sales are beginning to rise again.

J. E. KEPPER, *Acting Commercial Secretary, Santo Domingo.*

CANADIAN FIRMS selling in this market have a vital interest in the current state of the economy following the civil strife. Before the coup d'état of April 24 and the ensuing civil war, business was generally good and the economy was operating near the record levels of the final half of 1964.

During the first quarter of 1965, substantial progress was made in implementing the monetary stabilization program begun in August 1964. This program was designed to bring the foreign exchange commitments into accord with the foreign exchange earnings. The Republic's international credit rating continued to improve as foreign exchange payments were maintained on a current basis and exchange for imports was made available by the Central Bank within five days of a request from a commercial bank. During this quarter, commercial bank credit, largely used to finance imports, was tightened, the impact of a 40 per cent six-month import deposit was felt and imports fell 17 per cent below the first quarter of 1964. Although these measures limited business expansion to some extent, economic growth continued. It was led by the construction industry, particularly housing.

Sugar Prices Lower

The first three months of the year are always the driest in the Dominican Republic. In 1965 the country endured the worst drought in five years. Major tobacco losses were avoided when rain began in April, but the forest fire situation had become serious and substantial forest reserves were lost. Although sugar and tobacco exports were down in the first quarter, shipments of coffee and cacao were both higher than in 1964. Banana production has suffered from Panama disease and exports remained about the same. Plantain production increased and larger amounts were exported.

World sugar prices which were nearly 11 cents a pound in January 1964 fell to 2.5 cents a pound in January 1965. Because sugar accounts for 60 per cent of exports, this seriously affected foreign exchange earnings. Sugar, coffee, cacao, tobacco and bananas comprise 90 per cent of exports. Chocolate, molasses and bauxite are also exported in substantial quantities.

Effects of Crisis Felt

The civil crisis and the consequent military activity disrupted the economy completely for some weeks, especially in the city of Santo Domingo. The central retail and commercial area (which includes the main bank offices, post office and the port) was not accessible for normal operations. Most businesses set up temporary headquarters in homes or branch offices. Over $35 million in emergency aid from the Organization of American States and the Agency for International Development helped the country through this period. The Provisional Government was established on September 3 and although many internal problems remain to be solved, the return to stability and normality is slowly being achieved.

During the crisis shipping continued through secondary ports, chiefly San Pedro de Macoris, Puerto Plata, and Rio Haina. There were only minor delays in export shipments because most exports are agricultural and are not shipped through the main port of Santo Domingo. Imports were below normal as demand for consumer durables dropped.

Continued exports and reduced imports, plus the inflow of emergency funds, increased the reserves of the Central Bank. Gross reserves at the end of October reached about $60 million compared with $34 million on April 23. Currently, commercial banks obtain foreign exchange from the Central Bank within seven to nine days after application. Shipments are usually financed by commercial letter of credit but sight and time drafts are being used in an increasing number of cases.

Current Situation

Goods are being shipped to the Dominican Republic on much the same basis as before April. Customs documentation and procedure have not changed. The 15 per cent surcharge imposed in August 1964 on most imports has been extended to December 1965, but other tariffs remain unchanged, except for an important modification in the 40 per cent six-month import deposit law. The original measure, implemented to reduce imports and effective November 5, 1964, required importers to deposit 40 per cent of the f.o.b. value for specified goods with the Central Bank for a period of six months. Effective August 7, 1965, the amount of the deposit was increased to 80 per cent on the following items: most electrical appliances, automobiles, some paints, electric wiring, men's, women's and children's wear, shoes, jewellery, cosmetics, alcoholic beverages, cigars and cigarettes, furniture, and various other manufactured articles.

Products in the following general areas are not subject to the import deposit: industrial and agricultural machinery, agricultural chemicals, petroleum products, medical supplies, published material, scientific apparatus, canned or salted fish, prepared cereals, soup, baby foods, and most types of milk.

In May 1965 the repayment of the first import deposits made in November 1964 were due from the Central Bank. Because of lack of communications and general uncertainty, these were delayed for a month. Since then, the deposits have been returned on time, giving importers substantial capital to finance further imports. Total imports increased from August on and should continue to increase for the last quarter, with emphasis on goods not subject to the 80 per cent import deposit. Exports for the first seven months of 1965 from Canada to the Dominican Republic were down 40 per cent from 1964, but improvement is expected in the last quarter. ●

TABLE I

PRINCIPAL CANADIAN EXPORTS TO DOMINICAN REPUBLIC

	1964	1963	1962
	(Can.$'000)		
Fish, mostly pollock	3,603	2,793	2,471
Wheat	1,731	2,441	2,541
Wheat flour	197	126	713
Malt	158	103	128
Potatoes	157	150	82
Asbestos fibres	18	88	104
Wood pulp	48	201	152
Newsprint paper	421	365	191
Insulated wire and cable	159	204	158
Rubber tires	206	76	228
Passenger autos and chassis	317	204	206
Telephones	461	627	103
Aluminum fabricated materials	8	393	22
Others	1,585	1,314	1,389
Total	**9,069**	**9,085**	**8,488**

TABLE II

PRINCIPAL CANADIAN IMPORTS FROM DOMINICAN REPUBLIC

	1964	1963	1962
	(Can.$'000)		
Bananas and plantains fresh	24	71	46
Fruits preserved	....	....	82
Fruits and products canned	99	66	....
Molasses	625	659	503
Sugar raw	3,555	593	637
Cocoa beans not roasted	42	57	9
Cocoa butter	....	72	....
Coffee green	644	269	453
Others	104	494	182
Total	**5,093**	**2,281**	**1,912**

Shipping to Barbados

We regret that in the tabulation of "Shipping Services to the British Caribbean" in our issue of November 27, 1965, Saguenay Shipping Limited appeared twice under the heading of Bermuda but was omitted under Barbados. Saguenay does maintain a regular shipping service to Barbados.

Puerto Rico

Industrial growth continues apace; sugar production has suffered because of long drought. Removal of price control on codfish should benefit Canadian exporters; opportunities good for supplying industrial raw materials, semi-processed goods for Puerto Rican plants.

J. E. KEPPER, *Acting Commercial Secretary, Santo Domingo.*

The garment industry is one of the most important in Puerto Rico; there are now more than 430 plants on the island turning out textiles and apparel. Labour content in this industry is high.

"QUE PUERTO RICO," Ponce de León exclaimed when he first saw San Juan harbour in 1508. Puerto Rico literally means "rich port" and it is a name well deserved today. "Operation Bootstrap", a program to raise living standards which has had remarkable success, has resulted in the conversion of the agricultural economy, largely based on sugar cane, into an industrial complex of over 2,000 manufacturing plants. (See Table I.)

This is what has happened in two decades: the gross national product has risen from $287 million to over $2.5 billion, total trade (90 per cent of which is carried on with the United States) has climbed from $199 million to over $2 billion, and life expectancy has increased from 46 to 70 years.

Canadian business has long participated in the economic development of Puerto Rico. For many years the Royal Bank of Canada and the Bank of Nova Scotia have maintained branches on the island. They now have eight branches in Puerto Rico, with total assets of $60 million.

Expansion Continues

The Puerto Rican economy continues to expand. The Economic Development Administration has announced that industrial development is running ahead of 1964. In

TABLE I

COMPOSITION OF PUERTO RICO'S INDUSTRY

Group	No. of Plants
Food and kindred products	455
Tobacco	100
Apparel and textiles	430
Paper and allied products	160
Chemicals, petroleum and allied products	125
Leather products	60
Stone, clay and glass	220
Lumber and wood	280
Metal and machinery	130
Electrical products and instruments	80

TABLE II

WHERE PUERTO RICO BUYS—1964

	(U.S.$'000)
United States	1,129,016
Venezuela	88.109
Japan	16,606
Canada	15,408
West Germany	14,910
Belgium	11,264
Britain	8,505
Spain	7,947
France	7,195
Italy	4,521

TABLE III

WHAT CANADA SELLS TO PUERTO RICO

	1964	1963	1962
	(Can.$'000)		
Lumber	4,242	4,241	3,653
Fish, mainly cod	1,313	3,315	2,888
Newsprint paper	2,004	1,857	1,212
Cattle, purebred, dairy	443	581	189
Malt	418	445	591
Potatoes	1,069	404	548
Copper and alloy tubes and pipes	256	34	134
Copper tube and pipe	520	374	376
Copper plate and sheets	216	136	....
Automobiles	104	175	282
Oats	158	139	145
Whisky	77	97	63
Dog and cat feeds	180	83	55
Sheet and strip steel	1,033	....	....
Aluminum pigs ingots slabs	859	132	537
Firebrick and similar shapes	168	184	92
Truck and auto tires	314	151	55
Switchgear protection equipment	360	906	....
Washing machines	127	54	....
Others	1,547	1,311	1,891
Total	**15,408**	**14,619**	**12,711**

TABLE IV

WHAT CANADA BUYS FROM PUERTO RICO

	1964	1963	1962
	(Can.$'000)		
Pineapples fresh	81	96	83
Molasses and syrups, cane	570	392	684
Rum	817	643	735
Others	2,119	1,268	1,211
Total	**3,587**	**2,399**	**2,713**

the first five months of 1965, the Administration encouraged investment by 308 firms compared with 222 in the same period of 1964. The Commonwealth budget is a record $334 million, a 7 per cent increase over the previous year. The Small Business Administration made 751 loans totalling $12 million during 1964/65 compared with 366 totalling $7.9 million in 1963/64.

