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MARKETS FOR GAS APPLIANCES AND HEATING EQUIPMENT, OCTOBER 2 ISSUE

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Prospecting in the Peruvian Market

Here is a market with no exchange controls, no import licensing or prior deposits, and the money to buy foreign products. Last year Peruvian imports reached $575 million—but Canada's share totalled only $10.7 million. Want to try competing in this market? Read on.

Agriculture once dominated the Peruvian economy but it is now tied with manufacturing for first place in the gross domestic product. These workers are picking grapes in a vineyard south of Lima. Peru's wines supply the domestic market and when exported to neighbouring countries earn modest amounts of foreign exchange. Some pisco, a type of brandy, is also distilled from the locally produced wines.

D. J. McEACHRAN,
Commercial Secretary, Lima.

AN EXPANDING ECONOMY, a stable political climate, diversified natural resources, increasing industrialization, expanding imports, a favourable trade balance, adequate foreign exchange reserves, a tradition of freedom from restrictions on trade and a business cycle on a strong upswing—these all spell potential in Peru. Why don't Canadians sell more to this country? It may be because there is a tendency not to recognize that Peru and the other South American countries are separate and distinct markets. Some exporters are losing business because they think all countries south of the Caribbean are markets too difficult to worry about.

There is no more reason to consider the prospects for exporting to Peru as similar to those for Paraguay than there is to treat sales to Hong Kong as the equivalent of shipments to Britain. Each must be evaluated separately and judged on its own merits. This article provides a background against which exporters can evaluate the prospects for their products in Peru.

Location and Regions

The Republic of Peru, the third largest country in South America, borders on the Pacific Ocean and covers some 1,000 miles—from Ecuador in the north to Chile in the south. Lima, the capital and commercial centre, lies approximately midway along the coast, some five miles from the principal port, Callao. The Andes form a north-south geographic barrier within the country and divide it into three distinct regions: the desert coastal strip which is the centre of population, agriculture and industry; the high Andean plateau, heart of the country's important mining activity, and the interior Amazon jungle.

Business visitors generally find they can concentrate their efforts in Lima because nearly all representatives of foreign suppliers operate in and out of this city of two million. If your interests are specific and your products specialized, you may wish to visit the mining industry high (13,000 to 15,000 feet) in the Andes, the fishmeal industry along the coast (see article on page 6), the road construction projects in the mountains and jungle, or the irrigation and hydro-power sites throughout the country. Peru is easily reached by international airlines—including Canadian Pacific Airlines from Vancouver, Calgary, Windsor, Toronto and Montreal via Mexico City. (For more details on personal visits to the market see *Foreign Trade* of July 25, 1964.)

Market Potential

The most obvious and perhaps most useful measure of the market potential in Peru is past import performance. Overseas purchases have been growing steadily and last year reached U.S. $580 million—the largest ever recorded, up from $250 million in 1954. At present, Canada is supplying less than 2 per cent of these imports. Given the fact that we produce the types of goods that Peru buys and should be competitive in at least one quarter of them, the over-all potential is great and relatively unexploited by Canadian manufacturers.

The population of Peru totals slightly more than 11 million, with an average annual per capita income of approximately U.S. $200. Less than half of its people, however, participate in the monetary economy and thus these figures can be misleading in estimating the size of the market. California has 11 million people too! Capital goods, equipment and raw materials are more important than consumer goods in Peru's list of imports. The expansion of the economy is thus a better measure of market potential than estimates of consumer demand based on population figures. Gross domestic product for 1964 is estimated at $3 billion. This reflects a growth rate of 5.4 per cent in 1964 and an average annual growth of 6.4 per cent over the period 1960-1964. On a per capita basis, the GDP increased by an average 3.4 per cent a year over the same period. Real national income has exceeded the growth in population in each of the past five years and substantial gains (approximately 5 per cent per year) in per capita real income have been recorded.

TABLE I

MAKE-UP OF GROSS DOMESTIC PRODUCT 1964 (Est.)

	(per cent)
Agriculture	19.6
Manufacturing	19.6
Commerce	17.6
Government	7.8
Mining	7.6
Housing	7.4
Communications	5.4
Construction	4.1
Finance	3.7
Fishing	1.8
Others	5.4
	100.0

Manufacturing is becoming increasingly important in Peru: in 1964 for the first time the percentage it contributed to total GDP equalled that of the previously dominant agricultural sector. This increasing industrialization means a changing market but one that offers fresh opportunities. An expanding market is always more open to new sources of supply than a static one.

The Ten Year Development Plan and the related investment program drawn up by the National Planning Institute are also useful in estimating the market. These plans emphasize expansion and development in such fields as transportation (roads, ports, railroads, airports); communications (telecommunications); electricity (development of new power sites and interconnection of existing facilities into a national power grid); agriculture (agrarian reform, colonization of virgin areas, irrigation, farm mechanization); broadening of social capital (housing, water supply and distribution, sewerage systems, public health and education); and industry (expansion of steel and petroleum output in the public sector and an over-all expansion in industrial output of 80

TABLE II

PERU'S PRINCIPAL IMPORTS

	1962	1963	1964 (6 mos.)	Composition 1964 (6 mos.)
	(U.S.$million)			(per cent)
Machinery and apparatus	160	159	80	28
Food, beverages and tobacco	72	84	48	17
Vehicles and equipment	70	79	40	14
Chemicals and pharmaceutical raw materials	53	54	28	10
Metals and manufactures	57	53	27	10
Textiles and clothing	33	40	15	5
Fuels and lubricants	18	17	9	3
Pulp, paper and manufactures	13	13	7	2
Animal and vegetable oils and fats	13	5	5	2
Non-metallic minerals and manufactures	8	8	5	2
Lumber and manufactures	6	6	3	1
Rubber and manufactures	6	6	3	1
Others	29	32	14	5
Total, all imports	**538**	**556**	**284**	**100**

Source: Estadistica del Comercio Exterior.

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per cent between 1962 and 1970). These developments mean new business for foreign suppliers.

What to Sell

An examination of the composition of imports will reveal the types of goods with the best sales prospects in Peru. Capital goods is the most important category and this includes non-electric machinery and apparatus, vehicles and transportation equipment, and electrical machinery and apparatus. During the first half of 1964 imports of capital goods accounted for 46 per cent of the total, followed by raw materials 28 per cent, non-durable consumer goods 14 per cent, durable consumer goods 9 per cent, and petroleum products (primarily lubricants) 3 per cent. For a more detailed breakdown of imports based on the grouping used in recent Peruvian statistics, see Table II.

These figures point up the demand for capital equipment that has resulted from development projects

TABLE III

WHAT CANADA SELLS TO PERU

	1963	1964
	(Can.$'000)	
Mining machinery and parts	632	884
Passenger autos and chassis	23	871
Wheat	2,475	787
Basic steel products	540	773
Newsprint and other papers	493	674
Wood pulp	813	660
Aluminum and materials	350	422
Card punching machines and parts	648	366
Asbestos fibre	339	303
Malt	568	278
Milk powder	177	273
TV receiving sets	34	261
Power boiler equipment and parts	208	252
Synthetic rubber and plastics	237	245
Chemicals	344	215
Aircraft engines and parts	130	215
Oatmeal and rolled oats	144	160
Spark plugs and parts	130	136
Synthetic fibres and waste	211	128
Washing machines, electric, domestic	148	106
Sound recording equipment and parts	239	97
Cordage	95	41
Total, all exports	**11,640**	**10,749**

Source: DBS Statistics.

Seven Points in Selling to Per

1. Import and Exchange Controls

● Peru is the only South American country free of exchange and import controls. All transactions are based on a single free fluctuating rate of exchange—a rate that has remained stable at between soles 26.00 to soles 27.00 to the U.S. dollar for the past seven years. There is complete freedom of capital movement both in and out of the country.

● Imports are admitted freely and no import licence is required. The level of imports is regulated solely by the customs tariff which is designed to restrict (and at times prohibit) imports of products that compete with national industry. A few—such as pharmaceutical specialties, livestock, insecticides, firearms and ammunition, plants and alcoholic beverages—require authorization and certification before import. These requirements, however, present no difficulties. Further details on these regulations are contained in a mimeographed report entitled *Peru—Tariffs, Regulations and Documentation*, available from the Commercial Division of the Canadian Embassy in Lima.

2. Documentation

● Documentation requirements must be strictly adhered to and minor infringement results in heavy fines. The procedures can be rather involved and new or inexperienced Canadian exporters are advised to seek the services of a qualified export customs broker.

● Required documents include consular invoices, legalized bills of lading and visaed commercial invoices. An important point to remember is that the documents must be completed before the carrier leaves. The consular invoice must be prepared in Spanish and must describe the goods accurately and specifically. It is advisable to use the phraseology of the Peruvian customs tariff, particularly when component materials or parts are involved. Exporters should request their agents or buyers to su ply specific instructions on the ma ner of declaration of goods in t consular invoice. This is particular important at the moment because t nomenclature and numbering syste of the tariff have been changed r cently. Further details are availab in the report referred to above. is also important to ensure that t documents arrive before the shi ment—otherwise the buyer will involved in the additional expense obtaining a bank guarantee to enab him to take possession of the goo without the documents.

3. Tariff

● In August 1964 Peru introduc a new two-column tariff for the Lat American Free Trade Associati (LAFTA). (See *Foreign Trade* September 19, 1964.) This is bas on the Brussels nomenclature. Co pound duties are levied on mo items. Specific duties may be assess on the gross, legal or net weig depending on the tariff item. A valorem duties are levied on the c.i value of imported goods and, f Peruvian customs purposes, th value is established by increasing t f.o.b. value by 20 per cent. Prefe ential rates are granted on certa specified imports from LAFTA me ber nations.

● Customs duties on goods of a ty produced locally are generally hig Rates on non-essential and luxu goods are also high but on goo not produced domestically, they a not prohibitive. Duties on impor that contribute to economic develo ment are more moderate. In certa instances, machinery and equipme and basic raw materials may quali for reduced rates or may be e empted from the payment of duti under the provisions of the Indu trial Promotion Law, the Mining a Petroleum Codes, or the special la relating to imports of livestock, me and products, wheat, newsprint, et Used goods are generally dutiab at the rates applicable to ne merchandise.

● An indication of the tariff classifi-
:ation and duties applicable to a par-
icular product can be obtained from
he Commercial Division of the Em-
bassy in Lima or the Latin American
Division of the Department of Trade
ınd Commerce in Ottawa.

4. Payment Terms

● The high cost of working capital n Peru means that importers are ;iving increased attention to credit ınd payment terms. A more expen- ;ive product may well overcome the :ompetition purely on the basis of nore attractive terms. Importers are 'eceiving longer payment terms from heir suppliers, with the result that ess than 10 per cent of imports are ıandled under letters of credit. De-)ending on the type of goods, terms)f up to 180 days may be considered ıormal. Sales of capital equipment,)f course, require medium- and long- erm financing.

5. Samples

● Subject to certain limitations, ;amples of no commercial value will)e admitted free of duty and taxes. f sent by parcel post, air or sea 'reight, they are subject to the same locumentary requirements as ordinary :ommercial shipments. Travellers' ;amples, however, do not require :onsular invoices when brought in)y commercial travellers but they nust be declared on a special form. A bank guarantee equal to the ımount of the import duties appli- :able and valid for the period of time he samples are in the country may)e required.

6. Local Agents

● Good local representation is essen- ial to the success of an export bus- ness. In an open, attractive and com-)etitive market such as Peru, selling ıt long range is virtually impossible. Among the services the active rep- 'esentative can offer are: advice)n market conditions, competition,)rices, tariff changes, etc.; assistance vith documentation; frequent per- onal calls on buyers; service facil- ties; development of sales programs in Spanish; credit and bank reports on buyers, and so on. Further, under the law covering public tenders in Peru, all foreign companies that wish to participate are required to have legally appointed local representatives. Bids can only be submitted by the representative on behalf of his principals. Direct tenders are not accepted.

● There are several experienced and well-introduced representatives and agency firms in Lima that can offer the facilities your company requires. Locating the best agent can, however, present difficulties. The well-established Peruvian firms that hold the best known brands of a range of products are often not particularly active with new lines. The best foreign agency firms, notably the U.S., British and German, naturally tend to favour suppliers from their own countries. Further, both Peruvian and foreign agencies are usually well supplied with accounts already and it can be difficult to interest them in new offers unless these are well prepared and reflect a careful and thorough approach.

● The Commercial Division of the Embassy maintains extensive lists of local agents, distributors and importers and will be glad to offer suggestions and obtain credit ratings for your use. Remember that the agent is your sales force: choose him carefully and support him well and he can generate business and profits for you.

7. Licensing and Branch Plants

● The expansion of Peruvian industry will continue to be reflected in the changing pattern of import trade. Peruvian industry, although still concentrated in the consumer goods field, continues to diversify and products and supplies in the industrial field are beginning to emerge. Exporters in the consumer goods sector may find it useful to establish branch plants or make arangements for local manufacture under licence or royalty agreements in order to avoid losing the market to a new national industry. ●

and the expansion of local industry. In the area of imports for development projects—transportation, electrification, water distribution, communication, irrigation, etc.—the primary emphasis will continue to be on capital goods. As a result, imports of heavy construction machinery, roadbuilding and mining equipment, vehicles, agricultural machinery, irrigation pumps, valves, etc., railway equipment and accessories, port equipment and materials handling systems, etc., are expected to expand considerably. As the output of domestic industry is diversified and expanded, demand for consumer goods will continue to moderate and be replaced by growing requirements for machinery, machine tools, process equipment and subassemblies as well as semi-finished and raw materials.

Canada is well placed to compete for a larger share of the Peruvian market for such industrial raw materials as chemicals, metals, paper pulps, and synthetic fibres. Expertise in engineering, management and production will also be needed. Industrial growth means more rather than less business for foreign suppliers.

Aside from capital goods and raw materials there are opportunities for larger sales of livestock and poultry for breeding, a variety of foodstuffs (including cereals, fruits

TABLE IV

WHERE PERU BUYS

	1963 (U.S.$-million)	1963 (per cent)	1964 (6 mos.) (U.S.$-million)
United States	208	37	117
Germany	71	13	39
Argentina	49	9	21
Britain	40	7	19
Japan	35	6	13
Netherlands	18	3	7
Italy	16	3	8
Switzerland	15	3	8
CANADA	14	3	10
Belgium	7	1	4
France	15	3	7
All others	68	12	30
Total	556	100	283

Source: Banco Central de Reserva.

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and milk powder), sophisticated products such as computers and parts, radio, television and communications system.

Meeting Competition

Our primary competition in the Peruvian market comes from United States exporters, who supply nearly 40 per cent of all imports. Although their share is decreasing, there is no reason to expect they will lose their dominant position. European countries are paying increasing attention to the market, with good results. Taken together they now account for one-third of Peru's total purchases from abroad.

