

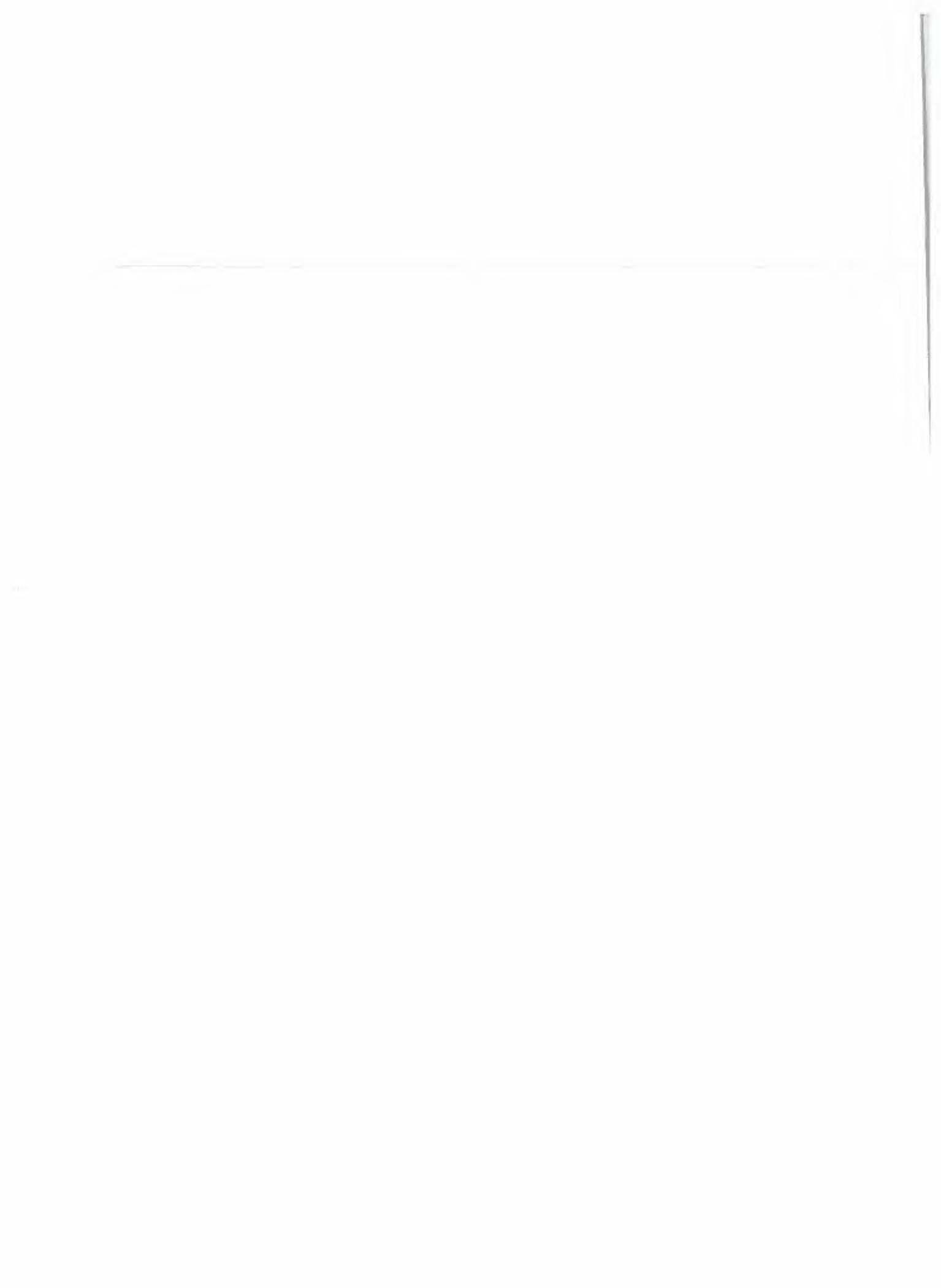
**FEBRUARY 17. 68**

# **FOREIGN TRADE**

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA



**Trade with the  
Arab Middle East**



# FOREIGN TRADE

FEBRUARY 17, 1968

Vol. 129 No. 4

*COVER: Life for this Arab inhabitant of Abu Dhabi and for the people of nearly all the Arab Middle East countries covered in this issue has been profoundly changed by the discovery and exploitation of oil. It is these oil and pipeline revenues that also make trading possibilities in this area so promising. See the articles on pages 2 to 33.*