The tourist industry produced $110 million in gross income last year; hotel registrations increased 15 per cent over the previous year and average occupancy rose from 63 to 73 per cent.

One area of concern is the sugar industry, which has suffered from a two-year drought; sugar production was down 91,450 tons from 1964.

Canada's Share in Trade

Puerto Rico's foreign trade, as pointed out before, is carried on in large part with the United States. Canada ranked fourth as a supplier in 1964. (See Table II.)

Statistics show that exports from Canada to Puerto Rico for the years 1962, 1963 and 1964 increased at an average rate of one million dollars a year. The increase in 1965 is expected to be even greater. In the first seven months of 1965, Puerto Rico bought $11.9 million worth of Canadian goods compared with $8.7 million in the same period of 1964, an increase of 37 per cent. The following items were in the lead: Douglas fir, hemlock, codfish, sheet and strip steel, newsprint and potatoes, each over $1 million. The remaining $6 million of Canadian exports to Puerto Rico was divided among 180 classifications. Puerto Rico's exports to Canada in 1964 were valued at nearly $2 million.

One of the developments that should benefit Canadian exporters is the removal of price controls on codfish, in effect in some form since 1942. These were removed on September 23, 1965, and now medium and large choice codfish will again be available in Puerto Rico. Price Regulation No. 1, in effect since August 1953, had been revised on five occasions as the cost of imported codfish increased. It was realized that Canada, which up to 1963 was Puerto Rico's principal supplier of codfish, had switched to the production of better quality codfish. These grades of fish have not been available in Puerto Rico because the price exceeded the maximums established by the price ceiling. Now better grades of fish can be imported and the consumer is given a wider selection. The original reason for price ceilings was to prevent monopolistic pricing practices but this is no longer an issue. Price controls are still in effect on gasoline, fertilizer, baked bread, coffee, and building materials during the hurricane season.

Canadian exporters selling into the United States will find it worthwhile to investigate Puerto Rico. This small island of 2½ million people bought a total of $1.35 billion worth of goods in 1964.

In addition to increasing trade between Canada and Puerto Rico, Canadian firms which consider it essential to establish a plant within the customs territory of the United States might well consider some of the advantages of the island as a site. Rapid growth in industry and the subsequent creation of a firm industrial base have made an increasing number of materials and services available locally. Canadian exporters of raw and semi-processed materials, however, should look to these new factories as customers.

Investment in Latin America

CANADIAN businessmen active in Latin America should be aware of the facilities available from ADELA, a multi-national private investment company which was incorporated in Luxembourg in September 1964. ADELA, which is short for Atlantic Development Group for Latin America, is a unique experiment in private international co-operation in the economic field. A group of United States, European, Japanese and Canadian bankers, industrialists and other businessmen conceived ADELA as a catalyst to stimulate and support the active participation of local and foreign private capital in the development of Latin America. Authorized capital of ADELA is U.S. $40 million, most of it paid in. There are now over 100 shareholders, including many of the largest banking, industrial and trading enterprises of the western world. Five Canadian chartered banks—Bank of Montreal, the Bank of Nova Scotia, Canadian Imperial Bank of Commerce, the Royal Bank of Canada and the Toronto-Dominion Bank—have invested a total of U.S. $2.5 million. The operations office of the institution is in Lima, Peru.

ADELA is an investment company and not a financing institution. Its primary purpose therefore is to provide equity capital, although in association with this it may also provide loans, normally convertible to equity. ADELA also furnishes managerial and technical advice and seeks to associate with itself local capital and other available resources. In its first year of operation ADELA reviewed some 240 proposals, about two dozen of which it has taken up for investment, in amounts ranging from $100,000 to $3 million. There is a heavy backlog of proposals emanating from most of the Latin American republics, some of which may provide opportunities for Canadian business. Those interested in further details should consult their banker or the ADELA Operations Office in Lima, or seek additional information from the Department of Trade and Commerce, Ottawa, or from the Commercial Counsellor of the Canadian Embassy in Lima. •

Financing Exports to Latin America

Latin Americans who wish to buy goods or services from Canadian suppliers on long-term credit have three types of long-term financing open to them. Here is an outline of these three—and information on how Canadians can obtain business under their provisions.

LARRY H. BROWN,
Financing and Aid Division, Office of Trade Relations.

THREE TYPES of Canadian bilateral long-term financing are available for Latin America:

1. The Export Credits Insurance Corporation's recently announced $15 million "Special Credit" for Latin America.

2. The Export Credits Insurance Corporation's ordinary long-term facilities under Section 21A of the Export Credits Insurance Act.

3. The External Aid Office's Development Loan Fund.

All three assist the economic development of Latin American countries and all three are tied to the provision of Canadian goods and services.

In addition, Canadians are eligible to participate in business financed under the substantial amounts of multilateral financing being made available to Latin American countries by international organizations.

ECIC "Special Credits"

An important step in co-operation with the Inter-American Development Bank (IADB) was taken in June of this year when agreement was reached for ECIC to make available up to $15 million in Section 21A "Special Credits" for development projects sponsored by the IADB in Latin America. This is over and above the $20 million in Canadian development loan funds available through the Bank and discussed below. It is also apart from ECIC's normal export financing operations in Latin America.

Under the terms set out in the June 28th exchange of letters between H. T. Aitken, President of the Export Credits Insurance Corporation, and Felipe Herrera, President of the IADB, these Special Credits continue to be administered by ECIC itself but in co-operation with the IADB. The funds are to be used for the purchase of Canadian capital equipment and related engineering services for sound and viable projects of high development priority in Latin American countries. Commercial interest rates apply and repayments may be spread over various periods as appropriate to the project.

These Special Credits may be used either to provide financing for part of a larger project being financed by the Inter-American Development Bank from its own resources (parallel financing) or for complete projects proposed to ECIC by the Bank as appropriate for independent financing by the Corporation under its normal criteria. It is envisaged that, generally speaking, project proposals will be initiated by a recipient government through the Inter-American Development Bank. However, the Bank has also indicated that it is prepared to consider joining ECIC in providing parallel financing for Latin American projects proposed in the first place by the Corporation.

ECIC remains responsible for processing and approving projects or parallel financing proposals submitted to the Corporation by the Bank and the Corporation's normal policies and procedures will apply. ECIC will negotiate separate financing agreements for administration of the Corporation's loans and the disbursements under them will be in accordance with its ordinary disbursement procedures. Principal and interest payments will be made directly to ECIC in the same manner as in ordinary Section 21A export financing agreements.

ECIC Long-Term Financing

In addition to Special Credit financing, ECIC continues to provide ordinary Section 21A long-term financing for Canadian exports of capital equipment and related services to Latin America, as to other markets. This facility is designed to enable Canadian exporters who are otherwise competitive in terms of price, quality and delivery to meet the credit terms being offered by foreign suppliers of similar capital equipment. Since Canadian long-term export financing became available at the end of 1960, financing agreements to the value of $119.5 million have been signed for sales to Latin American countries of capital equipment and related engineering services in the fields of pulp and paper production, railway development and highway construction and maintenance.

Development Loan Fund

Canada's bilateral aid program for Latin America was initiated in December 1964 under an agreement signed by the Honourable Paul Martin, the Secretary of State for External Affairs, and the President of the Inter-American Development Bank. This agreement recognizes the interest of the Latin American countries in using the Bank to channel Canadian aid funds to them individually. A total of $20 million has now been set aside under the agreement, which places on the Bank the primary responsibility for selecting, processing and recommending loan projects to Canada.

Unlike funds available to Canadian exporters for financing through the ECIC, development loan funds are voted by Parliament for the purpose of undertaking economic, educational and technical projects agreed upon by Canada and the developing country. As is normal practice in bilateral aid programs, the initiative in applying for development loans is left to the government of the borrowing country.

Projects put forward for consideration for Canadian development loan financing in Latin America are based on requests submitted to the IADB by Latin American countries. In reviewing these applications, the Bank applies the same policy and procedures to the Canadian fund as to its own resources. Applications by Latin American borrowers for loans may or may not specify whether the applicant wishes to obtain Canadian financing, but in either case the Bank will first carry out its usual project review before making its recommendations to the External Aid Office at Ottawa.