Canada has not maintained its position relative to these countries and is the only major supplier which has not increased its sales in either percentage or value over the past ten years.

The simplest way to determine whether your company's products will find a market in Peru, be competitive and yield a profit is to contact the Commercial Division of the Canadian Embassy in Lima. Based on preliminary product information (this need not include more than descriptive brochures and prices c.i.f. Callao), it will be possible to tell you whether your product will be competitive, what marketing and /or merchandising it will involve, and what the prospects are. At this point we may need more detailed information to enable a further examination of tariff rates and regulations, a survey of potential agents, importers and representatives, a study of the competition and the collection of the necessary background data that can lead to specific recommendations on your successful entry into this market. ●

Peru Consolidates Fish Meal Industry

In just 15 years, Peru has built up on the anchoveta swarming in the Humboldt Current the world's biggest fish meal industry. It has become the country's largest export. Problems that accompanied this rapid expansion are now being corrected, and the future is promising.

D. J. McEACHRAN, *Commercial Secretary, Lima.*

THE DYNAMIC GROWTH of the fish meal industry has pushed Peru to the forefront of the world's fish producers, ahead of Japan, Communist China, the Soviet Union, and the United States. Peruvian fish landings last year totalled more than 8.8 million tons, over two million more than in 1963. This was the largest increase yet during Peru's fisheries boom. Production of fish meal for animal feed—by far the dominant activity—exceeded 1.5 million tons last year. Fish meal sales in 1964 accounted for nearly one quarter of the country's total exports, overshadowing the performance of the basic copper, cotton and sugar industries. Direct investment in the fish meal industry is now estimated at more than U.S. $300 million.

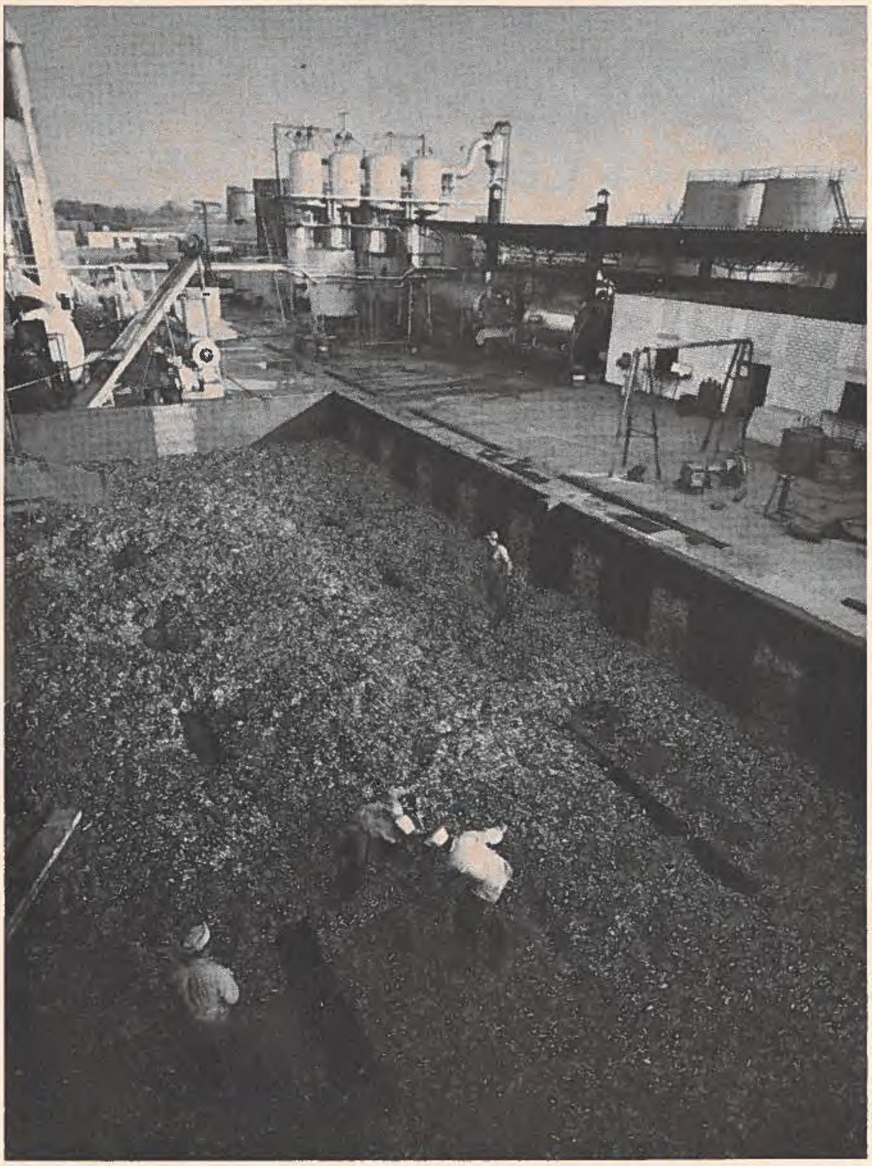
Growth of Fish Meal Industry

In less than a decade, Peru's anchovy meal industry has emerged from obscurity to occupy first place among the world's fish meal producers. Before the explosive growth of the fish reduction industry, the rich resources of the Humboldt Current remained relatively untouched, except for the collection of guano (the droppings left on coastal islands by hoards of large anchovy-eating sea birds) for use as fertilizer. This boom did not last long, although guano harvesting continues on a modest scale as a state monopoly.

The outbreak of war in 1939 created new demands for fisheries products, such as canned and salted fish and fish oils, and this led to an expansion in the then rudimentary fishery industry. The salt fish and fish oil export boom ended with the war but the demand for canned bonito tuna from Europe and North America has continued and supports the canning industry. In 1950 the first commercial fish reduction plant was established to supply the expanding U.S. market for animal feed. From that moment on, the harvesting of anchovy and the production of fish meal became the centre of fishing activity.

Over 97 per cent of Peru's total current fish catch is made up of 'anchoveta', the small sardine-like fish that is the basis of the fish meal industry. The remainder of the catch is fresh fish for domestic consumption (1½ per cent), canned tuna exports (½ per cent), and frozen tuna exports (½ per cent).

The vast anchovy fishery operation is spread along the entire Peruvian coast. The fishing boats (called 'bolicheras') are 60 to 90 feet long, load up to 100 tons of cargo and return to their home port each night, where the anchovies are pumped from the holds by pipelines into storage bins at the plants. Often poor or non-existent port facilities result in one end of the pipeline being located on a raft floating out at sea. The anchovies are then cooked by steam, dried and pressed in rotary ovens, and ground into powder before being packed in jute or poly-lined bags for shipment. The slurry from the presses is fed to centrifuges to separate the oil and any remaining solids.



Peruvian workmen, knee-deep in "liquid gold", take the first step in making fish meal and shovel anchovy onto automatic conveyer belts. This important industry began 15 years ago and now accounts for almost one quarter of the country's export earnings—$150 million in 1964, up from a mere $275,000 in 1950.

In the 15 years since the first plant was established in 1950, the total output of fish meal has risen from only 4,000 tons, with exports valued at U.S. $275,000, to over 1.5 million tons by the end of 1964, with exports soaring to over U.S. $150 million. Table I shows the remarkable increase in tonnages of fish meal produced and exported (see page 8).

Virtually all of the fish meal and fish oil produced in Peru is exported. The principal export markets for fish meal are the United States 21 per cent, the Netherlands 18, West Germany 17, Japan, Spain, Britain, and Italy 6 per cent each. The anchoveta fish oil, byproduct of the fish meal plants, is sold almost exclusively to Western European countries, primarily the Netherlands, Sweden and West Germany. Sperm whale oil, on the other hand, is shipped almost exclusively to the United States. The United States is also the best customer for Peru's canned bonito tuna, taking 29 per cent of production, followed by Britain (23), the Netherlands (8), and Canada (7). Canada's purchases of canned bonito tuna from Peru in 1964, valued at over Can. $600,000, were third among our imports from Peru, exceeded only by zinc ore and coffee.

Expansion Brings Problems

The industry did not, however, reach its present stage of development without growing pains. The boom pace at which the industry has developed—particularly since 1955—has created problems. The pattern was one of minimum equity investment, maximum credits, rapid production and quick sales. Given the environment—an immense new resource, ideal fishing conditions, a lack of restrictions on entry to the industry and an expanding world market—such an approach was feasible and great profits were made.

As the number of independent producers increased, however, seri-

TABLE I

PERU'S FISH MEAL INDUSTRY

	Production ('000 metric tons)	Exports ('000 metric tons)	Exports ('000 Soles)
1950	4.0	3.7	4,250
1955	20.1	19.2	38,919
1956	31.0	28.9	68,870
1957	64.5	62.9	137,270
1958	126.9	107.5	274,986
1959	332.4	280.9	870,254
1960	553.3	509.8	1,061,139
1961	863.8	713.5	1,335,637
1962	1,120.8	1,059.6	2,684,666
1963	1,159.2	1,041.8	2,809,572
1964	1,500.0*	1,420.0*	3,986,146*

*Provisional

Source: Estadistica del Comercio Exterior and Instituto del Mar

ous marketing problems arose. There was no co-ordination among producers and the newcomers lacked experience in the merchandising of fish meal in world markets. The chaotic market conditions of late 1960 led, as a result of the efforts of a group of leading producers, to the formation of the Consorcio Pesquero del Peru, a co-operative organization established to merchandise the output of its members through a single channel. At the time the Consorcio was being formed, representatives of the Peruvian industry attended the Paris Conference of the International Association of Fish Meal Manufacturers and became members of the Fish Meal Exporters Organization which was created at that time. The Peruvian Government subsequently ratified Peru's membership in this organization, which establishes voluntary export quotas for major producing nations. In Peru, the quota is administered by the Sociedad Nacional de Pesqueria, to which all fishing companies belong. This action improved the stability of world prices and is credited with having avoided a collapse in world prices for fish meal. Today the Consorcio markets roughly three quarters of Peru's total fish meal production through its own network of overseas agents.

TABLE II

EXPORT OF FISHERIES PRODUCTS 1963

Fish meal	104.6
Fish oil	8.1
Canned fish	5.5
Frozen fish	2.3
Sperm (whale) oil	1.3
Others	0.2
Total	**122.0**

Source: Dpto. de Estadistica de la Oficina Sectorial de Planificacion Pesquera—Ministerio de Agricultura

By early 1963, problems of a different nature appeared. Many of the companies that had been established under boom conditions of heavy debt ratios, high interest rates and frequently inefficient equipment began to suffer serious financial difficulties. Longer periods without fish were encountered, fishing became more costly, labour costs rose, plant operating costs increased, and so did export taxes. (Before a recent tax reduction announced during the financial crisis of 1964, the Government received the equivalent of U.S. $10 million a year in export taxes from the fishing industry.) Competition strengthened, with the result that several companies were forced to close down or go into bankruptcy. As a result, the number of plants in operation decreased from 175 in 1963 to 125 in 1964. Contrasting with this experience, however, the efficient, properly financed and well-managed companies produced higher tonnages and returned record profits.

Perpetual Resource

In addition to the 8.8 million tons of anchovy now used by the fishing industry, the guano birds are estimated to consume over 8 million tons a year. And Chile is establishing an anchovy-based fish meal industry along its northern coast. With total consumption in Peru over 16 million tons per year, concern has naturally developed over the possible depletion of the resource. Though studies undertaken so far have not indicated a decrease in the anchovy population, efforts are being made to conserve these resources. In February of this year the Government prohibited fishing during the month of August and disallowed the taking of anchovy when half or more of the contents of the net are less than 12 centimeters in length. Further, the issuing of licences for new plants was suspended as of last April and extension of the periods during which fishing is disallowed is being considered.

The new emphasis within the industry is thus on consolidating financial structures and improving operating efficiency. Many companies are being taken over by new owners with more stable capital. Secondhand and worn-out plant equipment is being replaced and more productive processes installed. Old wooden boats are being replaced by larger and more powerful steel vessels carrying modern equipment such as echo sounders, hydraulic winches and steering units, powered net blocks and radio communication systems. Aircraft are being used for spotting and directing fishing vessels to the schools of fish. Research is under way to explore ways and means of marketing fish flour (fish protein concentrate) as a protein supplement for human consumption. One plant capable of producing three tons per day of edible meal has been established.

The development of Peru's fish meal industry has brought with it a series of important related industries. At the high point of the boom, almost 100 boat-building yards were in operation. Between July 1962 and July 1963 some five hundred 90 - to - 100 - foot vessels were produced. Although boat construction has not maintained this pace and many inefficient builders have closed down, the well-established firms have expanded and emerged as uncontested leaders. Virtually all the machinery and process equipment used to convert the anchovy into meal is now manufactured locally, often under licence agreements. As well as supplying domestic demands, these fabrication plants have successfully entered the export field. At least one U.S. $250,000 complete fish meal reduction plant and boats to a value of over U.S. $1 million have recently been sold abroad. Other products made locally to supply the fishing industry include synthetic nets, fish pumps, centrifuges, polylined and jute bags, synthetic floats, flexible hose and so on. The opportunities for selling equipment, machinery and accessories to Peru's fishing industry are thus limited, but none the less Canada can and does supply a variety of products that are either known for their superior quality (nylon nets) or are not produced locally (electronic and hydraulic equipment).

The Peruvian fish meal industry has many natural advantages: near ideal weather, an immense resource, inshore fishing grounds, and experience, to list only a few. These factors, combined with a sound broadly-based economy and political stability, promise that despite occasional difficulties Peru will probably continue as the world's most important producer and exporter of fish meal. ●

Selling Clothing to the Italians

THE ITALIAN clothing industry is comparatively new and only after World War II did it begin to expand. Prejudice against ready-made clothes hindered rapid growth and even today individual tailors supply 60 per cent of Italian clothing needs. Rainwear is the only exception and it has always been factory-made.

The industry expanded from 1950 to 1960 at an average rate of 20 per cent a year but by 1963 this had dropped to 10 per cent. Total production in 1964 ($520 to $550 million) remained unchanged from 1963, although a few sectors showed a slight decrease. This slowdown in expansion resulted from higher production costs which in turn led to increased prices and a decrease in consumption.

Italian clothing exports still exceed imports. In 1964, exports totalled $111 million compared with imports worth $13 million, a ratio which has remained steady for some time. The pattern in one sector, however, is changing—imports of women's clothing are increasing steadily and exports continue to decrease.

In 1964, exports of men's and boys' clothing from Italy totalled over $48 million, women's and girls' clothing $38 million, and scarves, shawls and foulards together $19 million. During the same period, imports into Italy of women's and girls' clothing reached $4 million, men's and boys' clothing $2 million, scarves, shawls, foulards $1.6 million.

Canadian clothing manufacturers will find it difficult to penetrate the Italian market. Because of differences in tastes, colour preferences and measurements, high duties, and competition from local industry, Canadian apparel is at a disadvantage. However, there are two areas in which Canadians can compete and have already had some success—sportswear and corsetry.