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## Canada's Trade with the Arab Middle East 2

*Throughout the area, revenues from oil are being spent on building modern cities, revitalizing agriculture and providing the infrastructure needed for further industrial development. This great activity has generated a thriving market for Canadian raw materials, equipment and machinery of all kinds, and for consultants' services. There are many opportunities for foods and luxury products as well.*

### From the Beirut Office

*The area served by this office extends from Syria and Iraq in the north down to the tip of the Arabian peninsula. The following market-by-market description will refresh the exporter's memory and suggest new possibilities for Canadian sales.*

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*Having read the articles on general business conditions and decided where your main interest lies, you will find this summary very useful. Keep it on hand.*

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COMING—DEVELOPMENT AND TRADE IN SOUTH AMERICA, MARCH 2 ISSUE

# Canada's Trade with the Arab Middle East

Trade between Canada and the Arab Middle East has expanded steadily; reached \$88.1 million in 1966. Stress on development projects and industry means improved opportunities for selling capital equipment, industrial raw materials, and engineering services.

## *Asia and Middle East Division.*

THE ARAB Middle East takes in Iraq, Jordan, Lebanon, Libya, the Persian Gulf States (Abu Dhabi, Bahrain, Dubai, Kuwait, Muscat and Oman, Qatar and the Trucial States), Saudi Arabia, South Yemen, the

Sudan, the Syrian Arab Republic, and the United Arab Republic (Egypt). It is by no means a homogeneous market. Nevertheless, there is a common trend towards efforts to achieve greater prosperity through broadening the economic basis of the various countries (which currently derive

much of their income from oil or agriculture) through the development of infrastructure, industrialization, and other programs.

Although Canadian exports to these countries have been gradually increasing, they continue to form only a small proportion of total imports into the area, which were estimated at \$4,931 million in 1966. In that year, as Table I shows, Canadian sales to the Arab countries totalled \$20.8 million, up from the 1965 figure of \$19.6 million. From January to September 1967, exports totalled \$9.1 million, down from \$13.2 million during the same period in 1966, primarily as a consequence of the recent Middle Eastern crisis. The United Arab Republic was the principal market in the area for Canadian products in 1966, followed by Saudi Arabia, Kuwait and Lebanon.

## **Economic Conditions Vary**

Economic conditions in the Arab Middle East vary widely from country to country, depending on the natural endowments and stage of development of each. Moreover, the recent crisis in the Middle East has affected the economies of the Arab countries in varying degrees. Oil is the mainstay in Kuwait, Libya, Saudi Arabia, Iraq, Bahrain and Qatar. Kuwait, in fact, has one of the highest per capita incomes in the world (U.S. \$3,500),



Canadian goods that have recently arrived at Beirut in transit are being prepared for shipment by air to Dubai in the Trucial States. Looking on while the steel strapping is done is P. W. Aubin, Assistant Commercial Secretary, Beirut, (third from the right).

and provides extensive welfare benefits for its people. Syria is by and large an agricultural country with cotton the chief foreign exchange earner, although there are hopes for oil exports before long. Jordan also is primarily agricultural; until the recent crisis it also had a rapidly expanding tourist industry. In the U.A.R., cotton has traditionally been the greatest earner of foreign exchange (which is now in short supply) but there have recently been large oil discoveries in the western desert and the export of oil should do much to improve its economic situation. The U.A.R., Syria and Jordan are all receiving financial assistance from other Arab nations. Lebanon, which has one of the highest living standards in the area, derives much of its prosperity from its role as a financial, trading and tourist centre. Although it is currently going through a period of austerity, there are good prospects for a return to a more buoyant economy in the near future.