The terms of Canadian development lending to Latin America also reflect recommendations by the Inter-American Development Bank, but normally such loans are made available with maturities at 50 years, no interest, and with a service charge of ¾ of 1 per cent. Development loan funds may be used only to finance procurement in Canada of goods and services with a high Canadian content (normally at least 80 per cent) and used for economic, technical and educational projects with a high development priority. Canadian development loan funds are also available for lines of credit for pre-investment and feasibility studies in priority sectors and subsectors. Moreover, the cost of individual feasibility studies may be incorporated in subsequent Canadian loans to finance a major project if a Canadian consulting firm carried out the initial study.

Multilateral Financing

The bilateral financing programs discussed above provide a spectrum of financial assistance ranging on the one hand from "hard" export credits at commercial rates of interest to finance business initiated by Canadian exporters to "soft" development assistance loans on very concessional terms to assist in the financing of economic, technical and educational development projects requested by the recipient Latin American governments. In addition, however, Canadians are eligible to compete for a substantial and growing amount of business under financing being provided to Latin America by international institutions such as the World Bank Group, the UN Special Fund, and the Inter-American Development Bank (out of its own funds).

In the period from July 1, 1964, to June 30, 1965, the three organizations of the World Bank Group—the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC) and the International Development Association (IDA)—extended assistance to Latin America totalling some $225 million. In 1965, the UN Special Fund approved projects for Latin America and the Caribbean amounting to over $32 million. Similarly, during the past year the Inter-American Development Bank has extended to Latin America loans totalling some $249 million and a substantial portion of this business was open to Canadian suppliers.

How to Obtain Business

Doing business under multilateral financing is not very different from ordinary commercial procedures. The calling of tenders for international procurement under such loans is normally the responsibility of the borrowing authority in the country receiving the loan.

Under the development loan fund, if a Latin American government interested in obtaining a development loan for the purchase of Canadian goods and services is successful in its application to the Inter-American Development Bank, the project is then placed before the Canadian Government. Recently Canada approved the first of these projects, a $3.2 million loan to El Salvador to expand the port of Acajutla. The borrower is to select the consultant for this project from a list of competent Canadian firms approved in advance by the Canadian Government. The decision of the borrower, based on a review of the technical merits of the written proposals and capabilities of the firms concerned, will also be subject to Canadian approval.

Purchases of materials and equipment with a suitable Canadian content will be carried out by tender in Canada from representative lists of suppliers. These invitations to tender will be administered either by the consultant or by the borrower or his purchasing agent, who will issue tender calls either directly or through the Canadian Commercial Corporation.

Tenders for the construction work will be invited from Canadian contractors on the basis of detailed construction project specifications prepared on behalf of the borrower by the Canadian consultant. The borrower may issue invitations to tender to specific Canadian companies which have expressed an interest in the project. In addition, however, tenders will be invited through advertisements in selected Canadian newspapers or trade journals.

Copies of all tender calls on development loan projects and of all tenders submitted will be forwarded to the External Aid Office, but exporters may wish to direct inquiries about export possibilities to the Department of Trade and Commerce, which will also maintain a register of all equipment and construction tender calls.

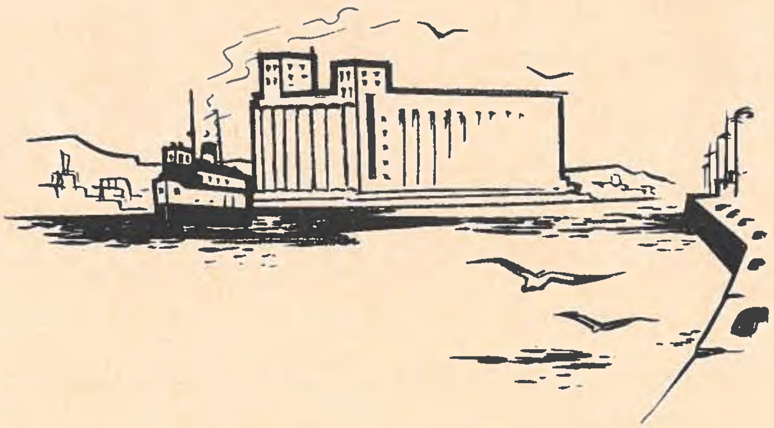
Canadian firms wishing to participate in multilaterally or bilaterally financed business in Latin America are advised to promote their products in the same manner as for commercial sales in the markets in which they are interested. In addition, they should ensure that they are registered in the *Exporters' Directory* of the Department of Trade and Commerce and for development loan projects, with the Department of Defence Production (Canadian Commercial Corporation). They should also make known to Canadian Trade Commissioners their interest in exporting to the countries covered by the various offices of the Trade Commissioner Service in Latin America.

Further assistance and advice may be obtained from the Department of Trade and Commerce, the Export Credits Insurance Corporation, and the External Aid Office in Ottawa. Many firms, especially consultants, will also profit from close liaison with the UN Special Fund, New York, and the World Bank Group and the Inter-American Development Bank, Washington. The Commercial Division of the Canadian Consulate General in New York and the Canadian Embassy in Washington can also help with contacts. •

Shipping Services from Canada to Latin America

	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
TO: COSTA RICA	Grace Line (*C. Gardner Johnson, Vancouver*) Grancolombiana Line (*Balfour Guthrie (Canada) Ltd., Vancouver*) "K" Line (*Johnson Walton S.S. Ltd., Vancouver*)		Grancolombiana Line (*Swedish America Line Agency Inc., Montreal*) West Coast Line (*Saguenay Shipping Ltd., Montreal, Toronto, Halifax*)
CUBA			Mambisas Line (*Colley Motorships Ltd., Montreal*)
DOMINICAN REPUBLIC	"K" Line		Saguenay Shipping Ltd.
EL SALVADOR	Grace Line Grancolombiana Line		*Via transshipment at Puerto Barrios or Cristobal* Canada Jamaica Line (*Kerr Steamships Ltd., Montreal, Toronto, Saint John*) Grancolombiana Line West Coast Line
GUATEMALA	Grace Line Grancolombiana Line		Canada Jamaica Line
HAITI	"K" Line		Mayhaven Shipping Ltd., (*Jas. S. Ellis & Co. Ltd., Montreal*)

	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
HONDURAS	Grace Line "K" Line		*Via transshipment at Puerto Barrios* Canada Jamaica Line *Via transshipment at Cristobal* Grancolombiana Line West Coast Line
MEXICO	Grace Line Grancolombiana Line Westfal-Larsen Line (*Empire Shipping Co. Ltd., Vancouver*)		Grancolombiana Line Mexicana de Vapores Line (*March Shipping Agency Ltd., Montreal, Toronto*)
NICARAGUA	Grace Line Grancolombiana Line		*Via transshipment at Cristobal* Grancolombiana Line West Coast Line
PANAMA	Fern-Ville Caribbean Line (*Dingwall Cotts & Co. Ltd., Vancouver*) Grace Line Grancolombiana Line "K" Line Moore-McCormack Lines (*Balfour Guthrie (Canada) Ltd., Vancouver*) North Pacific Coast Line, (*Furness, Withy & Co. Ltd., Vancouver*) Westfal Larsen Line		Grancolombiana Line West Coast Line
PUERTO RICO		Saguenay Shipping Ltd. (*A. O. Minshall Co. Ltd. Toronto, Hamilton*)	Saguenay Shipping Ltd.



Import and Exchange Regulations in Latin America

THE CENTRAL AMERICAN COMMON MARKET

(Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador)

Tariff features—More than 95 per cent of their tariff rates have been equalized in a common external tariff based on SITC nomenclature. Trade among the member countries, with the exception of a few items, is free. The external import tariff of the CACM is compound—that is, both a specific duty and an ad valorem duty are applied to the same tariff item.

COSTA RICA

Import licences—Only required for drugs and certain plants.

Foreign exchange—No restrictions.

Tariff features—imports from Canada receive most-favoured-nation treatment. Costa Rica is a member of the Central American Common Market. A surcharge of 3 per cent of the sum of the duties is applied to the few tariff items which are not in the common external tariff of the CACM.

GUATEMALA

Import licences—not required, but imports must be registered with the Central Bank prior to shipment.

Foreign exchange—no restrictions on payment for imports.

Tariff features—imports from Canada receive most-favoured-nation treatment. Guatemala is a member of the Central American Common Market.

HONDURAS

Import licences—not required except for military equipment, gold, alcohol and alkaloids.

Foreign exchange—no restrictions.

Tariff features—imports from Canada receive most-favoured-nation treatment. Honduras is a member of the Central American Common Market.

NICARAGUA

Import licences—not required. Importer must register intent to import with the Central Bank after filing an import declaration with a commercial bank. Registration must be made before customs clearance and no deposit is required.