Some Canadian sportswear has sold on the Italian market and other types have not because they were too heavy. Clothing for winter sports will sell in Italy but it is the lighter type that is in demand. The winters are usually mild and Canadian winterwear offered to the market should suit the climate.

A Canadian exporter of high-style men's and children's winter clothes received an order from an Italian chain store three years ago. The following year the order was doubled. Then came a mild winter and the stock remained unsold. When the exporter visited the store again this year, the buyers told him they were not interested in anything for 1965. The same businessman showed his merchandise to a Rome wholesaler who admired the finishing and then asked to see the lighter line. When the manufacturer said that he had no lighter line, the wholesaler lost interest.

Italy imports a considerable volume of foundation garments (1964—$3.6 million), mainly from West Germany, Austria, France, Britain and the United States. Canada first sold these items in 1963 when exports totalled $14,701. By 1964, this figure had more than doubled to $32,899. Well-finished, light foundation garments in stretch fabrics such as "Lycra" are very much in demand.

One final point. The Italian market must be wooed because buyers will not come knocking on your door. Do not count on direct sales. The department stores, although gaining ground every day, still make only a small percentage of the retail sales and "La Rinascente" alone sends its buyer to North America. If you have anything to offer, send your catalogues and price lists, preferably c.i.f. Italian port, to the following addresses:

Commercial Counsellor,
Canadian Embassy,
Via G.B. de Rossi 27,
Rome, Italy.

or

Consul General and
Trade Commissioner,
Canadian Consulate General,
Via G.B. Pirelli 19,
Milan, Italy.

We, in turn, will be pleased to survey the market for you and recommend an agent.

—L. APPOLLONI,
Commercial Assistant, Rome.

Ghana Faces Trading Problems

M. S. STRONG, Commercial Counsellor in Ghana for the past two years, has returned to Canada and is visiting a number of cities here. Businessmen selling or thinking about selling to Ghana and who may be meeting Mr. Strong later will find his picture of business conditions and prospects there enlightening.

GHANA'S economic situation has worsened during the past year. There was little economic growth in 1963 and in spite of rigid import and exchange controls, the situation did not improve in 1964. Foreign exchange reserves, which totalled £200 million eight years ago, are now almost depleted.

Contributing to the acute shortage of foreign exchange is the declining world price of cocoa, which accounts for approximately 60 per cent of Ghana's export earnings. Equally important have been the large amounts spent on prestige projects and non-productive public works.

The Government has invested over Can.$150 million in 47 state enterprises. Only three of these have yielded any revenue at all (under Can.$3 million between them) and the rest have accumulated losses of over Can.$150 million. Some industrial projects have suffered from insufficient planning and poor administration. These state enterprises account for a considerable proportion of the interest and capital repayments now falling due on loans and suppliers' credits. At the end of June 1964, these stood at Can.$156 million out of a total foreign debt of some Can.$240 million, including Can.$15 million to the International Monetary Fund and Can.$45 million for the Volta project. Repayments due on suppliers' credits in 1963-64 (fifteen months), amounted to over Can.$72 million. This year repayment due is Can.$69 million compared with an estimated total expenditure of slightly over Can.$600 million, of which about half is development expenditure. In 1966 and 1967 repayment due is some Can.$67 million a year; after that it should gradually taper off. Additional commitments are still being made, however.

Imports Curtailed

The lack of foreign exchange meant that few licences were issued for the import of goods from Western countries before the end of June 1965. Licences were easier to get for imports from countries with which Ghana has trade and payments agreements, (mostly in the Sino-Soviet Bloc). In consequence consumer goods, including essential foodstuffs, have been scarce and many industries, both private and state-owned, have closed down because of a lack of imported raw materials and spare parts.

Early in the year an agreement was made with a European organization under which it would supply goods to Ghana on credit, taking Ghanaian cocoa as collateral. Although this agreement eased the situation temporarily, the cost in interest, kickbacks, etc., has been extremely high. Issuing import licences for the import of goods on up to 180 days' credit has given some relief. In the meantime, the price of cocoa (currently approximately £90 a ton compared with £180 a ton in November 1964) has continued to drop and when bills for goods purchased on credit fall due, it is extremely doubtful that these will be met.

Improving the Balance of Payments

An IMF mission has visited Ghana and has suggested certain

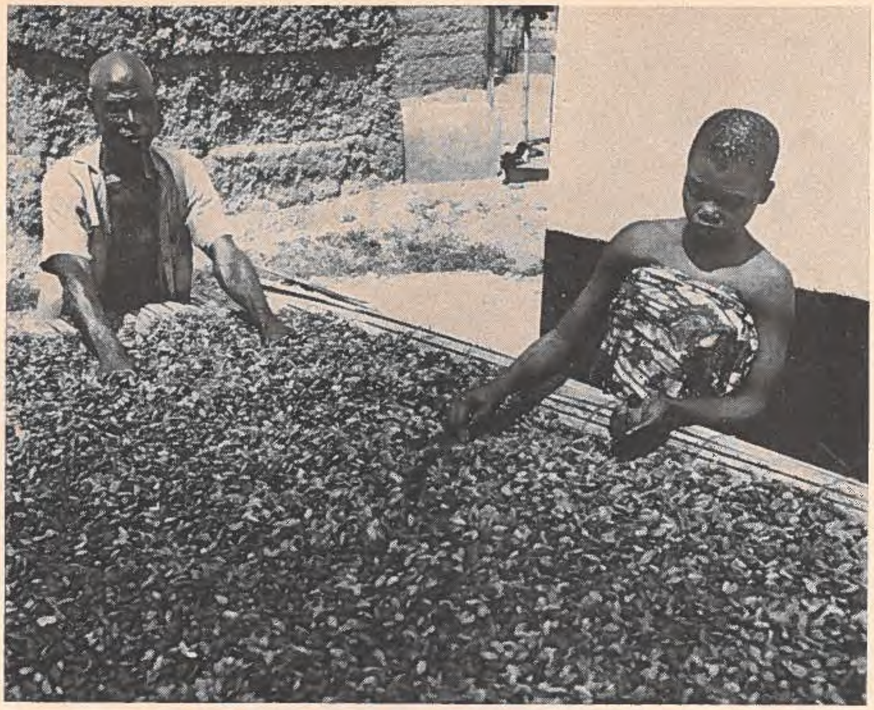
TABLE I

DIRECTION OF GHANA'S TRADE

	1963 Imports	1963 Exports	1964 Imports	1964 Exports
	(millions of Can.$)			
Britain	128.5	92.0	100.1	79.3
Czechoslovakia	9.2	1.9	11.7	.6
France	7.7	1.2	12.6	2.8
West Germany	40.1	32.8	39.0	38.7
East Germany	4.7	6.5	4.3	2.4
Italy	24.2	22.6	11.7	14.6
Israel	1.8	1.0	3.1	3.0
Japan	24.1	11.1	19.5	12.3
Netherlands	24.2	32.2	18.0	35.3
Poland	6.2	4.7	8.7	6.5
United States	25.1	50.1	32.3	72.4
U.S.S.R.	9.8	22.1	18.0	19.0
Yugoslavia	6.5	7.6	3.4	7.1
Canada	4.6	3.1	9.3	6.2

Source—Ghana Central Bureau of Statistics.

N.B.—In Ghanaian statistics the value of imports shown represents the c.i.f. value and the value for exports the f.o.b. value.



Drying and sorting cocoa beans, which are the mainstay of the Ghanaian economy.

measures to improve the balance of payments. Some of these suggestions are undoubtedly politically unpalatable. They included balancing the budget by curtailing expenditures and uneconomic projects, such as the prestige airline and fifty diplomatic missions abroad, a cut of 25 per cent in the price paid to cocoa farmers; elimination of unprofitable enterprises; termination of bilateral trade agreements, and postponement of further development projects unless long-term credit is available. But unless these measures are adopted, Ghana's creditworthiness will continue to be suspect and trade will be on a hand-to-mouth basis.

A recent cut of approximately 25 per cent in prices paid to farmers for cocoa seems to indicate that some attention is being given to the IMF recommendations and the Government may risk the political embarrassment of carrying out other suggested measures for the sake of long-term stability.

Tables I and II give details on Ghana's foreign trade during 1963 and 1964, and on its chief markets and suppliers. The most noticeable trend is the increase in its total trade with the Soviet Bloc—from Can.-$41.7 million in 1960 to Can.$97.8 million last year.

TABLE II

GHANA'S MAIN IMPORTS AND EXPORTS

	Imports 1963	Imports 1964	Exports 1963	Exports 1964
	(millions of Can.$)			
Food and live animals	55.3	60.1	279.6	222.7
Beverages and tobacco	3.6	2.1	....	....
Crude materials, inedible	2.8	2.9	63.5	79.3
Minerals fuels and lubricants	22.9	21.2	.2	3.1
Animal and vegetable oils and fats	2.5	4.3	.3	....
Chemicals	28.8	22.4	.5	.7
Manufactured goods—classified by materials	126.4	118.9	3.8	3.5
Machinery and transport equipment	111.2	106.9	2.2	1.4
Miscellaneous manufactures	32.0	22.6	.3	.3
Totals	**391.2**	**364.7**	**326.5**	**343.9**

Source—Ghana Central Bureau of Statistics.

TABLE III

GHANA'S TRADE WITH CANADA

	1963	1964
	(Can.$'000)	
Exports to Ghana	5,451	7,342
Imports from Ghana	6,533	7,974

Source—DBS.

Although Table III shows a marked increase in Canada's exports to Ghana in 1964, this figure is somewhat misleading. The value of wheat flour exported (Can.$3.5 million) remained about the same as in the previous year. The increase in total exports resulted entirely from the shipment of generators and switchgear for the Volta River project and equipment for the Trades Training Center being built under Canada's External Aid program. Together these items were valued at approximately Can.$3 million. Deleting these (which are likely to be non-recurring) our exports to this market dropped by approximately Can.$1 million.

As in previous years, Canada's imports from Ghana consisted of cocoa products, manganese ores and timber.

Acute shortages of foreign exchange and rigid import and exchange control will make it increasingly difficult for Canadian exporters to increase their sales to Ghana in the near future. However, the country is potentially rich and the present recession may be only temporary. The long-term prospects suggest the advisability of maintaining contact with the market.

Personal knowledge of the local scene is a decided asset and Canadian businessmen visiting West Africa should continue to include Ghana in their itineraries. In talking business there, they should remember that quality and competitive pricing are all-important in overcoming some of the trading problems they will meet. ●

The Ivory Coast Prospers

Last year this West African nation had a favourable trade balance of Can.$60 million. A stable economy, combined with carefully developed plans for diversifying agriculture and expanding industry, should result in greater opportunities for selling Canadian machinery, agricultural equipment, and consumer goods.

M. S. STRONG, *Commercial Counsellor, Accra.*

THE ECONOMY of the Ivory Coast is booming—and booming at a time when many African states are experiencing considerable economic and financial difficulties. The average annual income is approximately Can.$225, one of the highest in Africa. An estimated average 10 per cent annual growth in the economy during the last four years has increased the GNP from Can.-$465 million in 1958 to Can.$825 million in 1964.

Based on Agriculture

The Ivory Coast, in common with most West African countries, has a predominantly agricultural economy which, with forestry and fishing, supports 90 per cent of its four million people. These three industries account for more than half of the GNP and 80 per cent of total export earnings. Coffee and cocoa are the most important agricultural products and make up 40 per cent and 20 per cent respectively of total exports. They have similar problems—both are subject to wide price fluctuations on world markets. The government-operated Caisse de Stabilisation (Stabilization Fund) controls exports of coffee and cocoa. Producer prices are set in accordance with world market prices and therefore fluctuate. Twenty large exporting firms bid for the two products which are sold at prices that always include a profit for the Caisse. Thus the Caisse does not—as do marketing boards in other countries—"pre-finance" coffee and cocoa crops. Under favourable conditions this system allows the Government to build up reserves.

There is no reason to believe that the Ivory Coast will not continue to depend for some years to come on agriculture for its export earnings. But the Government realizes that dependence on two export crops for which markets and prices cannot be assured can at any time bring disaster. It is therefore pursuing a policy of agricultural diversification.

New agricultural crops being developed include pineapples, cotton, rice, tobacco, sugar, rubber, coconuts and jute and their production will also reduce imports of some essentials. Within ten years it is expected that the country will produce 50,000 tons of cotton, 400,000 tons of rice, and several thousand tons of sugar. These projects are being financed by France (grants and loans totalling approximately Can.$225 million), West Germany (loans of approximately Can.$7.8 million), and the United States (grants of approximately Can.$500,000 for the sugar project studies). Rubber production in 1965 is expected to reach approximately 2,600 tons and will reach 12,000 within a few years.

The most ambitious single agricultural project is the planting of nearly 100,000 acres of palm oil trees using a grant of nearly Can.-$36 million from the Development Fund of the EEC. Eventually this planting will be expanded to 200,-000 acres and the expected yield of 200,000 tons of oil will convert the Ivory Coast from a net oil importer into one of the world's largest exporters.

Industry Is Expanding

Industrial production in the Ivory Coast in 1964 was valued at Can.-$102 million compared with Can.-$60 million in 1961. Industry benefits from a liberal investment policy which provides priority treatment, including exemption from taxes for five to twenty-five years on all imported raw materials and exported finished products. This investment policy also removes many turnover taxes. There is almost no restriction on the remittance of profits abroad.

Industry in the Ivory Coast now includes plants for cocoa, coffee, rubber and fruit processing, fish canning and brewing and for making soap, cigarettes, matches, paints, toilet goods and cosmetics, plywood and veneer. There are assembly plants for automobiles, radios and television sets, and bicycles. Two industries produce plastic and metal housewares, and five factories (including a Bata plant under construction), manufacture shoes.

Prospects for Canadians

In the past the Ivory Coast has been closely tied to France but there

TABLE I

IVORY COAST TRADE WITH CANADA

	1963	1964
	(Can.$)	
Imports from		
Total imports	17,539	66,218
Of which:		
Insulated wire and cable	7,364	38,229
Wheat flour	....	8,000
Air conditioners and refrigeration equipment and parts	....	7,508
Shoemaking machinery and parts	3,400	5,285
Exports to		
Total exports	227,070	622,547
Of which:		
Cocoa beans, not roasted	84,082	268,380
Logs, exotic species	....	194,735
Coffee, green	92,271	71,820

THE IVORY COAST IN BRIEF

Area: 124,000 square miles.

Population: 3,700,000.

Climate: in Abidjan the climate is tropical, with high humidity; the coolest part of the year is from July to September and the hottest from January to April. The mean temperature in Abidjan varies from 73 to 86 degrees F.; mean rate of humidity is 82 per cent.

Topography: there are two main geographic sections, the forest and the savannah. The forest region covers about 40 per cent of the country and extends northward from the coastal lagoon area roughly as far as Bouake. The savannah area, covering the remaining land, begins imediately beyond the forest.