Among the Canadian products that sell well in Lebanon is brake-lining. Inspecting it are Mr. Aubln (centre) and a local shopkeeper, Emile Kanaan (right). The local agent for the maker, Asbestonos Corporation Limited, Edouard Saleh, is seen on the left.

### Development Is Stressed

Most countries in the Arab Middle East are now embarking on or are in the midst of plans for economic development. These are generally for five or seven years, with particular emphasis on industrial and agricultural expansion and the development of infrastructure. For example, Iraq's Five Year Plan (1965-70) calls for total expenditure of \$2.3 billion on industry, power, agriculture, transportation and communications. Jor-

dan's Seven Year Plan (1964-71) emphasizes irrigation, railway and highway projects, telecommunications, port projects, mining, manufacturing and tourism. Egypt's Three Year Plan stresses the development of industry, agriculture, transportation and communications.

This trend toward economic development is illustrated by the wide variety of capital projects either planned or being carried out. They

range from the Aswan High Dam project in the U.A.R. to a shrimp-processing factory in Bahrain, from a program to discover and exploit mineral resources in Saudi Arabia to new desalination plants in Kuwait, from the development of the port of Beirut in Lebanon to the exploitation of potash deposits in Jordan, and from the building up of a petrochemical industry in Iraq to the design of a new international airport (undertaken

TABLE I  
CANADA'S EXPORTS TO THE ARAB MIDDLE EAST

	1964	1965	1966	Jan.-Sept. 1966	Jan.-Sept. 1967
			(Cdn.\$'000)		
South Yemen	n.a.	193	218	176	353
Bahrain	151	160	332	239	58
Qatar	279	548	409	246	100
Trucial States	n.a.	66	152	63	99
Iraq	957	734	887	538	548
Jordan	245	306	429	332	348
Kuwait	934	3,582	3,994	2,647	2,130
Lebanon	2,516	2,419	3,134	2,152	1,367
Libya	907	660	695	365	460
Saudi Arabia	3,133	5,343	5,034	2,742	2,146
Sudan	113	120	363	255	584
Syria	387	665	555	252	246
United Arab Republic (Egypt)	3,978	4,772	5,330	3,223	617
<b>Total exports</b>	<b>13,500</b>	<b>19,568</b>	<b>20,832</b>	<b>13,230</b>	<b>9,056</b>

Source: DBS

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by Cansult, a Canadian firm) in Abu Dhabi. (See the articles that follow for more details on these and other projects.)

To carry out the projects, these countries will require greater quantities and a wider variety of materials which are not available locally and will also have a greater demand for consulting engineering services. Moreover, although import substitution is the purpose of some of the new industries, in the long run the larger income generated by industrial expansion and by rising revenues from oil, agriculture and tourism can be expected to result in new and greater demands for consumer goods from abroad.

### Trade Surpluses Large

Table II shows the growth in total Arab Middle East trade in the past few years, including the substantial trade surpluses due mainly to oil revenues. The Arab countries have traditionally carried on the greater part of their trade with the United States, Britain and Western Europe, and have also done a significant amount of trade with the U.S.S.R. and the Eastern European countries. Trade within the region is not large because most of the needs for grains, industrial raw materials, machinery and durable goods must be supplied from outside.

On August 13, 1964, the Arab Common Market was set up by a Decision of the Council of Arab Economic Unity. This Decision has been ratified by Iraq, Jordan, Syria, the U.A.R. and Yemen. Kuwait, the sixth Council Member, has not yet ratified it. All Council members and all other Arab League states may join. The organization aims at the establishment of a free trade area and subsequently a customs union in the Arab region. Free trade in all commodities is to be reached by 1974 and a common external tariff is to be applied by that time.