Foreign exchange—obtainable on strength of import registration.

Tariff features—imports from Canada receive most-favoured-nation treatment. Nicaragua is a member of GATT and also is a member of the Central American Common Market.

EL SALVADOR

Import licences—before placing an order, the importer must register intent to import with the Central Reserve Bank which then issues a permit.

Foreign exchange—obtainable on strength of permit.

Tariff features—imports from Canada receive most-favoured-nation treatment. El Salvador is a member of the Central American Common Market.

DOMINICAN REPUBLIC

Import licences—required only for certain chemicals and explosives.

Foreign exchange—all remittances abroad are subject to transfer authority by the Central Bank. The importer must make a deposit with the Central Bank of 40 per cent of the f.o.b. value of the imported goods before making the customs entry; this deposit is 80 per cent for "luxury" and "non-essential" items. However, certain foods, insecticides, medicinal and veterinary products, and newsprint are exempt from the deposit requirement.

Tariff features—imports from Canada enjoy most-favoured-nation treatment. The Dominican Republic is a member of GATT. Most tariff items are subject to specific duty; ad valorem duty, where applicable, is applied on the f.o.b. value.

Imports are also subject to an import tax which is paid at the Dominican Customs at the same time as the duties.

HAITI

Import licences—only required for cigarettes, cigars, tobacco and flour.

Foreign exchange—no restrictions.

Tariff features—imports from Canada receive most-favoured-nation treatment. Haiti is a member of GATT. Duties are for the most part ad valorem based on the c.i.f. value, with minimum specific rates applicable to a few items. Most items are subject to an import tax of 4.5 or 6 per cent of the c.i.f. value. Tariff classification is based on Brussels Tariff Nomenclature.

MEXICO

Import licences—a wide range of goods are subject to import licensing by the Secretariat of Commerce and Industry. Licences are usually not granted for import of goods which can be produced or substitutes found locally.

Foreign exchange—no restrictions.

Tariff features—Mexico grants no tariff preference except to member countries of the Latin American Free Trade Association. Duties are compound—that is, both specific and ad valorem duties are applied. Dutiable imports are also subject to a surcharge of 3 per cent of the sum of the duties. A special feature of the Mexican Tariff is that ad valorem duty is applied to either the invoiced f.o.b. value or the official value, whichever is greater; an official value, which in effect is a minimum acceptable value for duty, is set for most tariff items. Tariff classification is based on Brussels Tariff Nomenclature.

PANAMA

Import licences—not required except for such items as narcotics, drugs and certain products competing with local production and subject to import quotas.

Foreign exchange—no restrictions.

Tariff features—Canada enjoys most-favoured-nation treatment in Panama. However, Panama has preferential agreements with Costa Rica and Nicaragua as an initial step toward possible membership in the Central American Common Market. The rates of duty are mostly ad valorem, based on the f.o.b. value, but a few items are subject to specific duty. Tariff classification is based on SITC nomenclature. ●

Documentation for Latin America

THE chief characteristic of Latin American documentation is the consular invoice, which is required in 12 of the 19 countries. In Chile the regulations call for a combined commercial invoice and certificate of origin; in Guatemala the main document is the certificate of origin, and in Bolivia, Brazil, Costa Rica, Mexico and El Salvador the commercial invoice is the principal one. Chile and Costa Rica are the only Latin American countries which do not require consular legalization of the documents.

Fees for legalization of documents vary greatly and often are substantial. In some countries there is a flat fee of so much per set of documents; others charge fees on the value of the shipment as shown in the invoice—going as high as 8 per cent ad valorem in some cases. Some fees are collected by the Consul who processes the documents; others are paid by the importer at the port of entry. The cost of forms purchased from the Consuls can be as high as U.S. $6.00 per set.

Leaflets on *Shipping Documents and Customs Regulations,* giving full details of the requirements, have been compiled by the Office of Trade Relations for all the countries listed in the table below, except Paraguay and Uruguay. These leaflets are available free. Information can also be provided for the other countries and for Cuba.

The need for care in the preparation of shipping documents, particularly when exporting to Latin America, cannot be too strongly emphasized. The following table is intended merely as a guide to the kind and number of documents required by each country and as an indication of the main basic regulations. Most of the countries in this area specify in detail the data that must be included in the shipping documents and deviation from the requirements, even if unintentional, may result in the importer being fined.

When completing shipping documents, exporters should follow explicitly any instructions they receive from their agents in the importing country.

Some countries specify the time limits within which documents must be presented to the Consul for legalization. These time limits are given in note 14 below and must be strictly observed. Even if no time limit is specified in the regulations of a particular country, there should be no undue delay in preparing the documents. They should be posted promptly, by airmail, so that they will be in the hands of the importer at least by the time of the arrival of the shipment at the port of destination.

Health and pure food regulations often call for the production of documents not dealt with in the following table. Many countries require sanitary or health certificates issued by agricultural or health authorities in the country of origin for animals, plants and their products, and processed foodstuffs. Details of these requirements are given in the leaflets referred to before.

The procedures for shipments by parcel post and by air cargo usually differ in some respects from those to be followed for freight shipments as outlined below. In most countries, the requirements are not quite as strict or exacting but must nevertheless be followed precisely to avoid difficulty. The leaflets on shipping documents deal in detail with these shipping methods.

The following table indicates the documents required for freight shipments to countries in Latin America and touches briefly on the main requirements to follow in preparing the documents. (Further explanations are given in the notes following the table.)

The number of copies of each document is that specified in the regulations of the country. Frequently exporters, Chambers of Commerce (when required to sign documents), or transportation companies will need extra copies for their own records.

Abbreviations: C.I.—Consular Invoice; Com. I.—Commercial Invoice; C.O.—Certificate of Origin; B.L.—Bill of Lading. All values and fees shown in this table are in U.S. dollars.

Country	Documents Required	No. of Copies	Consular Fees	Cost of Forms (per set)	Notes (see end of table)
Argentina	Com. I & C.O.	4	1½ per cent of declared value*		1, 4, 7, 11, 14
	B.L.	3			2
Bolivia	C.I.	5	$5 for first $1,000; $10 if over $1,000*	$2.00	1, 3, 5, 8, 9, 12, 14
	Com. I.	5			
	B.L.	5	1½ per cent of shipping expenses, minimum fee $1.50		
	Copy of insurance policy				
	Statement of port charges				
Brazil	Com. I. & C.O.	5	$12 up to $1,000, plus $2 for each additional $500 or fraction*		1, 3, 8, 10, 12
	Import permit or Certificate of exchange cover				
	B.L.	5	gratis		
Chile	Combined Com. I. & C.O.	4	2½ per cent f.a.s. value‡		2, 8
	B.L.	3	$5 for each 200 tons‡		2
	Supplier's certificate	2			
Colombia	C.I.	4	1 per cent of f.o.b. value‡	$5.00	2, 8
	Com. I.	4	gratis		1, 5, 8, 11
	B.L.	4	$5.00		1, 12
	Certificate of registration				
Costa Rica	Com. I.	5			2, 4, 8, 9
	B.L.	3			2
Dominican Republic	C.I.	6	3 per cent of f.o.b. value‡	$5.60	1, 4, 6, 9, 12, 16
	Com. I.	4	gratis		1, 8, 12
	B.L.	6	2 pesos‡		1, 12
	Copy of insurance policy				
Ecuador	C.I.	6	$1 per $1,000 or fraction	$2.20	1, 4, 6, 9, 10, 12, 14
	Com. I.	5			
	C.O.	5			1, 3, 8
	B.L.	4	gratis		1, 5, 11
El Salvador	Com. I.	7	$2 plus 6 per cent of c.i.f. value‡		1, 8, 11
	C.O. (for some goods)	3	gratis		1, 3, 4, 7, 11
	B.L.	4	$1 for each $500, maximum $10‡		1, 11
Guatemala	C.O.	3	gratis	$4.00	1, 3, 4, 6, 9, 11, 14
	Com. I.	5	gratis		1, 5, 8, 11
	B.L.	5	gratis		1, 5, 11
Haiti	C.I.	5	$4.10 up to $200; $1.10 plus 2 per cent if over $200	$1.00	2, 8
	Com. I.	5			
	B.L.	6	$3.10*		1, 12
Honduras	C.I.	5	8 per cent of f.o.b. value‡		1, 4, 6, 12, 14, 17
	Com. I.	5	$1‡		1, 8, 12
	B.L.	5	$2‡		1, 12

Country	Documents Required	No. of Copies	Consular Fees	Cost of Forms (per set)	Notes (see end of table)
Mexico	Com. I.	4	$2		1, 8
	B.L.	5			
Nicaragua	C.I.	8	7 per cent f.o.b. value‡		1, 4, 6, 9, 10, 13
	Com. I.	4	gratis		1, 4, 8, 9, 13
	B.L.	4	gratis		1, 5, 13
Panama	C.I.	5	gratis	$2.00	1, 4, 6, 11, 14
	Com. I.	4	gratis		1, 5, 8, 11
	B.L.	4	gratis		1, 13
Paraguay	Com. I.	4	5 per cent‡		3, 8
	B.L.	4	$5.50‡		1
Peru	C.I.	4	$2 to $10*	$0.80	1, 4, 6, 13, 14
	Com. I.	1	gratis		1, 8, 13
	B.L.	5	$5 per 200 tons or fraction*		1, 4, 13
Uruguay	Combined C.I. & C.O.	4	$12.60 per 1,000 pesos* if there is Consul at port of export, otherwise‡		1, 4, 6, 9, 12
	Com. I.	4	if requested $21*		1,8, 12, 18
	B.L.	4	$6.30 for first 15 lines plus $5.25 for each additional 15 lines or fraction of 15 lines		1, 5, 12
Venezuela	C.I.	7	2 per cent to 3½ per cent of f.o.b. value‡		1, 4, 6, 12, 14, 19
	Com. I.	3	gratis		2, 8
	B.L.	4	gratis		1, 5, 12

*Fee collected from exporter by Consul.