Language: French is used for official and commercial purposes. Little English is spoken.

Currency: CFA franc; 227 francs equal one Canadian dollar.

Import licensing: for imports from countries outside the franc zone, the annual import program establishes a Common Market quota, a global quota and a quota for bilateral commercial agreements. Canadian goods can only be imported under global quota.

Banks: the main banking establishments, all in Abidjan, are Banque de l'Afrique Occidentale, B.P. 1274; Banque Commercial Africaine, B.P. 1273; Banque Internationale pour le Commerce et l'Industrie de la Côte d'Ivoirie, B.P. 1298; Société Ivoirienne de Banque, B.P. 1300; Société Générale, B.P. 1355.

Weights and measures: metric system.

Chief cities: Abidjan, the capital (population) 180,000; Bouake (110,000).

Economy: the economy, one of the richest and most advanced in French-speaking West Africa, is based essentially on foreign trade; commercial production is oriented primarily toward export markets and almost all consumer goods are imported. About 90 per cent of the people depend on agriculture for a living and it accounts for 75 per cent of total production.

Total imports: 1963—Can.$184.4 million; 1962—Can.$169.5 million; 1961—Can.$183.9 million.

Chief imports: (Can.$ million) 1963—consumer goods 62.8; industrial products 48.9; food, beverages and tobacco 30.6; semi-finished products 26.6; mineral fuels and petroleum products 9.5.*

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*Bulletin Mensuel de Statistiques.

Chief suppliers: (Can.$ million) 1962—France 100.8, West Germany 6.6, the Netherlands 4.5, Morocco 4.4, Venezuela 4.0.

Value of imports from Canada: 1964—Can.$66,218; 1963—Can.$17,539; 1962—Can.$10,031 (DBS figures).

Chief imports from Canada: (Can.$'000) 1964—insulated wire and cable 38, wheat flour 8, air-conditioning and refrigeration equipment 8, shoemaking machinery 5.

Total exports: 1963—Can.$227.3 million; 1962—Can.$190.8 million; 1961—Can.$188.5 million.

Chief exports: (Can.$ million) 1962—coffee 85.0, cacao 46.1, saw and veneer logs 25.0, manganese ore 2.4.

Chief markets: (Can.$ million) 1962—France 98.3, Algeria 14.4, Italy 13.7, West Germany 11.4, Netherlands 10.8.

Value of Canadian purchases: 1964—Can.$622,547; 1963—Can.$277,070; 1962—Can.$244,102.

Chief Canadian purchases: (Can.$'000) 1964—logs and tropical woods 274, cocoa beans 268, green coffee 72.

Terms of payment: irrevocable letter of credit or cash against documents. Prices should be quoted c.i.f. Abidjan.

Samples: samples must be marked "no commercial value (aucune valeur commerciale)", and must be mutilated in some way so that they cannot be sold. For example, a sample pair of shoes must have the soles cut.

Correspondence: airmail only; letters 25 cents a half ounce.

Trade agreements: GATT, effective August 7, 1960, governs the exchange of most-favoured-nation treatment. Preference is however accorded to members of the West African Customs Union and the EEC countries.

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

For detailed information on this market write to:

European Division
Office of Trade Relations
Department of Trade and Commerce
Ottawa

or

Commercial Counsellor
Office of the High Commissioner for Canada
P.O. Box 1639
Accra, Ghana

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is increasing evidence that, as a result of its booming economy and favourable balance-of-payments position, trade with other countries will rise steadily. Canadian businessmen visiting West Africa would be well advised to spend a day or two in Abidjan to investigate the market at first hand. In 1964 the Ivory Coast had a favourable trade balance of Can.$60 million; imports rose 45 per cent to Can.$259.5 million and exports totalled Can.-$319.5 million. A stable economy combined with continued diversification of agriculture and careful plans for industrialization augurs well for its continued progress. ●

Dutch businessmen bid against the clock for lots of vegetables brought in and displayed on canal barges—a real "Dutch auction". The clock in the background runs in reverse and the bidder stops it at the figure he is willing to pay for the produce. The same system is used to auction tobacco in southern Ontario.

Dutch Agriculture in Transition

Adjustment to developments in the EEC, particularly the common agricultural policy, has brought problems to Dutch farmers, but their sales abroad totalled $1.5 billion last year. Agricultural imports reached $876 million and included $13.5 million worth from Canada.

F. W. ZECHNER, *Office of the Commercial Counsellor, The Hague.*

THE DUTCH COUNTRYSIDE to the eye of the tourist presents a colourful picture of lush pastures with sedately grazing cattle and rolling grain fields intersected by numerous canals and ditches. Watching this lush scenery, it is easy to believe that everything is going the Dutch farmer's way. This is only partly true.

Agriculture in the Netherlands, as in most other countries, has its particular problems. The changes in the over-all economy over the past few years have been radical and are the result to some extent of Holland's membership in the European Common Market. The equalization of prices and wages in the six countries of the Community is one of the major reasons for their rise in the Netherlands, previously known as an "isle of cheapness" in Europe. Another factor is the extremely high employment rate which inevitably has influenced the general wage level and indirectly prices.

Transition Brings Problems

Dutch agriculture is trying to find the answers to the many problems of the "transition process", a term used to denote everything in the process of adjustment to new developments. Although the national farm policy has been replaced in part by Common Market regulations, the Government is giving great attention to improving the farm structure. Various arrangements have been introduced to overcome the problem of small farms and promote efficiency and more funds are devoted each year to land development programs. Despite this government support, the situation in some sectors has not improved. This is particularly true of the poultry industry, where egg producers have suffered heavy losses because of declining demand in traditional export markets.

The number of persons employed in farming in the Netherlands has been falling steadily in postwar years and now does not exceed 10 per cent of the working population. Farm labour is increasingly difficult to hire as more and more workers decide to take jobs in other industries.

Farm production is responsible for about 15 per cent of the GNP, which was expected to exceed Can.$15 billion in 1964. Farm exports show consistent annual increases and reached an all-time high of $1,421 million last year.

Dairy Farming

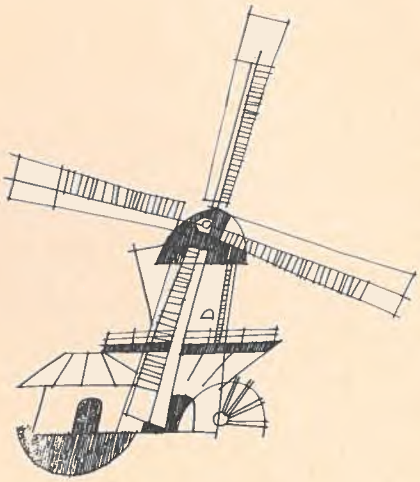
Approximately 55 per cent of the total cultivated area of 5.8 million acres is used as grassland. It is therefore not surprising that dairy farming continues to be the major agricultural industry in the Netherlands. Milk production, at seven billion metric tons a year, supplies the raw material for some of the Dutch products that enjoy a worldwide reputation.

One third of all milk produced is reserved for fluid milk and the remainder is used chiefly for cheese, condensed milk and milk powder. Butter is produced predominantly from the butter fat liberated in the preparation of other dairy products. Some 35 per cent of dairy production is shipped to markets abroad; Dutch dairy exports were valued at $267 million in 1964 and the country has retained first place as an exporter of condensed milk.

Meat and Eggs

Encouraged by strong demand and favourable prices, farmers have substantially increased the number of pigs. The expected higher production of pig meat will probably result in a further increase in exports this year. The Dutch sold almost $180 million worth of pig meat and pork products in 1964.

Consumption of poultry meat is also increasing steadily, but egg output has decreased sharply in a relatively short time: from six billion eggs in 1962 to less than five billion last year.



Although beef exports are considerable, the Dutch farmer keeps his cattle chiefly for milk production. The widespread beef shortage has stimulated cattle breeders to expand the herd, but to fill the gap resulting from increased exports, fairly large numbers of slaughter cows are being brought in from Britain and Denmark. Total exports of livestock products were valued at $538 million in 1964, well up from $494 million the year before.

Field Crops

Domestic production of wheat and coarse grains meets only about one third of requirements. Because of the comparatively large numbers of livestock, the Netherlands has a well-developed feed industry using millions of tons of grains, milling byproducts and other raw materials a year.

About 38 per cent of all farm land is used for field crops—mainly wheat, coarse grains, potatoes and sugar beets. There is an important production of grass seeds, most of which is exported. Sales of field crop products to foreign markets reached $240 million in 1964.

Horticulture

The horticultural sector of Dutch agriculture has rapidly gained in significance in postwar years. Although it does not use more than 5½ per cent (or 330,000 acres) of farm land, the aggregate value of the production of fruit, vegetables, bulbs, flowers, plants and nursery stock is estimated at $500 million (1964), approximately equal to that of field crops.

Growers of horticultural crops depend heavily on export markets and sales to these have increased sharply in the last few years—from $260 million in 1959 to $414 million in 1964.

Farm Products Also Imported

Although the Netherlands ranks among the world's leading exporters of farm produce, it is also an important buyer of agricultural products. Considering its size, it purchases a large volume of grains for feed. This is a long-standing trade, because it has been found easier and more profitable to import feed grains and "convert" them into

TABLE I

DUTCH FARM IMPORTS

	1964	1963
	(Can.$million)	
Total commodity imports	7,662	6,480
Total farm imports	876	760
Of which:		
Live animals (mainly slaughter)	36	9
Meat and meat products	58	27
Dairy products	38	16
Grains and grain products	269	290
Fruit and vegetables	130	123
Feedstuffs (no grains)	126	121
Oilseeds	123	105
Oils and fats	70	55
Miscellaneous foods	17	15

livestock products—poultry, eggs and pig meat—than to grow them within the country.

Dutch farm imports were valued at $867 million in 1964, or 11.3 per cent of total commodity imports of $7.7 billion. The largest single item was corn—more than 1.8 million metric tons worth $119 million were imported last year. Total imports of grains and grain products, at $270 million, were slightly down from 1963 as a result of the larger grain crops harvested last year.

The Netherlands is a good market for products that are not turned out in sufficient quantities domestically, such as oilseeds, oilcake meals, oils and fats. To absorb the huge volume of agricultural raw materials imported, the country has a well-developed $4.2 billion a year food-processing industry, which sells to markets all over the world. It employs 4 per cent of the working population and occupies second place among Holland's major industries.

Between 55 and 70 per cent of the imported wheat comes from the United States. Another important source is Argentina; Canada normally ranks third or fourth as a supplier.

The United States is also the chief source of supply for coarse grains (especially corn), oilseeds, and feedstuffs other than grains. The Netherlands has lately become a large buyer of skim milk powder, which is used as calf-starter. The United States is again by far the most important supplier but Canada has been able to sell small quantities as well and there is every indication that Canadian exporters will increase skimmed milk shipments to the Dutch market this year.

Trade with Canada

Wheat and coarse grains continue to be the leading agricultural products that Canada sells to the Netherlands. Dutch wheat imports from Canada have declined in recent years but an interest in Canadian feed grains has increased.

TABLE II

CANADA-NETHERLANDS TRADE IN FOOD AND AGRICULTURAL PRODUCTS

	1964 Canadian Exports	1964 Canadian Imports
	(Can.$'000)	
Total trade	50,786	42,643
Farm products, total	13,462	6,012
Of which:		
Cheese	....	859
Butter (oil)	575	....
Milk powder	308	8
Grains	11,053	....
Grain products	19	389
Fruit, fresh and processed	29	519
Vegetables, fresh and processed	9	579
Feedstuffs (no grains)	97	42
Oilseeds	901	73
Oils and fats	47	....
Bulbs, plants, nursery stock	400	3,320
Miscellaneous products	24	223

Dutch statistics.

Dutch statistics identify the $4 million worth of corn imports as brought in from Canada. Total purchases of Canadian bread and feed grains were valued at $11 million in 1964. The figure for 1963 was $3 million higher because of low domestic production in that year.

Apart from grains, Canada does not sell much in the food line to the Dutch. But because Dutch consumers are changing their habits from conservative to "exploratory", they are showing greater interest in specialty food items and recent attempts by Canadian exporters to break into this market have been moderately successful.

With the exception of bulbs, plants and nursery stock, the Dutch sell more agricultural products to Canada than we do to them. However, they are in a less favourable position than their Canadian counterparts because of the continuously rising cost-price levels in the Netherlands. This is one of the reasons why opportunities to sell in the Dutch market have improved, in spite of some protective barriers resulting from the EEC farm policy. ●

Surveying Greek Forests

THAT new workhorse in isolated areas, the helicopter, is being employed by the Greek Government and the Food and Agriculture Organization of the United Nations to complete an inventory of Greece's forests. This aircraft carries foresters into remote mountainous areas to inspect hundreds of sample forest plots. In this way, the problem of verifying photographs taken by the Greek Air Force and analyzed by forestry experts in Athens is being solved. These experts study the photographs under a stereoscopic viewer to determine what kinds and amounts of trees are in a given area, whether forest insects and diseases are present, and how timber can be reached, felled, and transported to the nearest sawmill.

Together, the sampling technique and the analysis of the photographs provide the data necessary to discover how much wood remains and how productive the forests could be in the future. This knowledge is being used to draw up a forest development plan which will show how the forests can be expanded and improved to supply new wood products industries.

Greece imports far more forest products than it exports. Some $40 million was spent last year on imported wood and wood products, much of which could have been produced in Greece. Both the Greek Government and the FAO see the demand for wood for furniture, housing, and for paper for books and magazines rising by as much as one third by 1975. As a result, they also see the desirability of establishing new sawmills, fibreboard and particle board plants, and a pulp and paper mill.

The present UN Special Fund project, a pre-investment survey of selected forest areas for the purpose of development, is also helping Greece's newly built Forest Research Institute at Athens. Greek foresters are being trained in the latest techniques so that they can carry out projects similar to this one.

I'm Happy in the Service

. . . the Saga of a Trade Commissioner

This month, groups of Trade Commissioners in training are visiting industries in Eastern and Western Canada. Next year they will be serving abroad. How are these young men recruited and trained? One Trade Commissioner with his first posting behind him tells why and how he joined the Service.

I CAN'T BE SURE at what precise moment I decided I wanted to be a Trade Commissioner.

Naturally I knew that the Department of Trade and Commerce helped Canadian exporters through its offices abroad. I learned more about their work when a Trade Commissioner lectured to my class in international trade at university. I remember thinking that the Trade Commissioner gets more involved in economic reporting than I would have expected; I had always thought of the Trade Commissioner Service as mainly a marketing organization.

When I was taking my postgraduate degree I heard more about the Service because a number of our case studies in international marketing referred to it, so I had to bone up on its operations. As a result, I became interested in it as a career and decided to try the examination to be held in October.