### Trade Relations

Canada exchanges most-favored-nation treatment with Iraq, Lebanon, and Syria under a special arrangement—by Order-in-Council of September 15, 1961, for Iraq and of November 19, 1946, for Lebanon and Syria. Canada's trade relations with Kuwait are governed by the General

**TABLE II**  
**FOREIGN TRADE OF THE ARAB MIDDLE EAST\***

	1962	1963	1964	1965	1966
	(millions of U.S.\$)				
Exports (f.o.b.)	4,395	5,048	5,750	6,330	7,093
Imports (c.i.f.)	3,415	3,758	4,092	4,208†	4,931†
Surplus on trade	980	1,290	1,658	2,122†	2,162†

\*Compiled from IMF statistics

†Estimated. Final figures on some countries are not yet available.

**TABLE III**  
**CANADA'S IMPORTS FROM THE ARAB MIDDLE EAST**

	1964	1965	1966	Jan.-Sept. 1966	Jan.-Sept. 1967
	(Cdn.\$'000)				
South Yemen	n.a.	353	80	26	—
Bahrain	—	—	—	—	—
Qatar	2,285	2,732	—	—	—
Trucial States	n.a.	1,741	2,984	1,183	1
Iraq	2,379	5,284	12,529	9,398	9,001
Jordan	10	9	7	5	20
Kuwait	11,219	11,505	6,157	4,653	2,287
Lebanon	81	50	1,040	1,019	93
Libya	—	1	10,963	6,271	10,849
Saudi Arabia	18,553	42,114	32,553	24,031	26,882
Sudan	113	138	93	51	69
Syria	492	515	380	172	54
United Arab Republic (Egypt)	125	221	661	541	226
<b>Total imports</b>	<b>38,440</b>	<b>64,663</b>	<b>67,347</b>	<b>47,350</b>	<b>49,482</b>

Source: DBS

Agreement on Tariffs and Trade, effective June 18, 1961. The U.A.R. and Canada exchange MFN treatment under an Exchange of Notes effective December 3, 1952.

Import and exchange regulations are summarized on pages 34 to 37. The United Arab Republic operates under a system of state trading. Imports into Bahrain, Dubai, Abu Dhabi, the Trucial States, Muscat and Oman, Lebanon and Saudi Arabia are admitted with few restrictions. Provided that the importer holds a general import licence authorizing him to carry out import transactions, imports are also admitted quite freely into Kuwait, Qatar, South Yemen and Libya. In Jordan and Syria most goods require licences and in Iraq and the Sudan, all imports require licences.

These regulations change frequently, however, and it is advisable for exporters to make sure that their information is current at the time they wish to export to this area.

### Imports into Canada

Canadian imports from the Arab Middle East have almost doubled in the past three years (see Table III), reaching \$67.3 million in 1966, up from \$64.7 million in 1965. From January to September 1967, imports totalled \$49.5 million (\$47.4 million during the same period in 1966). There were substantial increases over 1965 in imports into Canada from Lebanon, Libya, Iraq, the U.A.R. and the Trucial States in 1966. Imports from Jordan, Qatar, Saudi Arabia, the Sudan, Syria, South Yemen and Kuwait declined in 1966 but the 1967 trend in Jordan, Saudi Arabia and the Sudan is for larger sales to Canada than in 1966.

Imports into Canada from the Arab Middle East consist almost entirely of crude petroleum. Major suppliers in 1966 were Saudi Arabia (\$32.5 million), Libya (\$10.9 million), Iraq (\$12.2 million) and Kuwait (\$6.0