‡Fee payable by importer at port of entry.

NOTES

1. Requires consular legalization or must be presented to Consul with other documents.

2. Does not require consular legalization or presentation to Consul. (For Chile, prior deposit receipt number and date of issue must be shown on Com. I. and B.L.)

3. Requires certification by Chamber of Commerce or similar organization. (For Bolivia, Com. I. requires this only if c.i.f. value $50 or more.)

4. Must be in Spanish.‡

5. Certain details must be in Spanish.‡

6. Forms obtained from Consul.

7. Forms obtained from commercial stationers (names are available from the Office of Trade Relations).

8. Exporter's own form may be used, provided it contains all information required by the regulations.

9. The document specified is not required for freight shipments valued at less than the following amounts. Bolivia $50, Colombia 100 pesos, Costa Rica $25, Dominican Republic $100, Ecuador $40, Guatemala $50, (but restricted goods and goods subject to duty reductions by treaty require C.O. regardless of value), Nicaragua $50, Paraguay $70, Uruguay $8.60. (For all other countries, consular documents are required for freight shipments, regardless of value.)

10. Consuls will not legalize documents unless a copy of the import permit, or analogous document, or evidence of its issuance to the importer, is produced. (There are some exceptions to this rule; exporters should assure themselves that, if a permit is required, it has been obtained before shipment is made.)

11. Documents must be legalized by Consul located in Canada.

12. Documents must be legalized by Consul at port of export (whether in Canada or the United States).

13. Documents may be legalized by either Consul in Canada or Consul at port of export.

14. Time limits within which documents must be presented to Consul for legalization: Bolivia 5 working days after sailing; Brazil 30 days after sailing; Ecuador 48 hours before sailing; Guatemala 10 days after issue of B.L.; Honduras 24 hours before sailing; Panama 3 working days after sailing; Paraguay 2 working days after sailing; Peru 24 hours before sailing; Venezuela 6 days after sailing; Argentina before sailing.

15. Bolivia requires three original and two non-negotiable B.L.

16. Five official forms plus one on plain paper.

17. For items which have been equalized under the terms of the Central American Common Market, the consular fees will be applied to import duties and the Honduras importer will receive a credit note for any excess of fees over duty.

18. Commercial Invoices—Uruguay—One copy of the Com. I. will be presented to the Consul for checking purposes and he will retain it. Shipments of (1) machinery and spare parts for industrial installation; (2) industrial raw materials; and (3) agricultural machinery, implements and supplies must be certified by a Chamber of Commerce, the Canadian Manufacturers' Association, or a similar organization as to price and origin. When requested to do so. the Consul will visa these invoices for a fee of U.S.$21.00.

19. Venezuela requires extra copy of C.I. when shipment is entitled to controlled exchanges.

‡For documents to which neither of these two notes apply, English or French may be used.

Topic: Trade Fairs

Many visitors at ANUGA in Cologne were intrigued by the range of Canadian foods. Here visitors sample pastries.

Canada Scores at ANUGA

"WE received more than 150 serious inquiries from all over Europe," was one Canadian exhibitor's comment at this year's ANUGA.

ANUGA—which stands for the German version of International Exhibition of Fine Foods and Provisions—is held biannually at Cologne, West Germany. It is without doubt the World's Fair of the food trade. This year Canada was one of 46 countries with official national exhibits and exhibitors, visitors, fair officials and competitors alike agreed that our exhibit was one of the best. Of the total of 2,588 exhibiting firms, no fewer than 1,403 were from outside Germany and 13,540 visitors came from 68 foreign countries. Further evidence of the international scope and prestige of this fair is provided by the 347 foreign press correspondents who registered with the fair authorities.

The permanent fairground at Cologne plays host to many fairs each year but ANUGA is the only one that stretches its facilities. This year 1.3 million square feet of display space were used in the 15 halls and there are firm plans to put up another building before the 1967 ANUGA.

The Canadian Government has long recognized the importance of ANUGA and has had an exhibit in each fair since 1959. Although Canadian participation has always been rewarding, a number of factors combined this year to make it outstanding.

First was the location of our exhibit. Through good luck and fast action, Canada this year obtained a site which almost guaranteed that every serious visitor to the fair would pass it.

Second, the Canadian Government Exhibition Commission designed and built an exhibit that was worthy in every way of the attention it received. It comprised individual company booths, general display area, business lounges, and an information booth. The heavy glass display cases which housed most of the general displays and formed the backdrop for all individual booths were designed by the Exhibition Commission designer and installed by professional window decorators. They contributed greatly to the impression of Canada as a source of a wide variety of high-quality foods. The lounge area provided a place for individual interviews in an atmosphere somewhat removed from the bustle of the booths; the information booth encouraged inquiries not aimed directly at the products in the individual stands.

The staff at the information booth, drawn mainly from the three trade offices in Germany, was ready at any time to provide translation services, answer questions about German regulations, and in general assist the exhibitors in every possible way. A commodity officer from Ottawa was always on hand.

The publicity campaign mounted by the Department's Trade Publicity Branch was extensive and effective. A series of releases were sent to hundreds of trade press outlets in all European countries and a direct mail campaign using the special ANUGA pamphlet made the trade aware of Canadian participation. It also provided a permanent record of Canadian exhibitors, their products, and in most cases their local representatives. Big strong shopping bags given out freely were once again a sure-fire means of producing a crowd at the Canadian stand as well as providing advertising for Canada throughout the fair grounds. Maple leaf pins and the ANUGA pamphlets were also popular. A number of individual exhibitors brought their own promotion material as well.

Exhibitors played an important part in many other ways. Their booths were manned at all times with people qualified to discuss all products. Furthermore, the exhibits themselves were dynamic rather than passive. Most companies had attractive demonstrators who handed out samples of a wide variety of food products. One provincial government created considerable interest by having two young ladies dressed as Miss Corn and Miss Tomato who demonstrated sweet corn and tomato juice. Its booths were strongly supported by a five-man food mission whose members covered a range of the province's agricultural production.

The products exhibited by Canada this year were broader in range than in previous years, covering primary commodities like white beans, apples, onions, seeds, etc., but also canned fruits and vegetables, poultry products, fish and meat products, honey and jams, whisky, maple products, etc., and even fruit cakes and puddings, prepared Chinese foods (both canned and frozen), wild rice products, chocolate powders and Canadian wines. Smoked salmon paste and canned buffalo meat were two newly developed products that attracted much interest.

An evening reception held on the fair grounds was attended by 150 or more businessmen and women from the food trade of at least 10 countries. They sampled the Canadian food and drink being exhibited and became acquainted with Canadian exporters and officials in a relaxed atmosphere. A press reception at the exhibit was attended by almost 100 and resulted in a number of recorded interviews and press stories.

The international character of ANUGA was exploited this year by Canadian Trade Commissioners from five other European countries. They attended the fair and demonstrated to business visitors from their territories some of the food products Canada has for sale. They were also able to establish personal contact with the Canadian exhibitors.

It is never easy to assess the value of promotion efforts of any kind and participation in a trade fair such as ANUGA is no exception. However, by the time the show was over, there was evidence that this year's participation was worthwhile. Congratulations on the design and effectiveness of the Canadian stand were received from many sources. Every one of the Canadian exhibitors said that the fair had lived up to their expectations or even exceeded them. The following comments from exhibitors bear this out.

"This was tops. Other nations had bigger space but the Canadian exhibit was exactly what people expect to see at a Food Fair."

"We had many business discussions and were able to make interesting connections."

"We received a great many inquiries from EEC and EFTA countries and also some inquiries from Eastern Bloc countries."

"The reaction (to our product) during ANUGA 1965 was very positive. The results top those of other exhibitions."