When I discovered that the first of the two written tests was a multiple-choice type, I concentrated on preparing for the second examination, the essay type. Because the Trade Commissioner Service recruits jointly with the Department of External Affairs, I felt pretty sure that the essay questions would be both political and economic. My basic training in economics, I decided, had prepared me for any historical economic questions. But because all or some of the questions might deal with current events, I started to read the *Financial Post, Monetary Times,* and the *Economist* more carefully. I was lucky—one of the questions gave me a chance to write an essay on a current economic problem that I felt well prepared to handle.

A Career for Two

I wrote the examinations in October and had to wait until late November for the results, so I had a lot of time to think about a career in the Trade Commissioner Service. I spent many hours talking it over with my fiancee. Right from the start we decided that a career in foreign service had to be a joint venture. A wife normally helps her husband to succeed in the career of his choice but it is a different kettle of fish when that career involves living abroad with a new posting every three years. We realized we would both have to be very keen on the idea if we were to overcome some of the obvious disadvantages, such as the frequent moves from country to country, the heavy social obligations, and the problems of educating children abroad. Would such a life be fair to the children we hoped to have? It was a hard question to answer. Finally, we decided that if we liked the life we could build up a solid family unit that would be able to cope with the unsettling aspects of a somewhat nomadic life. After much wavering, we decided that if I were successful, I should accept.

Fortunately, I did not realize the hurdle I still had to take even if I passed the written examinations. No one had told me much about the oral board. I found out later that over 600 had written the examinations in October and that 250 of these were selected to appear before the oral board. And only 14 were offered positions with Trade and Commerce and 35 with External Affairs.

Facing the Board

Early in November I learned that I had been successful in the written examinations and was to present myself before an oral board on November 12 at ten o'clock. By this time I really wanted to be a Trade Commissioner and the thought of the oral board had me plain worried! I decided to talk to a professor who had, I knew, sat on these boards. He told me to relax. He explained that the board's objective was to meet the candidate and try to assess his suitability for foreign service. He advised me to be prepared for all kinds of questions because the board would want to discover how I organized my thinking and attacked a problem. He said I shouldn't worry if I felt a bit over my depth in certain questions—the members would probably persist in their line of questioning until they were satisfied that they understood my answer and had gauged the depth of my knowledge. For background, he told me to keep abreast of current events and form an opinion on them.

When the day arrived, I was decidedly nervous—but "nothing venture, nothing win", so at a quarter to ten I presented myself at the appointed place. I had brought a transcript of my university marks with me and, to be honest, I wished that it showed a few more A's. I didn't realize that the average marks of the men selected would be B's. Before I was called into the board room, I was asked whether I was applying for External Affairs or Trade and Commerce. I had already decided on Trade and Commerce.

Three men were sitting at the table when I went into the room—one from Trade and Commerce, one from External Affairs and one from the Civil Service Commission (the chairman). The chairman opened the conversation by asking me to give a brief outline of my life and activities. I was grateful for the opportunity to collect my thoughts and I felt fairly confident when talking of my own life—at least, no one could contradict me. When I finished, the members asked me to clarify some points, such as the position I had held in the University Commerce Club and my final grades in high school.

A Battle of Wits

Within minutes I found myself embroiled in economic and political questions. The questioning became more intense and when I noticed that my broad generalizations were being questioned I began to make my answers more precise and specific. Fortunately, the board members had a sense of humor and when I got hopelessly tangled in detail they bailed me out or started up a new line of questioning. After a while, I began to enjoy the battle of wits. It became obvious to me that if I were to be successful, the full board would have to approve of me because the members were working as a team. This made sense because the two Departments must co-operate closely in their work abroad.

Some of the questions really floored me. "What did I consider Canada's major economic problem?" Wow! Where does one begin? Keeping in mind my professor's advice that the board was more interested in how I handled a problem than in anything else, I selected a Canadian economic problem that I felt I knew something about. I said why I thought it was a problem and why it had arisen and put forward some ideas about how to resolve it. The board seemed to like this

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This group is now in training

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approach. The members started to question me about how I had arrived at my views and gently poked holes in my argument. Before we were done I wasn't sure whether my economic problem wasn't really a blessing in disguise. "Did I think the attainment of A's at university was important " Here we go! The only way to field that one was to be honest. "Why did Canada recognize the Soviet Union and not Communist China?" (That one could have gone on all day.) "What did I think of the effect of the European Common Market on Canada's trade?" Fortunately, I had read some articles on this one and felt I could handle it quite nicely.

And so the questions went—economic, political and personal. Finally, the interview came to an end. I felt let-down and extremely tired. I had not expected to cover such a range of subjects in such depth in so short a time. Now all I had to do was wait for the results. They would come along in January.

I Made It

"Congratulations. You have been successful in the competition for Foreign Service Officer, Department of Trade and Commerce." Eureka! I was in.

As I look back on the process, I realize I worried about a lot of the wrong things. First, although the Trade Commissioner Service looks for a particular type of person, it seems to find him in all kinds of wrapping. My colleagues were not all commerce graduates. Some were lawyers and engineers, one was an English graduate and another was a geographer. Second, they were not all "brains"; most of us were B students. I did find that they all were mild extroverts but that was about the only common denominator. Our group came from all over Canada: British Columbia, Alberta, Saskatchewan, Ontario, Quebec and Nova Scotia were represented.

I arrived in Ottawa at the beginning of June and presented myself at the Department of Trade and Commerce. I can't say that I felt at home right away: government buildings are impersonal and it was months before I knew my way around and felt a part of the place. I did find that each section of the Department has its own esprit de corps and once I had settled into a section, it was easy getting to know the people and what they were doing.

Training and Touring

The training period in Ottawa lasted a year. Like any training, it was a time of mingled frustration, boredom and fascination. In July we had an orientation course to brief us on the Department's functions: the senior officers met with small groups of the trainees and told us about their work. By the end of the month we trainees all had some grasp of what the Department does and who does it. In August, we started to work with the branches, and these assignments continued in February, March and April of the following year. I worked on studies on the market for atomic reactors, Guernsey cattle and lead, among other things. I also covered off the desk of a Commodity Officer during his absence from

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Reserved for

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Ottawa to attend an international conference. Needless to say, the chief of the Division rode pretty close herd on me but it did give me a chance to get into the work in more depth.

Each year the trainees spend four months touring Canada. I toured Eastern Canada in September and October and Western Canada in April and May. I will never forget these tours. It was the first time I had visited many of the provinces and for the first time I realized how big Canada really is. We visited over 40 cities and more than 300 companies during the four months. From the time the Canadian businessmen devoted to us and their remarks on how they worked with the Trade Commissioners abroad, I realized the responsibilities we were about to shoulder. And I began to understand the pride of the Trade Commissioners in their work and in their Service.

In November, December and January, those of us who were not bilingual attended concentrated language courses in French or English, depending on our needs. This course really helped my French and I enjoyed practising it on my French-speaking colleagues.

Posted at Last

All year we had been speculating about where we would be posted—a never-ending game. Moscow, Paris, Lima, Hong Kong all looked like good bets, but the rumour mill turned up new possibilities every week. We would find out where we were really going at the Director's posting party. At last the invitation came. My wife and I were more than a little nervous. The senior officers of the Department who attended obviously looked forward to this event as much as we did, but for different reasons. My wife and I listened with relief and sorrow as the postings were announced. Some we had hoped to get went to others—but so did some we didn't want.

New Delhi—we were going to New Delhi!

Packing up, briefing ourselves on India, tetanus shots, yellow fever shots, shots ad nauseam, and goodbyes were all crammed into the last month. Everyone helped and without this help, we could never have made it. Sailing time found us aboard ship, tired and excited but ready to go. We had brought with us everything that the Trade Commissioner in New Delhi had suggested in his letters to us.

India was a shock—but then I suppose Canada is a shock to Indians. We went through all the normal phases of loneliness and regret at ever having joined the foreign service. But soon we started to look around us and to understand what people meant when they talked about the fascination of Asia. We began to see why so many westerners stayed on in Asia year after year. India was certainly different but it was also fascinating. One day we hope to go back.

My first day in the office was pretty hectic. I met all the locally engaged staff and my colleagues from other departments of the Canadian Government. My office was fine—not too big but suitable for receiving businessmen in a proper fashion. Some letters were already in my basket waiting for replies. When I glanced over them, I realized that my formal training was over. From here on out I was an Assistant Trade Commissioner with a job to do. I still needed a lot of help and direction but my senior officer seemed to have plenty of patience and knowledge, though I often wondered when he would tire of my endless questions. I realized later that he had been through this often and he was used to it. He really helped me over some rough problems, both business and personal. Perhaps I'll be able to do the same for a raw recruit later on.

My wife and I are very happy. The whole world lies open to us. Where do we go next? Latin America? Europe? Middle East? We don't know—and you know something? We don't care. ●

Trading with the French West Indies

Guadeloupe and Martinique, though their trade is closely tied to France and the French tariff applies in part to imports, do offer some sales openings to Canadian exporters. If you are visiting the British Caribbean, why not visit these two islands also?

C. J. ST. PIERRE, *Assistant Commercial Secretary, Port-of-Spain.*

THE French West Indies islands of Martinique and Guadeloupe, with a total population of over 600,000, imported $60,000 worth of merchandise from Canada in 1963 and $135,000 in 1964. The figures are small largely because there is no direct shipping service from Canada and because of import restrictions. By comparison, the tiny French islands of St. Pierre and Miquelon, with a population of 10,000, bought $2.4 million worth of merchandise from Canada in 1964.

Before the war, ships of the Canadian National Steamships line called at the two islands carrying lumber, flour and salt fish. Now Canadian exporters can ship to these islands only by transshipment in New York, Barbados, Trinidad or Curacao. The cost of transshipping makes many Canadian products non-competitive with similiar goods from France, the United States, or the EEC countries, which enjoy preferential rates of duty. Until the shipping lines now serving the eastern Caribbean from Canada can be convinced that there is worthwhile cargo going to the French West Indies, Canadian exporters will have to be aggressive to gain a foothold in these island markets.

Barriers to Trade Fewer

At the beginning of the Second World War, France imposed rigid restrictions on imports into Guadeloupe and Martinique and up to recent years, importers in these two overseas departments of France had to obtain all their requirements from their home country. Recently France liberalized import controls on certain items and products are being added to the liberalized list regularly. It is rumoured that lumber will be added soon. At the moment, it is imported from British Honduras and Nicaragua on special quotas. Among the commodities that can now be imported from Canada (subject to quantitative restrictions) are fish, dairy products, fresh vegetables, fruits, cereals, fats and oils, jams, juices, (except pineapple), confectionery (not containing cocoa), macaroni, spaghetti, raw tobacco, paper and paperboard products, electric lamps, watches and clocks.

The foreign trade of the two islands is rather similiar. In 1964, imports into Guadeloupe were valued at 391,926,000 francs, a 14 per cent increase over 1963. Imports of meat and edible offals rose sharply, those of other food products remained about the same as in 1963, and imports of tractors, fertilizers and agricultural equipment increased. France was by far the chief supplier, with sales worth 294,085,000 francs. The United States was in second place (24,494,000 francs) and the other West Indian islands in third place (14,748,000 francs). Exports from Guadeloupe were valued at 171,673,000 francs, with sugar the leader by a wide margin (113,430,000), followed by bananas, (35,539,000) and rum (11,990,000). France was, as usual, the leading market, taking goods worth 142,790,000 francs, followed by the United States with 23,328,000.

Imports into the island of Martinique reached 389,326,000 francs in 1964, a 7 per cent rise over 1963. Purchases abroad of food products went up considerably; those of equipment and steel products decreased. France provided 72 per cent of imports, to a value of 279,882,000 francs. Exports were valued at 144,571,000 francs and four products—bananas, cane sugar, canned pineapple and rum—provided 92 per cent of shipments. France again was the leading market for all these.

Tariffs and Import Restrictions

The trade pattern in the French West Indies is similar to that in the British West Indies. Commission agents representing foreign companies book orders with the wholesalers. These, in turn, supply nearly all the requirements of consumers, manufacturers and retailers. Some wholesalers import directly from overseas. Importers' associations are practically non-existent and business is commonly handled on an individual basis. Hardly any use is made of documentary letters of credit. Payment is usually by cash on receipt of documents.

The metropolitan tariff of France is applied to Guadeloupe and Martinique under the same conditions as in France. However, some modifications of this tariff are permitted on certain products coming into these territories. A number of import duties in the French tariff do not apply in the French West Indies; the goods are either exempt from duty or dutiable at a lower rate to compensate for the different economic level in these islands, which are so dependent on imports of many essential foodstuffs and other commodities. The tariff contains a general rate and an EEC rate; the latter is applied to goods from the EEC countries.

Exempt from import duty are cattle, hogs, fish, frozen beef and pork, bacon, salted meat, pulse, wheat flour, light and heavy mineral oil products, logs and boards of timber of common woods. Salted and smoked fish, tomatoes, potatoes, rice, maize, sausages, various explosives, matches, empty casks (old or in parts) can be imported at a lower rate of duty. In addition to the specific tariff exemptions for the French West Indies mentioned above, the islands benefit from the regular exemptions provided in the French tariff. Imports from France enter duty free.

In addition to the import duties, various taxes have to be paid on goods imported from all sources, including France. The more important taxes are:

(1) Production tax amounting for the majority of goods to practically 12 per cent.

(2) Purchase tax of 1 per cent.

(3) Maritime toll with varying rate.

(4) Customs stamp duty amounting to 1.15 per cent of the amount of duty.

Canada Welcome

As in the other islands of the West Indies, Canada seems to have a good reputation and there is a considerable interest in Canadian products. The fact that correspondence can often be carried on in French and labels made out in French as well as English gives Canadian goods a definite advantage over U.S. merchandise.

An interesting development is the reopening of a branch in both the islands by the Royal Bank of Canada. The Royal Bank last operated in French West Indies in 1939. It is expected that commercial exchanges between the French West Indies and Canada will be encouraged by this move.

The purchasing power in Martinique and Guadeloupe, although not as great as in Trinidad, is reportedly higher than in Barbados. Each of the islands is considered a department of France and the mother country is investing a great deal of money in improving communications, schools, hospitals and housing. Efforts are being made to raise economic standards in the French West Indies to the same level as in departments in France. There is said to be virtually no unemployment.

Regional Economic Co-operation

It is unlikely that Martinique and Guadeloupe will ever be part of a Caribbean Common Market and there is small prospect of their becoming members of the Organization of American States and/or getting U.S. aid. They receive all the trading benefits they want from association with the European Common Market, as well as from direct agreement with France to buy their export crops, principally sugar, at highly advantageous prices.

Although the export trade of the French West Indies has begun to show some diversification, the traditional staple crops—sugar, bananas and rum—still head the list. To alleviate heavy reliance on agriculture, industry is now being sought. As in other territories of the West Indies, many incentives are offered to investors. There are many large projects still in the planning stage: the most important are a refinery, a cement factory and a fish processing plant.