**TABLE IV**  
**PRINCIPAL CANADIAN EXPORTS TO THE ARAB MIDDLE EAST**

Commodities	No. of Markets	1965	1966	Jan.-Sept. 1966	Jan.-Sept. 1967
		(Cdn.\$'000)			
Passenger autos and chassis	11	4,002	4,821	2,109	2,138
Commercial communication equipment and components n.e.s.	4	1,881	3,110	1,746	175
Aircraft, complete with engines; aircraft engines, assemblies, equipment and parts	9	206	1,191	1,011	874
Washing machines, electric, domestic size	10	490	928	512	478
Wheat flour n.e.s.	7	891	742	547	234
Sulphur, crude or refined n.e.s.	1	—	736	736	—
Pipes and tubes, iron and steel	5	853	638	511	2
Asbestos	4	951	615	515	618
Generators and parts	1	—	598	564	23
Industrial machinery n.e.s.	10	555	538	287	260
Newsprint paper	4	306	474	193	85
Aluminum	4	1,753	445	321	21
Seed wheat	1	1,201	427	257	530
Plastic and synthetic rubber not shaped n.e.s.	5	231	278	259	56
Measuring and testing equipment and parts	3	21	270	153	35
TV receiving sets, excluding combinations	8	470	246	210	3
Agricultural machinery	6	329	229	292	157
Truck and bus tires, pneumatic, new	5	138	193	117	26
Engines, turbines and parts n.e.s.	3	1	189	157	87
Wheat, except seed, n.e.s.	1	1,612	180	180	290

Source: DBS

million). Other Canadian purchases include cotton yarn (U.A.R.), cotton linters (Syria), heavy fuel oil (U.A.R., Kuwait), and dried dates (Iraq).

### Opportunities Are Numerous

Canada has for a number of years been supplying a variety of bulk and processed foodstuffs, notably wheat and barley, to the countries of the Arab Middle East. It has also been a competitive supplier of many of the industrial raw materials (especially sulphur, iron and steel pipes and tubes, asbestos, aluminum and newsprint paper), capital goods and engineering services that the Arab countries need. (See Table IV.) There are opportunities for larger Canadian sales not only of raw materials but also of various types of industrial and agricultural machinery and, with rising standards of living in the region, for more exports of consumer goods. (Examples are passenger cars, our major export to this area, washing machines, and TV sets.) There are also numerous opportunities for Canadians to become more involved in the consulting engineering

and construction fields, and in the development of tourism.

### Assistance to Exporters

Any Canadian businessman who wishes to sell in the Arab Middle East should, as noted above, have up-to-date information on trade and tariff regulations, on trade prospects, and on the current economic and marketing situation in the countries in which he is interested. This information is readily available from the Canadian Trade Commissioners in Beirut and Rome and from the staff of the Canadian Embassy's Commercial Division in Cairo, who stand ready to assist Canadian exporters in any way possible and especially in obtaining customers or agents. The Trade Commissioners make frequent tours of the areas for which their offices are responsible, including visits to countries other than those in which they are stationed; these visits are announced in advance in *Foreign Trade*. They are always prepared to discuss trade problems during the exporter's visit to their territory or during their own visits to Canadian cities in the

course of their Canadian tours (also announced in advance in *Foreign Trade*).

In addition, the Asia and Middle East Division of the Department of Trade and Commerce in Ottawa can provide current information on tariffs and other requirements affecting the terms of access to the various markets. The Transportation Division can supply shipping information and Commodity Officers can advise on the market potential for particular products in specific countries.

In developing Arab Middle Eastern markets, the employment of reliable agents and personal visits to the countries by the exporter himself are invaluable. It is important to keep in mind that each market should be treated individually and the most suitable approach made to each.

The articles which follow indicate in some detail the export opportunities in the various countries of the region and the right approach in each. ●

## Reaching Arab Buyers

CANADIAN companies who wish to advertise their products in Arab countries may be interested in a trade journal, *Anglo-Arab Trade*, printed in Arabic and published in London, England.

Now in its twenty-first year of publication, *Anglo-Arab Trade's* circulation of 7,305 (ABC certified), covers every Arab country in the Middle East, with a concentration on Iraq (802), United Arab Republic (702), Kuwait (695), Libya (629), and Sudan (601).

An official analysis of the circulation shows that approximately 1,220 copies are distributed to the construction and building industry, 1,110 to the agricultural industry, 1,010 to the manufacturing and processing industries, and 925 to importers, merchants and the distributive trades.

In addition to the regular issue every two months, special supplements on events of importance to trade development are printed and distributed.

This journal provides a translation service for advertisements and for the production of Arabic sales literature, handbooks and technical manuals.