"The theme and design must be considered effective since they more than met our business expectations, based on actual results."

Actual sales at the show totalled only a few thousand dollars, but all exhibitors were confident that useful groundwork had been laid for substantial future sales. In some instances these sales have already been made.

Most of the commercial firms exhibiting at the Canadian stand this year were already represented in Germany but the two that were not met a number of suitable prospects during the fair and established firm representation before returning to Canada.

Competition for press coverage during and after a show such as ANUGA is intense and much of the free space goes to the companies and countries with large advertising budgets. But although Canada did no advertising in the German trade press we know that articles or pictures were published in 18 different German publications—not counting the mentions given in the press releases by the Cologne Fair authorities.

Enthusiasm was so high that even before the end of this year's show the Fair authorities were requested to reserve space for Canada in 1967 on the same site. This was not given nor accepted as a binding commitment by either party, but if Canada does participate in the 1967 ANUGA, this action will help to ensure for us the kind of location that contributed so much to this year's success.

—W. F. HILLHOUSE,
Commercial Counsellor (Agriculture), Bad Godesberg.

SPOGA Once More a Success

CANADA'S second consecutive appearance at the International Trade Fair for Sporting Goods, Camping Equipment and Garden Furniture (SPOGA), held in Cologne, West Germany, from October 24-26, left a lasting impression on European buyers and put orders worth over $88,000 into the hands of the 15 Canadian exhibitors.

During the three days, over 800 serious inquiries were received, and although at times the mixture of languages sounded more like the biblical Tower of Babel, the exhibitors were not discouraged or dismayed. And as a result of the fair, they hope to do an estimated million dollars' worth of European business in 1966.

An attractive 3,700-square-foot stand, designed and erected by the Canadian Government Exhibition Commission, showed off the products simply but effectively. The range of products brought together for the show fitted perfectly into the categories covered by SPOGA and included a sailboat, hockey equipment, air pistols and rifles, archery equipment and fishing tackle, aluminum garden furniture, barbecues and toboggans. A bicycle mudguard patterned after the characters appearing in the current T.V. horror programs added a different and colourful note to one booth. Another exhibitor showed new items for camping enthusiasts and got a surprising amount of interest in a collapsible

The Lord Mayor of Cologne (centre) examines a collapsible plastic water bag on the Canadian stand at the SPOGA fair.

plastic water bag for campers. A portable camping light that can be clipped to a car battery or plugged into a lighter outlet drew many inquiries.

The eye-catching stand and the variety of products attracted many visitors, but the buyers were brought in mainly by the colourful brochure entitled *Kanadische Qualitätserzeugnisse für Sport und Erholung* (*Quality Canadian Products for Sport and Recreation*) which was prepared by the Trade Publicity Branch of the Department of Trade and Commerce. Over 1,000 copies of the brochure, with an invitation to visit the stand, were mailed out to buyers in advance of the fair by the Trade Commissioners stationed in Europe. Photographs and press releases were also sent to the leading German trade magazines and newspapers and called attention to Canadian participation.

The Canadian exhibitors at SPOGA sponsored a "Canada Night" reception patterned on the buffet held at the National Sporting Goods Show in Chicago. The Trade Commissioners in countries neighbouring Germany invited over 300 large and important buyers of sporting goods, camping equipment and garden furniture to a buffet of Canadian roast turkey, baked ham, cheddar cheese, sweet pickles and other refreshments on the second evening of the fair. Over 250 people attended, and during the reception exhibitors had a chance to tell their guests of the quality goods which were on display at the stand. Many buyers returned the next morning to place orders, and one exhibitor took an order during the reception itself.

With over 5,000 maple leaf lapel pins, 2,000 Canadian flag pins and 4,000 miniature plastic hockey sticks distributed during the three days, it is highly probable that all of the 12,000 fair visitors knew of Canada's presence at SPOGA. The exhibitors were anxious and prepared to do business—and they did. The teamwork between the Department of Trade and Commerce and the exhibitors themselves overcame the difficulties of foreign languages, customs and currencies and paid good dividends.

—G. D. VALENTINE,
Vice Consul, Duesseldorf.

Mixed Blessings at Boat Show

CAN A TRADE FAIR BE ALMOST *TOO* SUCCESSFUL? Strangely enough, yes.

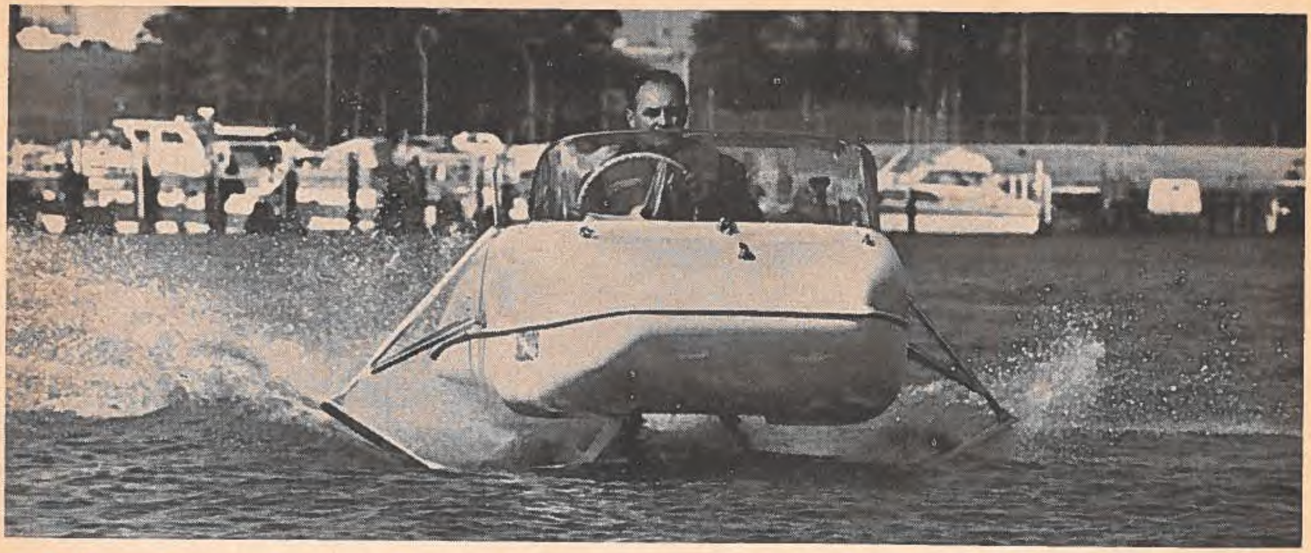
Many Canadian manufacturers are surprised to find how competitive their goods are, especially in the price and quality-conscious United States market. When orders start flowing in at a trade fair, it quickly becomes obvious that these are quantity orders. And that's quantity with a capital "Q". The Canadians are often forced to admit, much to their chagrin, that they cannot service the market effectively without expanding their production facilities.

A good example of a fair which produced this type of bitter-sweet success was the recent Marine Trades Exhibit and Conference held at McCormick Place, Chicago, last October 7-10.

Canada was the one country to mount a national exhibit and 12 companies teamed up with the Department of Trade and Commerce for the venture. They joined the 467 other exhibitors who were visited by more than 25,000 people from the marine trade field. These represented 5,702 buying organizations and came from 25 countries.

Pre-show publicity was particularly extensive; press releases were distributed to the principal daily newspapers, radio and television stations in the major metropolitan centres covered by the Canadian officers stationed in Chicago. A 17-page booklet, *Heritage of Craftsmanship,* which described the various products being exhibited, was prepared by the Department. Copies were mailed out to 3,900 dealers, distributors and manufacturers' representatives in 13 states. The Trade Publicity Officer responsible for the show went to Chicago one week before it opened to set up personal contacts with the news media. He also arranged a showing at a nearby marina of a unique Canadian hydrofoil pleasure boat. The press were there in droves and as a result of the demonstration, a feature article on the craft is slated for an upcoming edition of a widely read American consumer magazine.

During the exhibition itself, full-page ads were taken in the *Boating Industry Daily,* and each day some editorial space was given to Canada. On the Saturday,



Skimming across the waters of one of Chicago's marinas is a demonstration model of the new Canadian Water Spyder.

the magazine grouped six pages of Canadian material together to make what amounted to a national section.

Other attention-getters distributed at the exhibit were maple leaf pins and matches and the familiar red and yellow shopping bags. One manufacturer used a silent rear-projector film unit. This generated a great deal of interest and company officials noted that inquiries were ten times greater when the film was running.

The Trade Publicity Officer from Ottawa arranged for R. H. Gayner, one of our Trade Commissioners in Chicago, to be interviewed for an hour on a local radio program. Much of this time was spent describing the Government exhibit at the show.