The Canadian businessman planning to visit the French islands of Martinique and Guadeloupe should first write to the Canadian Trade Commissioner in Port-of-Spain, Trinidad, to find out whether his product can be sold there. Armed with a valid passport (no visa required), he should be ready to investigate and obtain firsthand knowledge of a market which may differ from others in the Caribbean. He will certainly find that Guadeloupe and Martinique are among the most beautiful islands in the world. In addition to good French food and wine, they offer excellent shopping facilities. Located approximately halfway between Puerto Rico and Trinidad, Guadeloupe and Martinique are within easy reach of business visitors to the eastern Caribbean.

Exporters Meet at Montebello

EXPORT GOALS for 1970 and Canada's exports to the United States will be among the major topics discussed when the Canadian Export Association holds its 22nd annual convention on October 18 and 19. Once again it will be held at the Seigniory Club, Montebello, Quebec, and those attending can look forward to a busy two days of Association business, debate on policy recommendations, addresses, and panel discussions. Lighter note: the final event will be a square dance. The Hon. Mitchell Sharp, Minister of Trade and Commerce, will be the speaker at the annual dinner on October 18. For further information about the convention, write to the Canadian Export Association, Sun Life Building, Montreal 2, Canada. ●

How to Win World Markets 13

Many of the terms commonly used in export trade, such as c.i.f. and f.o.b., vary in meaning from one country to another. An experienced customs broker points out the importance of defining these terms precisely in a contract and discusses some of the more familiar ones.

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Trade Terms Must Be Defined

IN INTERNATIONAL TRADE there are a number of special terms—especially in connection with marine insurance—which are an integral part of that trade but which are unfamiliar in everyday language. Many of these phrases derive from ancient laws and customs of the sea and of trade.

They have one valuable feature—from long usage they have come to have meanings as precise as scientific terms. As one example, the word "freight" in shipping law is limited to meaning the price paid for the transportation of the goods. The goods themselves are called "cargo". It has been said that the law of the carriage of goods by sea and the law of marine insurance are both the essence of simplicity in theory: it is only in practice that complexities become apparent.

Because of Canada's geographical position and its size, goods and merchandise have to be transported great distances from their source to the consumer. The cost of such transportation must figure appreciably in the value of the merchandise and it is therefore most important that both buyer and seller at all times clearly understand who is to pay for the transportation. Ignorance on this point could quite easily transform what should be a profitable undertaking into a disastrous loss.

Moreover, the services of various specialists are required to ensure the prompt and efficient movement of goods from one country to another. These essential services cost money and have to be considered in addition to the actual cost of carriage when one is buying or selling merchandise.

It is therefore vital in international trade transactions to determine the exact point at which the title of the goods and with it the expense and responsibilities change from seller to buyer.

Every commercial transaction is based upon a contract and the trade terms have the important function in that contract of naming the exact point where the ownership of the merchandise is transferred from the seller to the purchaser. At the same time, the contract defines the responsibilities and expenses of the seller up to that point and those of the buyer at that point. In using the various trade terms, it is important to remember that the rights of each party correspond to the duties of the other.

Trade Terms Vary

Before dealing in detail with some of the more widely used trade terms, it should be pointed out that they are not accepted in all details by all trading countries. These terms have come into use over many years and although they are accepted in broad outline by the chief traders, the businessman must be on the watch for variations in various countries and even in certain trades.

The International Chamber of Commerce through its National Committees has done important work towards achieving uniform understanding among all member countries of the terms generally used in international trade.

The result of their work is the set of rules known as *Incoterms 1953* which offers the certainty of uniform rules in place of the uncertainties of the varied interpretations of the same terms in various countries. *Incoterms* lays down categorically that the seller must and the buyer must. There are no half measures—the various responsibilities are written out in detail. It covers seventeen different trade terms.

Where there were major differences in current practice, the principle was adopted that a contract price settled on the basis of *Incoterms 1953* would provide for minimum liabilities on the part of the seller, leaving it to the parties to provide in their contracts for greater liabilities than those in the set of rules, if they wished to do so.

In a few instances, provision must be made for the custom of a particular trade or port. Again variations may be required, such as "*Incoterms 1953,* c.i.f. plus War Risk Insurance", when the buyer insists on protection against war risks.

"As Is, Where Is" and "Franco Delivered"

The simplest sale on the part of the seller is "as is, where is". This type of sale is common at auctions, sales by government agencies of surplus goods, and so on. Where the sale is for export, the seller must guarantee the availability of an export permit but there his responsibility ends. For example, a foreign government may offer for export a quantity of firearms "as is, where is". The foreign buyer has the expense and responsibility of packing the guns, moving them to the port of export, and all other details until they are cleared through Customs of his own country and placed in his own warehouse.

The easiest terms of sale for the buyer is franco delivered, including duty and local cartage, to his warehouse. The buyer has only the responsibility of obtaining an import permit if one is necesary and passing the customs entry—at the seller's expense.

Steps in Moving Merchandise

Between the two terms of sale already described there are many expenses that accrue to the goods in the country of export. That is why it is normal for the buyer (importer) to appoint an agent such as a freight forwarder in the country of export. The following are some of the steps required in moving merchandise from the factory to ship's departure:

Export permit (if required)

Currency permit (if required)

Export packing

Cartage

Carriage to the docks, including preparation of bill of lading and payment of carriage

Payment of wharfage and/or shed storage

Weighing and sampling, if required

Completion of any necessary customs export formalities

Preparation of customs or consular invoices, as required in the country of destination

Preparation and submission of the ocean bills of lading

Prepaying ocean freight, if necessary

Obtaining insurance certificate—or policy—as required.

The answer to the question who pays for any of these depends upon the terms of sale.

In dealing with the various terms, the businessman should bear in mind that some of them, as will be explained, have become loosely used, especialy in North America, no doubt because they were first applied to domestic movements. It is usually best to interpret each term in its literal sense. This means, for example, always using the term "ex factory", rather than "f.o.b. factory" and avoiding any possible confusion between "ex factory" and "f.o.r."—(free on rail—or truck).

Briefly, one should remember that f.o.b. means free on board and means that the seller's responsibility and liability do not cease until the goods have passed the ship's rail. The term should, therefore, always be f.o.b. ship . . . (named port).

F.O.B. Ship (Named Port)

The seller must:—

1. Deliver the goods on board the vessel named by the buyer at the named port of shipment, in the manner customary at the port, and at the date or within the period stipulated.

2. Provide at his expense for customary preparation and packing appropriate to the nature of the goods and to their carriage by sea.

3. Bear all costs payable in respect of the goods until they have effectively passed ship's rail at the port of shipment.

4. Give the buyer, at his own expense, such notice of shipment of the goods as may enable him to insure them.

5. Provide at his expense the customary "clean" document, in proof of delivery of the goods on board the vessel.

6. Bear the costs of checking operations (such as checking of the quality, measure, weight, quantity) necessary for the purpose of loading the goods on board at the port of shipment.

7. Bear the costs of all dues and taxes payable on the goods for the purpose of loading them on board.

8. Bear all the risks of the goods until such time as they shall have effectively passed ship's rail.

9. Provide the buyer, at the buyer's request and expense, with the certificate of origin and the consular invoice.

10. Render the buyer, at the latter's request, risk and expense, every assistance in obtaining a bill of lading and any documents, other than in 9 above, issued in the country of shipment and/or of origin and which the buyer may require for the importation of the goods into the country of destination (and, where necessary, for their passage in transit through another country).

The buyer must:

1. At his own expense, charter a vessel or reserve the necessary space on board a vessel and give the seller due notice of the name, loading berth of, and delivery dates to the vessel.

2. Bear all costs and risks of the goods from the time when they shall have effectively passed the ship's rail at the named port of shipment and pay the price as provided in the contract.

3. Bear any additional costs incurred because the vessel named by him has failed to arrive on the stipulated date or by the end of the period specified, or was unable to take the goods or closed for cargo earlier than the stipulated date or the end of the period specified, and all the risks of the goods from the date of expiration of the period stipulated. This is provided, however, that the goods were duly appropriated to the contract—that is to say, clearly set aside or otherwise identified as the contract goods.

4. Should he fail to name the vessel in time or, if he shall have reserved to himself a period within which to take delivery of the goods and/or the right to choose the port of shipment, should he fail to give detailed instructions in time, bear any additional costs incurred because of such failure and all the risks of the goods from the date of expiration of the period stipulated for delivery—provided, however, that the goods shall have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.

5. Pay any costs and charges for obtaining a bill of lading if incurred under article 10 above.

6. Pay all costs and charges incurred in obtaining the documents mentioned in articles 9 and 10 above, including the costs of certificates of origin and consular documents.

We have seen how confusing f.o.b. factory can be and similarly f.o.b. port of export—e.g., f.o.b. Montreal—can also cause trouble because in some cases the seller really means f.o.r., or "ex factory".

F.A.S. (Free Alongside Ship)

F.a.s. (Free Alongside Ship) . . . (named port of shipment) is quite widely used and its meaning is clear. The seller must place the goods alongside the vessel during its loading period and pay all charges up to that point. Although the seller's legal responsibility finishes once he has obtained a clean wharfage receipt, actually, as in other terms, he is obligated to assist the buyer (at the buyer's expense) to obtain any other documents which the buyer requires to complete export and carriage, plus requirements for clearance at destination. This term is particularly convenient when dealing in heavy commodities such as locomotives, etc.

C. and F. and C.I.F.

C. & f. (cost and freight) and c.i.f. (cost, insurance and freight) . . . (named port of destination) are also widely used and have been urged on both importers and exporters alike by experts. Exporters feel that under such terms they can channel all their exports in bulk through the agent (forwarder) of their choosing to their own port of export and then be in a position to patronize a flagship of their own country. From the importer's point of view, these terms mean fewer responsibilities for him because it is the exporter who gambles (unless there is a suitable clause in the contract) on fluctuations in freight and insurance rates.

C.i.f. is a documentary transfer and it is therefore necessary for the importer to take up the documents at his bank even if the ship does not reach destination. Moreover, although the seller pays the cost of ocean transportation, the goods travel at the risk of the buyer.

Sometimes the seller is willing to assume the risk of exchange fluctuations that may occur between acceptance of the contract and the date of payment. In such cases the price is quoted c.i.f. & e. or f.o.b. & e.

C.i.f. & c. means that the commission charged by a middleman is included in the price. Prices quoted c.i.f.&c. again go a step farther, including not only the commission but also the interest charges which accumulate to considerable amounts in indent transactions.

However, traders should be most cautious at all times in using variations of the terms c. & f. or c.i.f. in their contracts. The reason is that over the years the courts have handed down judgments defining the various responsibilities of c.i.f. and c. & f. and the addition of a phrase may cause a court to refuse to recognize the variations as being a c.i.f. or c. & f. contract at all.

Arbitrating Disputes

In settling disputes which arise over the question of whether the contract has been properly carried out, importers and exporters have suffered under the disadvantage of being uncertain about what law of what country will apply to their contracts. The International Chamber of Commerce *Incoterms 1953* suggests that the insertion in foreign contracts of the following clause should take care of any necessary commercial arbitration:

"All disputes arising in connection with the present contract shall be finally settled under the rules of conciliation and arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the rules."

In many foreign countries—such as France, Britain, Italy, Norway, Belgium and the Netherlands—there are special commercial courts composed of businessmen who can by reason of their powers plus knowledge of various trades, quickly arbitrate all disputes. In Canada, there are no commercial courts but a number of Boards of Arbitration do perform similar functions.

The following wording appears on many invoices from Britain:

"All goods sold in the Canadian market are subject to the arbitration rules of the Montreal and/or Toronto Boards of Trade as agreed with the Federation of British Industries."

Meaning Must Be Clear

At all times, it is essential when either buying or selling internationally that the terms used shall have a clear and explicit meaning in the contract. Not only should both parties to the contract be aware of these terms but any agent who is appointed (such as a freight forwarder) should also be acquainted with the terms so that he will know who is responsible for the various charges.

Whenever inland freight is involved, the buyer should be informed of any applicable carload rates and be given the necessary minimum quantity. And when the ocean freight is collect, the seller should discover whether or not the buyer is a signatory to the Steamship Conference operating between the two countries.

For reasons already explained, even on a c.i.f. quotation it is advisable for the buyer to satisfy himself that the seller has insured adequately against marine risks, etc. In dealing with f.o.b. named port of export, it is usual for the buyer to take out full coverage warehouse to warehouse. However, if the seller is not situated in the actual port of export, it is advisable for him to take out his own insurance to f.o.b. point because, although the buyer has warehouse-to-warehouse cover, his insurable interest does not begin until the goods reach the f.o.b. point.

Misunderstandings can occur when trading terms are not clearly understood, and similarly difficulties can result if other terms, such as weights or measurements, are not clearly defined. When goods are sold by weight, it is essential to specify whether the price refers to net weight or gross weight. Usually the price is based on net weight. Packing is often a considerable item in export trade and contracts should specify clearly who is responsible for the cost of export packing.

The same name is given in different countries to units of weights and measurements which are in fact of different value. The libra of Argentina is equal to 1.0142 U.S. pounds, the libra of Mexico to 1.0146 pounds, and that of Venezuela to 1.0161 pounds. In most Latin American countries, 25 libras make one arroba, but in Brazil there are 32 to one arroba. The United States and the British West Indies use the Queen Anne gallon, but the rest of the English-speaking world uses the imperial gallon. Commercially, six U.S. gallons are equivalent to five imperial gallons.

An English ton (often referred to as the long ton) is 2,240 pounds but the American or short ton is 2,000 pounds. The metric ton is 2,204.62 pounds and the Spanish ton 2,271.64. A hundredweight, which is abbreviated as cwt., is 112 pounds in Britain and 100 pounds in the United States.