Canadian firms who would like further information should write to the publisher, British Industrial Publicity Overseas Limited, Walter House, Bedford Street, London, W.C. 2, England. ●

# Lebanon

*Country is adjusting to changed conditions,  
building up industry, welcoming foreign capital.  
Sales success here may open other Arab markets.*

P. W. AUBIN, *Assistant Commercial Secretary, Beirut.*

ONCE MORE the Lebanese have shown their gift for surviving crises. The Government is co-operating closely with the private sector and Lebanon is emerging from the testing period of the last few months with an economy temporarily less prosperous but more vigorous than ever. It is still essentially a center for trade with the whole area and this—including services, insurance, finance, the tourist trade, and auxiliary activities such as warehousing—provides the greater part of its income. The transit trade, favored by the closing of the Suez Canal, continues at a high level. As a result of the Middle East crisis, tourist trade fell off—and it is an important earner of foreign exchange. However, efforts are being made to attract more visitors this year.

The Lebanese economy is in the midst of austerity and of adjustment to the new situation created by the combination of the Intra Bank crisis in 1966 and the Arab-Israeli conflict of June 1967. But for all their ill effects, these two events have brought about a new pattern in the business structure. This pattern is emerging as the Government extends its influence and control over the business community. Although the strength of the Lebanese economy has traditionally been the entrepreneurial skill of the merchant, fostered in an atmosphere of *laissez-faire*, the Government is attempting to create a more balanced economy by developing agriculture and industry.

## Industry Is Expanding

Lebanon is being gradually industrialized, despite a conflict of interest between the small manufacturer demanding tariff protection and the merchant-importer. Twelve per cent of the Lebanese national product is

derived from industry which employs about 13 per cent of the labor force. This makes it one of the most industrialized countries in the Middle East in relation to its population.

Industry is characterized by small factories producing light consumer goods, especially food products, textiles, and chemical products. These industries service the Lebanese market and export to the country's Arab trading partners. At the end of 1966, an estimated \$300 million was invested in industry. Cement output exceeded one million tons in 1966. Plants have been opened in recent years for milk pasteurization and for turning out paper and cardboard, cosmetics and pharmaceuticals, steel products (including pipes), aluminum articles, superphosphates, detergents, cans, car batteries and refined sugar. In 1962, the Lebanon's first steel furnace came into production. Further development of industry, sometimes based on licensing arrangements with foreign companies, is expected to be concentrated on cosmetics, pharmaceuticals, building materials, household appliances and electronics.

The improvement of roads, plus electric power and waterworks pro-

jects, is receiving attention. Many projects are being financed in part by loans from France, Kuwait and other countries, and from the World Bank. This may mean opportunities for Canadian firms in the consulting and construction fields.

Canadian firms can also associate themselves with Lebanese industrialists, as Frosst of Montreal, which established the first manufacturing plant for pharmaceuticals in the region, has done. Much remains to be accomplished in the way of industrialization but exports of local industrial goods exceeded L.£46 million in 1964 and reached L.£69 million in 1966.

## Agriculture Supplies Exports

Agriculture makes a considerable contribution to the Lebanese economy. Cereals are the main crops but potatoes, vegetables and fruits (particularly apples, pears and grapes) are also cultivated. Lebanese apples and citrus fruit are exported to Arab countries and to Europe, and there is a flourishing export trade in fresh fruits and vegetables with the Gulf countries.

The Government is attempting to encourage sheep-breeding, which is an important segment of the livestock industry. The Lebanese eat far more

TABLE I  
LEBANON'S AGRICULTURAL PRODUCTION AND TRADE 1966

	Value (L.£ million)	Production	Imports (thousand tons)	Exports
Wheat	19.0	70	202	—
Potatoes	14.0	67	7	7
Onions	3.5	32	—	12
Beets	5.5	100	—	—
Citrus fruit	74.0	240	—	139
Apples	40.0	102	—	94
Bananas	16.5	30	—	13
Grapes	24.0	80	—	3
Olives	12.5	20	—	—
Tobacco	28.4	6	—	1



**This view of the Bekaa, Lebanon's most important agricultural area, shows part of the fertile plateau that lies between two mountain ranges. Market gardens in this region serve Damascus and are cultivated mainly by Armenians.**

mutton than any other kind of meat; consumption of beef and pork is comparatively low. Opportunities for Canadian agricultural products, especially feed, will become more apparent with the further development of the dairy and poultry industries.