Both exhibitors and officials were pleased with the results of their trip: definite sales were close to the $26,000 mark. None the less, several firms had to turn down sizable orders and it was the *size* of the orders that spelled disappointment. With greater manufacturing capacities, these firms could have made everybody happy.

EUROSHOP '66

What: The European Exhibition and Conference for Shopfitting and Display.

When: June 11-15, 1966.

Where: Duesseldorf, West Germany.

This show features merchandising equipment designed for retail stores of all types. Seminars to be held during the exhibition will cover wall and ceiling design, automatic vending machines, stockroom techniques, window displays and space economy, and other topics.

Trade Commissioners on Tour

In Territory

Netherlands Antilles—John D. Blackwood, Commercial Secretary in Caracas, will visit the Netherlands Antilles February 14-19.

Puerto Rico—J. E. Kepper, Acting Commercial Secretary in Santo Domingo, Dominican Republic, will visit San Juan January 10-14.

Thailand—J. H. Bailey, Trade Commissioner in Singapore, will visit Thailand for the week beginning January 3.

Venezuela—J. R. Caux, Assistant Commercial Secretary in Caracas, will visit Maracaibo and possibly other centres in western Venezuela January 24-29.

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

FOREIGN TARIFFS AND TRADE REGULATIONS

Argentina

NEW CUSTOMS TARIFF—The Department of Trade and Commerce has received a copy of the new Argentine Import Tariff which became effective on December 1, 1965.

Tariff classification is based on Brussels Tariff Nomenclature. A single rate of duty replaces the former duty and surcharge. The new single rate appears to be equivalent to the former surcharge rounded downward slightly. Duty is assessed on the normal c.i.f. value of the goods, Argentine port of entry, except where Official Index Values or equivalent have been established (or may be established), in which case the Official Index Value will apply if it is higher than the c.i.f. value.

Other import taxes, such as the Statistical Tax, and the special taxes on steel and forest products shall also be applied on the value for duty as described above.

Dominican Republic

CENTRAL BANK ADOPTS MEASURES TO LIMIT IMPORTS OF AUTOMOBILES AND ELECTRICAL APPLIANCES—The Canadian Trade Commissioner in Santo Domingo has advised us that the Central Bank will not approve requests for foreign exchange made by local importers through the local banks for the following items, except when these imports are made by letter of credit and approved by the Central Bank: automobiles (excluding trucks, buses and delivery trucks), jeeps, station wagons, phonographs, radio phonographs, television sets, radios, coolers, freezers, air conditioners, ventilators, electric stoves, osterizers, toasters, beaters, vacuum cleaners, juke boxes, washing machines. These measures become effective December 31, 1965, for automobiles, jeeps and station wagons, and for the other items on December 15, 1965.

Previously, importers of these items would apply for foreign exchange through the commercial banks to meet their import commitments, which were usually on a sight draft basis.

The items affected by this measure only constituted about 10 per cent of total imports into the Dominican Republic in 1964. Canada exported $317,000 worth of automobiles and about $12,000 worth of electrical goods in 1964, which constitutes about 4 per cent of our exports to the Dominican Republic. It is felt that imports of these items will decrease by about one-third as a result of the required letter of credit approval.

Jamaica

IMPORT RESTRICTIONS—ADHESIVE TAPES AND GLUES—The Jamaican Ministry of Trade has announced that, effective November 23rd, all types of adhesive tapes and glues will be prohibited import except under authority of a specific import licence. No official policy for these items has yet been formulated but indications are that generous quota allotments will be established for types not being produced in this country. We understand that only glues using dextrin and mucilage as a base are now being locally manufactured or packaged in Jamaica.

IMPORT RESTRICTIONS—BROOMS AND BRUSHES—The Jamaican Ministry of Trade has advised that import licences will now be issued quite freely for paint, whitewash and hair brushes. All other types of brooms and brushes, including mops, will be allowed to be imported only under a quota arrangement based on the same level of imports as in the last twelve months.

Liberia

PRIVATE INVESTMENT BANK—Liberian, European and United States investors together with the International Finance Corporation (IFC), an affiliate of the World Bank, have joined in setting up the Liberian Bank for Industrial Development and Investment (LBIDI) to provide medium and long-term capital to private enterprises in Liberia. The new institution will have at its disposal resources amounting to $4.5 million.

The total paid-in share capital of LBIDI is $1 million, of which IFC is subscribing approximately $250,000. An equivalent amount has been subscribed and paid in by the Liberian Development Corporation, an agency of the Government devoted to the promotion of industry in Liberia. The remainder of the share capital has been subscribed by private Liberian investors and by the following institutions:

Bank of Monrovia, an affiliate of First National City Bank, New York

Firestone Plantations Company

The International Trust Company of Liberia

Instituto Mobiliare Italiano

LAMCO Joint Venture
Liberia Mining Company, Ltd.

The Kreditanstalt für Wiederaufbau of Germany is extending a loan of DM 10 million ($2.5 million), and the Liberian Government, which has actively supported the establishment of LBIDI since its inception, is making a long-term, interest-free loan of $1 million.

LBIDI's operations are expected to contribute to the development of a capital market in Liberia and to further the growth of local industry.

Pakistan

REVISED IMPORT POLICY—Authorities in Pakistan have announced a new import licence policy which has been made necessary by the strain on the foreign exchange resources caused by recent India-Pakistan hostilities. The Free List comprising goods for which an import licence is not required has been reduced by almost one-half. The Open General Licence List is made up of items for which any importer may acquire a licence simply by registration and the payment of necessary fees. This category has also been reduced and it is now one-sixth its original size. A third category of items which may be imported is now called the "List of Items Not Placed on OGL/Automatic Licensing". Goods appearing in this list, which has been reduced to one-seventh its size, may only be imported by firms which have been involved in the trade since 1951. A number of items which are not otherwise importable appear on a Bonus Voucher List. As an incentive for Pakistan exporters, 30 per cent of an exporter's foreign exchange earnings may be converted into vouchers which are negotiable at about 150 per cent of their face value for purchasing luxury items on the bonus list. This list is now 84 per cent of its former size. Further details may be obtained from the Commonwealth Division, Office of Trade Relations.

Sierra Leone

IMPORT DUTY AMENDMENTS—Effective December 1, import duties on almost all items were increased. Further details may be obtained from the Commonwealth Division, Office of Trade Relations.

Trade Lines

Jamaican building industry is booming because both Government and private enterprise are building several large housing projects, commercial buildings and hotels. Reflecting this, imports of building materials reached Can.$24 million in 1964, $9 million more than in 1963. Lumber alone accounted for $5.1 million compared with $4.5 million in 1963. Sales of domestic cement and lumber also rose. The boom is expected to continue—Kingston.

Mexico will build 33 small- and medium-tonnage fishing boats for Brazil at Mazatlan on the Pacific Coast and at Veracruz on the Gulf of Mexico. The Mazatlan yard has already succeeded in exporting its products to other Latin American countries and to the Middle East—Mexico, D.F.

Canadian Holstein-Friesian cattle have established a beachhead in the Caribbean as the result of a mission from Jamaica, Trinidad and Tobago, and Barbados. The Department of Trade and Commerce, in co-operation with the Holstein-Friesian Association of Canada, sponsored the mission. The Barbados Ministry of Agriculture purchased 52 heifers and one bull and will distribute them to individual farmers. Milk production will go to a new pasteurization plant that the Government and private enterprise are sponsoring jointly. In Trinidad, the Ministry of Agriculture and two private citizens have already taken delivery of 116 head and are awaiting another 75. These cattle will also go to individual farmers but only after they have developed immunity to tick fever. The performance of these animals is expected to result in continuing sales to the three islands and later to the smaller islands of the eastern Caribbean—Port-of-Spain.

Servicios Aéreos de Honduras S.A. (SAHSA) has established a new air route between Tegucigalpa and New Orleans—Guatemala City.