A shipping ton for freight-rate purposes is equivalent to 2,240 pounds or 40 cubic feet, and the steamship company normally uses the measure that gives it the greater revenue. Certain conferences operating from the United States work on a 2,000-pound ton. Here again, the businessman must always be sure of the exact meaning of the terms he uses. ●

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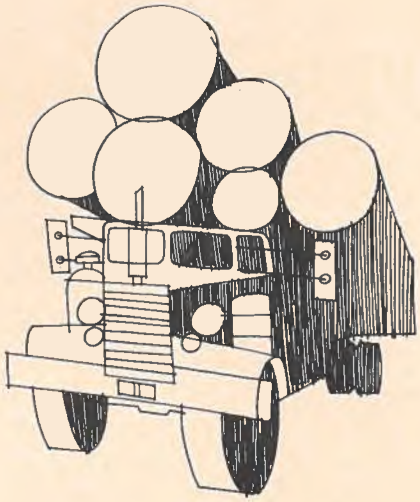
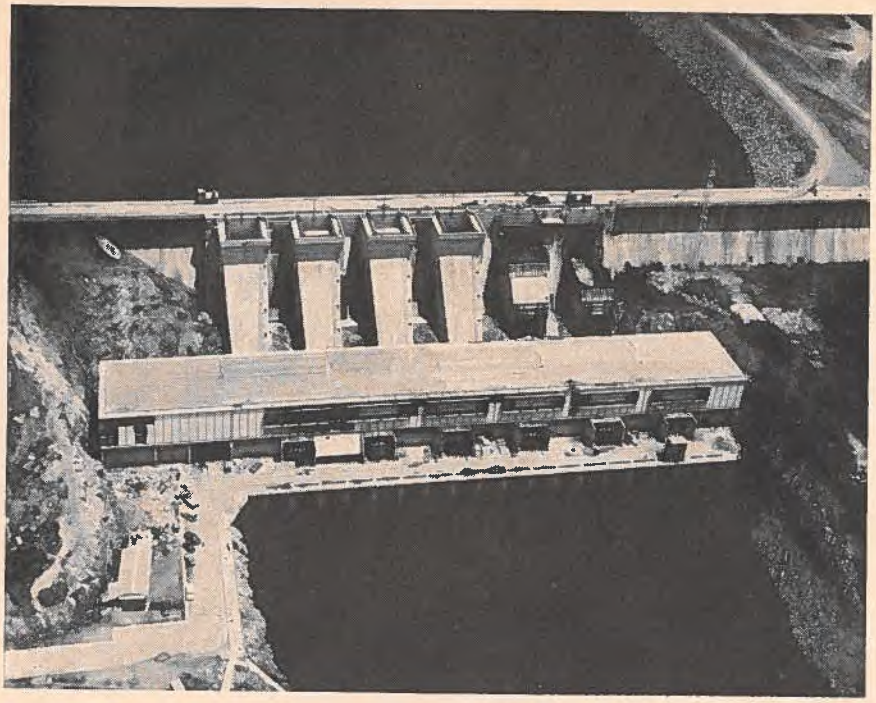
Price: 10 cents.

Order from: National Foreign Trade Council, 10 Rockefeller Plaza, New York, N.Y.





Installed capacity at this power plant, Macagua No. 1, is 350,000 kilowatts. Located near the confluence of the Caroni and Orinoco Rivers in eastern Venezuela, it is part of the system operated by Electrification del Caroni C.A. (EDELCA).

Venezuela Expands Power Network

For almost two decades Venezuela has been enlarging its power generating capacity and extending the distribution systems. The task is not yet finished and current projects—some under way, some planned—offer excellent opportunities to Canadians who can supply power generating and distribution equipment or services in this field.

W. D. WALLACE,
Commercial Counsellor, Caracas.

THE FIELD of electrical energy in Venezuela has shown remarkable development in recent years. In 1964, consumption reached 4.2 billion kilowatt hours compared with 1.9 billion in 1958; installed generating capacity rose from 650,000 to 1.6 million kilowatts. Both the public and private sectors are expanding and building new power plants.

Venezuela has the abundant gas, petroleum and water resources needed for the production of cheap power but little progress was made in using them for this purpose until several years after World War II. Before 1947, private companies in the larger cities supplied power from thermal and small hydroelectric installations, but there were no standards for voltage and frequency or the transmission and distribution networks. Rural areas were served by small power plants, some owned by government, some by municipalities and others by private companies. Many of the petroleum companies and industrial firms operated their own electric generating stations.

This unsatisfactory situation for a fast developing country could only be overcome by systematic and long-range planning and in 1947 the Government took action. Today the development and sale of electric power falls into two categories—government and private.

Government Generating Companies

The development, transmission and sale of power by the Government is handled by two government companies: C.A. de Administracion y Fomento Eléctrica (CADAFE), and the Electrificacion del Caroni C.A. (EDELCA) of the Corporacion Venezolana de Guayana.

In 1947 the Venezuelan Development Corporation was given the responsibility of drawing up a national plan for electrification. Some fifteen companies were formed and assigned areas in which they were to develop power. By the end of 1958 they reached the stage where they could consider interconnecting their networks. In 1959, these companies were merged into a government company, C.A. de Administracion y Fomento Electrica (CADAFE) which is responsible for rural electrification and, in certain instances, for urban electrification. This meant abandoning the small diesel generating plants and networks in most areas and constructing large power plants with interconnecting networks covering considerable areas of the country. At present CADAFE has a generating capacity of 406,723 kilowatts, with sales estimated at 1.1 billion kilowatt hours.

The Electrificacion del Caroni C.A., (EDELCA) will eventually be the largest power generating company in Venezuela. Its present plant, Macagua No. 1, near the confluence of the Caroni and Orinoco Rivers in the Guayana area of eastern Venezuela, has an installed capacity of 350,000 kilowatts. It supplies power to the government steel mill at Matanzas, the Orinoco Mining Company, the Iron Mines Company, and CADAFE. Last year EDELCA started construction of the Guri Dam on the Caroni River. This dam, 100 meters high, will produce 1.75 million kilowatts from ten generators. It will be completed in 1968. It is anticipated that two generators with a capacity of 350,000 kilowatts will be put into operation in 1967. EDELCA will ultimately supply all the power required for the industrial development of the Guayana area and the surplus will be made available to CADAFE for distribution to Central Venezuela over a transmission network now under construction.

Private Generating Companies

The privately owned companies operating and distributing electrical power in Venezuela sold 2 billion kilowatt hours in 1964; generating capacity is estimated at over 750,000 kilowatts. The most important firms supply the cities of Caracas, Maracaibo, Barquisimeto, Valencia and Ciudad Bolivar. Smaller companies are located in Anaco, Santa Barbara, Crora and Perija.

The largest company is Electricidad Caracas C.A., with a generating capacity of 489,000 kilowatts; Energia Electrica de Maracaibo, 184,500; Energia Electrica de Barquisimeto, 26,900; Electricidad de Valencia, 42,900, and La Electricidad de Ciudad Bolivar, 10,026. It is of interest that Energia Electrica de Maracaibo and Energia Electrica de Barquisimeto are controlled by the Canadian International Power Company, and La Electricidad de Ciudad Bolivar is controlled by a Dutch company.

Among the private firms generating power there are some, such as the petroleum companies and private industrial companies, which produce only for their own needs. These producers now find it more economical to purchase power when it becomes available from commercial sources and use their own equipment as a standby for emergency purposes.

Greater Output Planned

Based on past experience, the Government is considering a new electrification plan for 1965-1968. This plan will divide Venezuela into seven zones, taking into account the geographic, demographic and economic peculiarities of each region. This will call for conversion from 50 to 60 cycle frequency in the Caracas area, building of transmission lines from the Caroni River area to Central Venezuela, and constructing additional thermal and gas turbine plants in certain locations in western Venezuela. Eventually there will be an inter-connecting network for the entire country. The Santo Domingo hydroelectric plant (170,000 kilowatts) in the Andes is expected to be in operation by 1971. The major portion of the work considered in these plans will be carried out by CADAFE because EDELCA will only be concerned with power production in the Guayana region.

The private companies, which have already increased their generating capacity, also have plans for additional output. Electricidad de Caracas expects to increase its capacity by 40,000 kilowatts, Electricidad de Valencia by 8,000, Energia Electrica de Maracaibo by 66,000, and Energia de Barquisimeto by 27,500.

It is estimated that between 1965 and 1971, the generating capacity of the electric power plants in Venezuela will be increased by over 2 million kilowatts.

Opportunities for Canadians

The developments in the field of electric energy in Venezuela have been impressive and the outlook is bright. There should be some good opportunities for Canadian consulting engineers and manufacturers of power generating and distribution equipment. In many instances, Venezuela obtains financing from international organizations such as the World Bank and the Inter-American Development Bank. Consequently, some of the projects are open to international bidding. Consulting engineers will find it advisable to associate themselves with Venezuelan engineering firms and thus keep abreast of developments and obtain a share of the contracts. Equipment manufacturers, who should also have representation in Venezuela, will find that competition from foreign sources of supply is severe and that they must be prepared to meet prices and credit terms. The office of the Commercial Counsellor in Caracas will be pleased to assist interested Canadian firms. ●

What's current in commodities?

Office Furniture

United States—Imports of Canadian office furniture more than doubled in 1964 and totalled over $2 million. Manufacturers of both wooden and metal types, if they are prepared to work closely with their representatives, customers, architects, and designers, have an excellent opportunity to share in a growing market here.

W. G. HUXTABLE, *Consul and Trade Commissioner, New York.*

SALES SUCCESSES by a few Canadian office furniture manufacturers over recent years have overcome a formerly apathetic attitude to Canadian lines and created a positive desire on the part of commission representatives and distributors to handle these.

Although we still supply only a small part of the total market, Canadian exports have grown rapidly. Table I shows a steady increase Canadian sales to the United States since 1961 and a doubling in 1964 over the previous year.

We have every reason to believe that the next few years should see increasing Canadian shipments. More firms are exploring the market and some of them have formed connections with able representatives.

Market Is Expanding

Certainly the total market has been increasing. The preliminary 1963 Census of Manufacturers for the United States, released early this year, shows that wood office furniture manufacturers shipped U.S.$103 million worth of products from their plants, an increase of 10 per cent over 1962 figures and 63 per cent over 1958 figures. For metal office furniture manufacturers, total shipments in 1963 were U.S.$390 million, up 14 per cent over 1962 and 36 per cent over 1958. Combined figures for shipments by wood and metal office furniture producers then were U.S.-$493 million in 1963, up 52 per cent from U.S.$324 million in 1958.

The released preliminary 1963 census figures for shipments of various individual products compared with the 1962 figures are interesting too. (See Table II.)

These production achievements were made by 305 producing firms in 1963—137 producing wooden and 168 producing metal office furniture.

In the face of such competition, Canadian sales of office furniture in the U.S. represent an important achievement, especially as distribution channels for these goods are changing.

The former dominance of the independent dealer who bought office furniture for resale like apples and bananas is waning and the influence of architects and interior designers is increasing. But even this simple analysis must be qualified because many larger dealers have added their own interior design departments which can co-

TABLE I

CANADIAN EXPORTS OF NON-HOUSEHOLD FURNITURE TO THE UNITED STATES

	(Can.$)
1961	$ 335,196
1962	824,790
1963	1,044,801
1964	2,239,708

TABLE II

FACTORY SHIPMENTS OF OFFICE FURNITURE IN THE U.S.

	1963 Units	1963 Value ($'000)	1962 Units	1962 Value ($'000)
Wood Office Furniture				
Chairs, including upholstered	832,591	35,513	825,211	29,621
Other office seating	30,781	4,805	39,812	6,054
Desks	S	29,702	240,704	31,411
Modular service units (except desks)	104,601	5,999	87,129	4,393
Other wood office furniture	X	26,713	X	11,395
Total	....	102,732	....	82,874
Metal Office Furniture				
Chairs, including upholstered	2,148,151	67,181	2,227,378	66,076
Other seating	181,838	6,187	X	3,994
Desks, all kinds	759,588	85,260	792,291	86,222
Cabinets, cases, filing equipment	X	147,249	X	140,331
Other metal office furniture	X	51,520	X	44,716
Total	....	357,397	....	341,339

S—Does not meet Bureau of Census Publication Standards

X—Not applicable

Note: The totals of the value figures in the table do not match the figures described in the paragraph above because products other than office furniture made by office furniture producers are included in the totals.

ordinate selections of furniture, filing equipment, floor coverings, draperies and paint colours with the customer and his architect. Some have added "systems consultants" to coordinate furnishings and equipment with the procedures and functions carried on in the office.

Export Business Is Long-Term

Because office methods themselves are changing here with the introduction of automated data processing and retrieval systems, even for small and medium-sized firms, an increasing amount of expertise will be required of firms selling office furnishings.

A further complication is the growing trend for larger customers to purchase office furniture direct from manufacturers, rather than through franchised dealers. Not the least of the problems thus engendered is the one of establishing equitable and legal price policies for each class of customers.

In this dynamic situation, the successful Canadian exporters will be the ones who work most closely with their representatives, customers, architects and designers here. To be profitable, these efforts must be continuous and sustained. There is no place for one-shot deals or frequent changes of representatives and distributors, not only because there is no faster way to sour business relationships but mainly because this kind of business costs too much to get. The profitable export business is geared to supplementary and repeat orders over a long period. ●

Hardware and Housewares

New England—With about 1,578 retail hardware outlets selling more than $159 million worth of goods each year, this easy-to-reach market provides real opportunities for Canadians. As in Canada, diversification has become the motto of hardware dealers and a wide range of products could be sold.

D. S. BAKER, *Vice Consul and Assistant Trade Commissioner, Boston.*

HAVE YOU considered selling your hardware or housewares in the prosperous New England market? With its 10.5 million population, this market could be one of the most accessible and logical areas for expansion in the United States.

Retailers Diversify

In 1963 the six New England states (Maine, Vermont, New Hampshire, Massachusetts, Rhode Island and Connecticut) had some 1,578 retail hardware stores with annual sales exceeding $159 million. Most stores handle more than the traditional paints, tools and fittings. The trend in recent years has been towards more diversification, with many stores now featuring strong gift, housewares and sporting goods sections. Outlets located near rivers, lakes, or the sea have also diversified with successful marine departments catering to the users of small pleasure craft.

Wholesalers Important

Although there are some large chains in New England, most hardware stores are independently owned. Similarly, the full-line hardware wholesaler is still a strong factor in the trade although there have been some co-operative buying organizations established by groups of smaller retailers. There has also been something of a trend toward direct buying by the larger stores.

Some idea of the importance of the wholesale houses is given by their sales: in 1963 some 254 wholesalers sold more than $147 million worth of products. Boston stands out as the distribution center for New England with 112 wholesale firms and sales exceeding $58 million.

Canadian manufacturers of hardwares or housewares interested in this market should contact the Canadian Consulate General, 607 Boylston Street, Boston 16, Massachusetts (phone 617-262-3760) for assistance. Often a personal visit to the area will give a supplier the best opportunity to assess the opportunities and establish distribution.