The region called the Bekaa is the most important one for agriculture in Lebanon. The ancient granary of Rome, it is a vast fertile plateau 120 kilometers long and 15 wide at an average altitude of 2,800 to 3,000 feet, located between two mountain ranges dividing the country north and south. The Bekaa has a very temperate climate favorable to viniculture and produces some of the best wine in the Middle East. The national drink, called arak, is made from the grapes of that region.

Agriculture has not yet received its full share of attention and help. Farming in the Bekaa plateau, however, is being modernized and research, experimentation and mechanization are accelerating agricultural output. The Lebanon may well become the new-model farm of the Middle East. Water resources are being used in an orderly way and techniques are being applied that are

contributing not only to greater productivity but also to better quality crops. Provision is being made for storage facilities and new enterprises are being set up to process agricultural byproducts. Construction of silos and cold storage depots in the Bekaa and Beirut is planned for the immediate future, and so is a sugar factory. Swedish firms are now looking into the possibility of building plants to make cider as an outlet for locally-produced apples. Canadian samples of sunflower seeds for the improvement of the local crop have been sent to the Green Plan, a Lebanese agricultural department whose aim is to improve agricultural production.

Agriculture is expected to benefit from increased public investment and from government measures designed to encourage private investment. This encouragement is given under the Green Plan which provides farmers with credit for land improvement, high quality seed, and more fertilizers.

#### **Services Still Important**

Though it is small, the Lebanon has a significance in the Middle East out of proportion to its size because of its commerce, its position as a gateway

to the Arabian peninsula, and its importance as a financial, educational, medical and tourist center. Services are the most valuable sector in Lebanon and provide the greatest income. Beirut, acting as a free market with few restrictions on the movement of capital and goods, is the financial and commercial center of the Middle East. The Lebanese merchant is renowned for his ability to handle the intricacies of buying and selling, whether he is dealing with triangular operations or in gold and foreign exchange.

The forced closure in October 1966 of the Intra Bank, one of the most important Lebanese commercial banks, prompted the authorities to introduce greater control to restore confidence in Beirut as the banking center of the Middle East. For example, the new Guaranteed Deposit Act of May 1967 provides that amounts up to L£15,000 deposited in any of Lebanon's ninety banks are guaranteed. Small local banks are encouraged to merge to increase their strength and to reduce overhead. A new Lebanese law forbids the incorporation of new banks for an indefinite period. Consequently, some banks

are expressing interest in foreign participation and Canadian banks are welcomed. The Royal Bank of Canada now holds a 35 per cent share in a Lebanese bank; the Bank of Nova Scotia has been operating a branch in Beirut for the past two years.

The transit trade continues to be brisk. In spite of the rapid development of the Port of Beirut, facilities are still inadequate and must be extended to expedite transshipment and reduce congestion. Construction of new roads is under way and improve-

ment of the Beirut-Tripoli and Beirut-Damascus highways will be pursued in 1968 and 1969. There may be opportunities for Canadian companies to participate in consulting and engineering work for port installations and highways.

As a result of the Middle East crisis, the tourist trade declined in 1967; it brought in \$100 million in 1966. However, efforts are being made to improve the situation in 1968 through energetic campaigns by travel agencies and airlines, with the full support of the Government. Foreign companies, including Canadian, have been invited to study and participate in a number of projects for the development of tourism, and consultants have visited Lebanon to examine local conditions.

### Foreign Trade

Almost everything can be sold in Lebanon, although products with a competitive advantage will have a faster turnover. Even luxury items and better-quality goods can be sold as incomes rise but this is still very much a price market.