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 .9286.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 13	Units per Canadian dollar	Notes (see below)
Algeria	Dinar		.2197	4.55	
Argentina	Peso	Free	.005728	174.58	
Australia	Pound		2.4146	.4141	
Austria	Schilling		.04168	23.99	
Bahamas	Pound		3.0183	.3313	
Belgium and Luxembourg	Franc		.02169	46.10	
Bermuda	Pound		3.0183	.3313	
Bolivia	Peso		.09153	10.93	
Brazil	Cruzeiro	Official Free	.0004873	2,052.12	†
Britain	Pound		3.0183	.3313	
British Guiana	Dollar		.6288	1.59	
British Honduras	Dollar		.7546	1.33	
Burma	Kyat		.2261	4.42	
Ceylon	Rupee		.2264	4.42	
Chile	Escudo	Bank rate	.3130	3.19	
		Free	.2601	3.84	
Colombia	Peso	Free	.05821	17.18	
		Certificate	.1197	8.35	
Congo, Republic of	Franc		.007179	139.29	(1)
Costa Rica	Colon		.1625	6.15	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1496	6.68	
Denmark	Krone		.1564	6.39	
Dominican Republic	Peso		1.07688	.9286	
Ecuador	Sucre	Official	.05983	16.71	
		Free	.05821	17.18	
El Salvador	Colon		.4308	2.32	
Fiji	Pound		2.7191	.3678	
Finland	Markka		.3365	2.97	
France, Monaco, etc.	Franc		.2197	4.55	(2)
Franco-African Republics, etc.	Franc		.004394	227.58	(3)
French Pacific	Franc		.01208	82.78	(4)
Germany	D Mark		.2692	3.71	
Ghana	Cedi		1.2576	.7952	
Greece	Drachma		.03589	27.86	
Guatemala	Quetzal		1.07688	.9286	
Haiti	Gourde		.2154	4.64	
Honduras	Lempira		.5384	1.86	
Hong Kong	Dollar	Free	.1876	5.33	*Dec. 3
		Official	.1886	5.30	

†The Cruzeiro was devalued Nov. 16/65; as of Jan. 1/66, the present currency will be replaced by the new Cruzeiro at the ratio of new Cruzeiro/1000 old Cruzeiros.

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

*Latest available date.

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 13	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02504	39.94	(1)
India	Rupee		.2264	4.42	
Indonesia	Rupiah		.004308	232.15	(1)
Iran	Rial		.01422	70.34	
Iraq	Dinar		3.0153	.3316	
Ireland	Pound		3.0183	.3313	
Israel	Pound		.3590	2.79	
Italy	Lira		.001724	580.05	
Japan	Yen		.002992	334.22	
Lebanon	Pound	Free	.3524	2.84	
Malaysia	Dollar		.3518	2.84	
Mexico	Peso		.08615	11.61	
Morocco	Dirham		.2154	4.64	
Netherlands	Florin		.2987	3.35	
Netherlands Antilles	Florin		.5710	1.75	
New Zealand	Pound		3.0072	.3325	
Nicaragua	Cordoba		.1538	6.50	
Nigeria	Pound		3.0183	.3313	
Norway	Krone		.1508	6.63	
Pakistan	Rupee		.2264	4.42	
Panama	Balboa		1.07688	.9286	
Paraguay	Guarani	Free	.008723	114.64	
Peru	Sol	Free	.04014	24.91	
Philippines	Peso	Free	.2751	3.64	
Poland	Zloty	Fixed-basic rate	.04486	22.29	
Portugal & Colonies	Escudo		.03746	26.70	(5)
Sierra Leone	Leones		1.5076	.6633	
South Africa	Rand		1.5092	.6626	
Spain and Dependencies	Peseta		.01798	55.62	
Sweden	Krona		.2082	4.80	
Switzerland	Franc		.2494	4.01	
Syria	Pound	Free	.2817	3.55	
Thailand	Baht	Free	.05061	19.76	(1)
Tunisia	Dinar		2.0622	.4849	
Turkey	Lira		.1197	8.35	(1)
United Arab Republic	Pound	Official	2.4768	.4037	
United States	Dollar		1.07688	.9286	
Uruguay	Peso	Free	.01648	60.68	
Venezuela	Bolivar	Official Free	.2397	4.17	
West Indies	Dollar		.6288	1.59	(6)
	Pound		3.0183	.3313	(7)
Yugoslavia	Dinar	Official	.0008615	1,160.76	

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.

The Post Office Says . . .

Changes in International Postal Regulations

The Universal Postal Union Convention, signed at Vienna in 1964 and effective January 1, 1966, brings into effect the following changes in surface mail for and from places abroad posted on and after January 1. All mail, except parcel post, is subject to the provisions of the new convention.

Letters—the maximum dimensions of letters in roll form is increased to 3 feet 5 inches (length plus twice diameter) and 3 feet (greatest dimension).

Rates—5 cents for the first ounce and 3 cents for each additional ounce to Britain and the Commonwealth; Republic of Ireland; United States, its territories and possessions; other countries of North, Central and South America; the West Indies; France and Spain; ten cents for the first ounce and 6 cents for each additional ounce to all other countries.

Post Cards—maximum size is increased to 6 inches by 4¼ inches. Only *illustrated* post cards of private manufacture are not required to bear the heading "Post Card". Undeliverable post cards not bearing the address of the sender will not be returned to the country of origin.

Surface Rates—4 cents each to all countries to which the letter rate of 5 cents and 3 cents applies; 6 cents each to all other countries.

Airmail Rates—effective January 1, 1966, 10 cents to any country in the world, except the United States, its territories and possessions for which the rate is 8 cents.

Commercial Papers—this category is abolished. Articles previously accepted as commercial papers will be subject to the following rates:

(1) Letter rate for papers and documents such as bills of lading, invoices, etc., conveying a current or personal message between the sender and the addressee.

(2) Printed matter rate for (a) letter post items exchanged between school pupils, provided they are forwarded through the intermediary of the principals of the schools in question; (b) originals and corrected exercises of pupils bearing notes directly related to the performance of the work only; (c) the manuscript of works or for newspapers and (d) musical scores or sheet music in manuscript.

(3) Parcel post or letter rate at the discretion of the mailer for all other papers and documents, wholly or partly written or drawn, not having the character of current and personal correspondence.

Printed Matter—comprises (1) reproductions on paper, cardboard *or other materials commonly used in printing,* produced in several identical copies obtained by means of tracing, by handwriting, by typewriting on any type of machine, or stamps with or without movable type; (2) articles formerly accepted as commercial papers (see above); (3) cards marked "Post Card" are acceptable at the printed matter rate the same as illustrated cards not bearing the heading "Post Cards", provided that they satisfy the general conditions applicable to printed matter.

Undeliverable unregistered printed matter (except books) is not returned to origin unless it bears a request for return.

Rates—3 cents for the first 2 ounces and one cent for each additional 2 ounces to the United States, its territories and possessions, and other countries of North, Central and South America, the West Indies and Spain; 4 cents for the first 2 ounces and 2 cents for each additional 2 ounces to all other countries.

Samples—samples of merchandise will be restricted to genuine non-dutiable trade samples labelled "Free Sample" or "Free Specimen". Other articles such as keys sent singly, cut fresh flowers, etc., heretofore accepted as samples, will be subject to either parcel post or letter rates at the option of the sender.

Tubes of serum and vaccine and medicines urgently required and difficult to obtain will under present conditions continue to be accepted at the rate for samples.

Rates—4 cents for the first 2 ounces and one cent for each additional 2 ounces to the United States, its territories and possessions, other countries of North, Central and South America, the West Indies and Spain; 4 cents for the first 2 ounces and 2 cents for each additional 2 ounces to all other countries.

• • •

New "Final Notice" and "Unclaimed Packages" Procedure (Customs)—the Port Administration Branch, Customs and Excise Division, Department of National Revenue, has amended its regulations governing this procedure, effective September 1, 1965, as follows:

"Final Notice" advice cards will be mailed to the importer when postal packages have been on hand 15 days. Packages remaining unclaimed after 30 days will be forwarded immediately to the Post Office for disposal. Items prepaid at parcel post rates and bearing an alternative address will be held for 15 days at the disposal of the first addressee, and for 15 days at the disposal of the second addressee before being returned to the Post Office.

The previous holding period authorized by Customs was 60 days.

• • •

Money order service with Rhodesia has been suspended.

• • •

Domestic Postal Regulations—changes in postal regulations for domestic mail have been announced. The maximum size of **post cards** has been increased to 6 inches by 4¼ inches. The **commercial papers** category of mail is abolished effective January 1, 1966. Papers or documents completed in handwriting or typewriting and not having the character of current and personal correspondence, previously accepted as commercial papers, will be subject to the parcel post rate or the letter rate of postage at the option of the sender.

• • •

The U.S.S.R. has reported that some parcels are arriving from Canada in poor condition because they were badly packed, and a number of others have incomplete or inaccurate customs declarations. The Soviet Union Postal Administration has pointed out before that errors in customs declarations retard customs treatment and delivery and result in complaints and inquiries from the addressees. The commonest errors Canadians are making are: (a) corrections on the forms, (b) no indication of contents or false declaration of contents, and (c) articles listed on form 91 B differing from those on 15 B.

• • •

Prepaid airmail addressed to other countries is arriving at Canadian despatching offices with insufficient postage, particularly airmail letters for Pacific destinations where the rate is 25 cents each half ounce. A good number of these are prepaid at only 15 cents each half ounce.

• • •

Mail for Tanzania is not being addressed properly. Because Tanzania is a federation of the territories of Tanganyika and Zanzibar, all mail must be addressed either Tanganyika, Tanzania, or Zanzibar, Tanzania. •

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

CANADA
POSTAGE PAID
PORT PAYÉ