Trade Shows Helpful

If opportunities look promising, you should also consider entering or visiting the New England Hardware-Housewares Show, February 12-14, 1966. Over 10,000 people are expected to attend this trade show, held for the first time at the War Memorial Auditorium in the new Prudential Center, Boston, Massachusetts. Retailers of hardware and housewares, department store buyers, Massachusetts merchandise and wholesale buyers will all be invited. For complete details write to: New England Hardware-Housewares Show, New England Hardware Center, 665 Boylston Street, Boston, Massachusetts, 02116. We recommend sending a carbon copy to the Boston Consulate so that we can give you all possible assistance in investigating sales opportunities. ●

FOREIGN TARIFFS AND TRADE REGULATIONS

Barbados

TARIFF CHANGES—An Order recently received provides for amendments to the Barbados customs tariff on some fabrics and apparel. The current rates of duty, with the former rates in brackets, are as follows:

		Preferential Tariff	General Tariff
		(per cent)	
653–02.1	Woollen and worsted fabrics of fine hair for use in the manufacture of men's and boys' suits, trousers and jackets, ad valorem	5 (10)	15 (20)
653.02.9	All other woollen and worsted fabrics (including fabrics of fine hair), ad valorem	10 (10)	20 (20)
653–03.1.1	Linen fabrics for use in the manufacture of men's and boys' suits, trousers and jackets, ad valorem	5 (10)	15 (20)
653–03.1.2	All other linen fabrics, ad valorem	10 (10)	20 (20)
653–05.1	Fabrics of synthetic fibres and spun glass for use in the manufacture of men's and boys' suits, trousers and jackets, ad valorem	5 (10)	15 (20)
653–05.9	All other fabrics of synthetic fibres and spun glass, ad valorem	10 (10)	20 (20)
841–02.3	Vests and pants, knit or made of knitted fabrics, ad valorem	15 (15)	25 (25)
	Plus—per dozen	$2.00*	$2.00
841–02.9	All other underwear and all nightwear, knit or made of knitted fabrics, ad valorem	15 (10)	25 (20)
841–04.3	Vests and pants, other than knitted, ad valorem	15 (15)	25 (25)
	Plus—per dozen	$2.00	$2.00
841–04.9	All other underwear and all nightwear other than knitted, ad valorem	15 (10)	25 (20)
	Plus—per dozen	$2.00	$2.00
841–05	Outerwear other than knitted, ad valorem	25 (10)	35 (20)

*Currency is West Indian.

Iran

SALE OF FOREIGN EXCHANGE FOR IMPORTS—In a Notice dated May 12, 1965, the Exchange Control and Foreign Department of the Central Bank of Iran announced regulations governing the sale of foreign exchange for imports. The new regulations were issued with a view to ensuring that foreign exchange is used to provide essential requirements and became effective on August 7, 1965.

Under the new regulations, importers must, upon application for registration of orders, deposit Rials 1.50 with the Central Bank of Iran through an authorized bank against each dollar of the amount or the equivalent thereof in other currencies covered by the order. This amount will be retained with the Central Bank of Iran pending clearance of the goods from the Customs. It will then be refunded to the importer through the authorized bank, against presentation of the original of the Customs release form or copy thereof. If the order for goods is cancelled for some valid reason, the funds collected will be refunded.

Also under the new regulations, authorized imports are settled either by collection bills or documentary credits. When import is effected through the opening of documentary credits, the goods concerned are classified into one of three groups and the amounts for the registration of an order for the three groups has been fixed at Rials 10, 30 and 75 for each dollar or equivalent thereof in other currencies depending upon the commodity. Thus, the importer will deposit the equivalent for each dollar—Rials 11.50, 31.50 and 76.50. Out of the said amounts, upon settlements of the relative documents, the sums of Rials 10.00, 30.00, and 75.00, depending upon the case, will be reserved by the Central Bank and the sum of Rials 1.50 will be refunded after the goods have been cleared from the customs or after cancellation.

The import of goods during each year shall be subject to the provisions of the general rules and regulations governing imports and exports for the same year. Orders already registered or to be registered for the import of goods through collection bills shall, within the limits of the pertinent provision, be only valid for goods which may be shipped from the country of origin to the destination in Iran up to the end of the current year (March 20, 1966). Imports of authorized goods up to the equivalent of one hundred dollars may be effected through collection bills and without the need for registration of order.

The schedules of goods affected by these exchange control regulations may be obtained from the Asia and Middle East Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa.

Jamaica

IMPORT CONTROL—The Jamaican Government has announced that, effective August 25, the exemption from import control of textile fabrics, other than knitted, consisting wholly or partially of synthetic fibres, has been amended to exempt from the licensing requirement only those fabrics, other than knitted, consisting *wholly* of polyamide, polyester, protein, acrylic and polythene fibres.

Turkey

FOREIGN TRADE REGIME FOR JULY-DECEMBER 1965—In the *Official Gazette* of July 5, 1965, the Turkish Ministry of Commerce announced provisions affecting imports for the period July 1—December 31, 1965. The various import lists and regulations follow closely the pattern of those for the first half of 1965. The rates of cash guarantees and deposits that must be provided at the time of import licence application have not been changed. A number of imports are no longer confined to AID financing. These commodities include contractors' plant, machine tools, lacquered tinplate and road rollers.

Imports may be made only against the Free Import Lists and the lists of import quotas. Industrial establishments exporting their manufactured products shall be allocated foreign exchange for raw and auxiliary materials required for their production. Imports of goods for trade may be made only by real persons or entities holding an importer's permit from the Chamber of Commerce and Industry. No importer's permit is required for imports made by industrialists, exporters, mine owners, tourist establishments and manufacturers registered with a Chamber of Commerce or Industry for their own needs. No combined or private barter transaction may be made in any form for imports or exports. Imports from Canada may be paid for only in U.S. dollars.

Import licences may be obtained from the Central Bank and are effective for a period of six months from date of issue. Goods must be imported within the same period. Supplementary time limits for manufacturing beyond the import period may be obtained upon application. For imports against the free import lists, a cash guarantee of 70 or 100 per cent of the Turkish lira equivalent, depending on the kind of goods, must be deposited with the authorized bank when application for licence is made. For imports against the list of import quotas a cash guarantee of 30 per cent for importers and 10 per cent for industrialists is required. Import permits are required for making an application for foreign exchange against the import lists. Permits are effective for three months from date of issue. The import of old, used and reconditioned goods is prohibited. Applications for import licence for goods under import quota must be made within one month from announcement of the quota. They should not exceed 20 per cent of the quota except in cases where the value of one unit is greater than this amount. In these cases the percentage may be increased to cover the whole unit.

Import licences are issued under the following conditions. If goods are to be paid for by letter of credit, the Turkish lira equivalent shall be deposited and application for transfer of foreign exchange shall be made within two months after date of letter of allocation of foreign exchange and within three months of date of certificate of need. If goods are to be paid for cash against documents or cash against goods, this must be declared within the same periods and an additional 50 per cent of Turkish lira equivalent deposited with an authorized bank. For imports made against quotas marked "miscellaneous", the goods need not be included in the import lists. However, articles included in the Free Import Lists may not be imported against these quotas.

Detailed information respecting the current import trade control regulations affecting any particular commodity may be obtained from the Asia and Middle East Division, Office of Trade Relations.

United States

TARIFF COMMISSION TO STUDY TEMPORARY FREE ENTRY PROVISIONS—The United States Tariff Commission has initiated a study of statutory provisions which permit the temporary import into the United States of merchandise without the payment of ordinary duties or which permit a virtual recovery of duties paid, when the imported merchandise, or its domestic equivalent, is exported either in its original form or in a changed condition.

The study includes following sections of title 19 of the U.S. Code:

Section 81—Foreign Trade Zones

Section 1202—(Schedule 8, Part 5C)—Temporary Free Entry under Bond

Section 1311—Bonded Manufacturing Warehouses

Section 1312—Bonded Smelting and Refining Warehouses

Section 1313—Drawback and Refunds

Section 1555—Bonded Warehouses

Section 1557—Entry for Warehouse—Warehouse Period—Drawback

Section 1562—Manipulation in Warehouse

The Commission is especially interested in whether the economic forces which led to the creation of these programs have so changed in the intervening years as to warrant modification and possible consolidation of the procedures to meet current conditions.

The Commission invites all interested parties to submit written views pertinent to the study. Such submissions should be addressed to: The Secretary, U.S. Tariff Commission, Washington, D.C., 20436, and should reach the Commission no later than November 1, 1965.

TRADE COMMISSIONERS ON TOUR

In Canada

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

France—R. Campbell Smith, Minister-Counsellor (Economic/Commercial) in Paris:

Guelph, Preston, Galt—September 23
Hamilton—September 24

G. P. Morin, Assistant Commercial Secretary in Paris:

Belleville—October 11
Toronto—October 12-22
Niagara Falls—October 25
Hamilton—October 26
Guelph, Galt, Preston—October 27
Brantford—October 28
London, Windsor—October 29
Cornwall—November 1
Montreal—November 1-10
Quebec City—November 12
Rivière du Loup—November 15
Rimouski—November 16
Halifax—November 18
Sydney—November 19
Shediac, Cocagne—November 22
Florenceville, St. Andrews—November 23
Quebec City—November 25-29

Ghana—M. S. Strong, Commercial Counsellor in Accra:

Montreal—September 27-30
Toronto—October 1-6

When he completes his tour, Mr. Strong will be posted to Lisbon, Portugal, as Commercial Counsellor.

Singapore—J. H. Bailey, Special Assistant to the Assistant Deputy Minister, External Trade Promotion, who will be posted to Singapore as Trade Commissioner later this year:

Vancouver—October 4-6

Temporary Duty in Ottawa

G. P. Morin, Assistant Commercial Secretary in Paris, October 4-8. Contact European Division, phone: 992-8727.

P. A. Savard, Commercial Counsellor in Tokyo, Japan, until October 10. Contact Asia and Middle East Division, phone: 992-5642.

R. Campbell Smith, Minister-Counsellor (Economic/Commercial) in Paris, France, September 27-. Contact European Division, phone 992-8727.

M. S. Strong, Commercial Counsellor in Accra, Ghana, October 7-27. Contact Commonwealth Division, phone: 992-2421.

In Territory

Afghanistan—R. D. Lee, Assistant Commercial Secretary in Karachi, Pakistan, will visit Afghanistan September 27-October 1.

Australia—J. D. Tennant, Assistant Commercial Secretary in Melbourne, will visit Adelaide October 4-8.

Bahamas—L. D. Burke, Commercial Secretary in Kingston, Jamaica, will visit Nassau and Freeport during the first week of October.

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

Maritime Day Celebrated

National Maritime Day in the United States was celebrated in Philadelphia in gala fashion on May 18th. A record-size luncheon was held, attended by 750 businessmen and the Mayors of Philadelphia, Carden, Wilmington, Trenton and Chester, all ports on the Delaware River, and sponsored by the City of Philadelphia, the Port Authority and the Chamber of Commerce. The luncheon served as the highlight of the annual "Foreign Trade Week" officially proclaimed by the Mayor. To wind up the observances, the 36-nation Consular Association gave a reception at the Trade and Convention Center for the leaders of the Delaware Valley business community.

This year for the first time, the Consular Association was the collective "guest of honour" and another first was the invitation to a non-American to be principal speaker—James M. McAvity, president of the Canadian Export Association. In this address he reviewed the business scene in Canada and stressed our dependence on the maintenance of a high level of exports of secondary goods, particularly to the United States.

To emphasize the international nature of the day, 13 countries had booths around the perimeter of the ballroom. These exhibits featured export products and were decorated with colourful posters and photographs; some were staffed by girls in native costume. The Canadian booth was made of specially selected Canadian timber which enjoys a large market in the Philadelphia area. At small cost the Consulates were able to put on impressive displays and the reaction was so favourable that a repeat performance is already planned.

—W. J. MILLYARD, *Consul and Trade Commissioner, Philadelphia.*

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 .9294.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Sept. 2	Units per Canadian dollar	Notes (see below)
Algeria	Dinar		.2195	4.56	
Argentina	Peso	Free	.006292	158.93	
Australia	Pound		2.4034	.4161	
Austria	Schilling		.04172	23.97	
Bahamas	Pound		3.0042	.3329	
Belgium and Luxembourg	Franc		.02168	46.13	
Bermuda	Pound		3.0042	.3329	
Bolivia	Peso		.09145	10.93	
Brazil	Cruzeiro	Official Free	.0005855	1,707.94	
Britain	Pound		3.0042	.3329	
British Guiana	Dollar		.6259	1.60	
British Honduras	Dollar		.75105	1.33	
Burma	Kyat		.2259	4.43	
Ceylon	Rupee		.2253	4.44	
Chile	Escudo	Bank rate	.3399	2.94	
		Free	.2807	3.56	
Colombia	Peso	Free	.05618	17.80	
		Certificate	.1195	8.37	
Congo, Republic of	Franc		.007173	139.41	(1)
Costa Rica	Colon		.1624	6.16	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1494	6.69	
Denmark	Krone		.1550	6.45	
Dominican Republic	Peso		1.07594	.9294	
Ecuador	Sucre	Official	.05756	17.37	
		Free	.05977	16.73	
El Salvador	Colon		.4304	2.32	
Fiji	Pound		2.7065	.3695	
Finland	Markka		.3362	2.97	
France, Monaco, etc.	Franc		.2195	4.56	(2)
Franco-African Republics, etc.	Franc		.004390	227.79	(3)
French Pacific	Franc		.01207	82.85	(4)
Germany	D Mark		.2681	3.73	
Ghana	Cedi		1.2518	.7988	
Greece	Drachma		.03586	27.89	
Guatemala	Quetzal		1.07594	.9294	
Haiti	Gourde		.2153	4.64	
Honduras	Lempira		.5380	1.86	
Hong Kong	Dollar	Free	.1866	5.36	*Aug. 20
		Official	.1878	5.32	

‡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 Sept. 2	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02502	39.97	(1)
India	Rupee		.2253	4.44	
Indonesia	Rupiah		.004304	232.35	(1)
Iran	Rial		.01420	70.40	
Iraq	Dinar		3.0126	.3319	
Ireland	Pound		3.0042	.3329	
Israel	Pound		.3586	2.79	
Italy	Lira		.001722	580.72	
Japan	Yen		.002989	334.56	
Lebanon	Pound	Free	.3529	2.83	
Malaysia	Dollar		.3515	2.84	
Mexico	Peso		.08608	11.62	
Morocco	Dirham		.2152	4.65	
Netherlands	Florin		.2989	3.35	
Netherlands Antilles	Florin		.5705	1.75	
New Zealand	Pound		2.9935	.3341	
Nicaragua	Cordoba		.1537	6.51	
Nigeria	Pound		3.0042	.3329	
Norway	Krone		.1504	6.65	
Pakistan	Rupee		.2253	4.44	
Panama	Balboa		1.07594	.9294	
Paraguay	Guarani	Free	.009683	103.27	
Peru	Sol	Free	.04011	24.93	
Philippines	Peso	Free	.2760	3.62	
Portugal & Colonies	Escudo		.03742	26.72	(5)
Sierra Leone	Leones		1.5063	.6639	
South Africa	Rand		1.5021	.6657	
Spain and Dependencies	Peseta		.01797	55.65	
Sweden	Krona		.2079	4.81	
Switzerland	Franc		.2492	4.01	
Syria	Pound	Free	.2817	3.55	
Thailand	Baht	Free	.05272	18.97	(1)
Tunisia	Dinar		2.0604	.4853	
Turkey	Lira		.1195	8.37	(1)
United Arab Republic	Pound	Official	2.4747	.4041	
United States	Dollar		1.07594	.9294	
Uruguay	Peso	Free	.01649	60.64	
Venezuela	Bolivar	Official Free	.2393	4.18	
West Indies	Dollar		.6259	1.60	(6)
	Pound		3.0042	.3329	(7)
Yugoslavia	Dinar	Official	.0008608	1,161.71	

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.

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