Lebanon depends on large net receipts from invisibles and private capital inflows to offset the substantial and rising trade deficits of recent years. Imports totalled \$726 million in 1966 and exports \$177 million (see Table III). The principal suppliers are Britain, the United States, Syria and France (see Table IV). Canadian sales have been relatively small—\$3.1 million in 1966. There are opportunities, however, depending largely on the competitive position of Canadian products. One of the obstacles to increasing Canadian exports to Lebanon is the shortage of direct shipping services between the two countries.

Canada is selling more asbestos fibre, more automobiles and washing machines. Pharmaceuticals are also selling well. Although the Arab-Israeli conflict disrupted trade during 1967, commercial activity seems to be picking up and there should be more chances to sell Canadian goods and services in the coming months. The most difficult task is to establish a firm foothold in this price-conscious market. Once established, however, Lebanon can serve as a springboard to the growing markets in the Arab Middle East. •

TABLE II  
CANADA'S EXPORTS TO LEBANON

	8 months				8 months		
	1965	1966	1967		1965	1966	1967
	(Cdn.\$'000)			(Cdn.\$'000)			
Wheat	—	—	73	Refrigerators	5	36	31
Flour	735	375	18	Washing machines	172	201	112
Asbestos milled fibres	211	249	244	Firebrick	26	61	39
Lumber and plywood	9	59	2	Asbestos brake lining	52	84	10
Newsprint	177	305	68	Excavating equipment	21	31	1
Toilet paper	43	57	12	Tires	37	38	16
Automobiles	288	556	29	TV sets	88	13	—
Steel	30	23	25	Pharmaceuticals	108	129	122
Aluminum	—	78	15	Wearing apparel	21	25	—
Aircraft engines and parts	58	516	140	<b>Total exports, including all others</b>	<b>2,418</b>	<b>3,133</b>	<b>1,278</b>

Source: DBS

TABLE III  
WHAT LEBANON IMPORTS AND EXPORTS

Total imports 1966: Cdn.\$726 million		Total exports 1966: Cdn.\$177 million	
of which	(per cent)	of which	(per cent)
Gold	17	Oranges and lemons	4
Machinery and electric equipment	10	Apples	3.5
Livestock	8	Banknotes	3.5
Motor vehicles	7	Dried leguminous vegetables	2.5
Iron and steel	4	Wool	2.5
Mineral oils	4	Gold	1.5
Textiles	2.5	Oil cakes	1
Wheat	2	Hides	1
Yarns	2	Casings	1
Pharmaceuticals	2	Poultry and eggs	1
Paper	1.5	Other fruits	1
		Tobacco	1

Source: Customs Statistics Office, Lebanon

TABLE IV  
LEBANON'S MARKETS AND SUPPLIERS

Imports 1966: Cdn.\$726 million		Exports 1966: Cdn.\$177 million	
Principal Suppliers	(per cent)	Principal Markets	(per cent)
Britain	15	Saudi Arabia	18
United States	12	Iraq	7
Syria	10	Jordan	6
France	9	Kuwait	6
West Germany	8	Syria	5
Italy	7	Libya	4
Switzerland	5	Britain	3
Netherlands	3.5	Italy	3
Iraq	3	France	3
Saudi Arabia	2	United States	2
Turkey	2		
Belgium	2		
Canada	0.4		

Source: Customs Statistics Office, Lebanon

# Iraq

*With increasing nationalization of trade, selling to Government, often by tender, presents the best opportunities.*

N. W. BOYD,  
*Commercial Counsellor, Beirut.*

THE LONG-TERM outlook for Iraq, with its rich resources of oil, continues to be encouraging, despite the setback to the economy resulting from the Middle East crisis and its aftermath. Oil shipments, which brought the Government a revenue of \$425 million in 1966, fell off in the period from June to August and over the first ten months of 1967 oil production was down 17 per cent from the same period last year. This has had some adverse effects on the development program. In the trade sector, restrictions were placed on imports of

many consumer goods and greater emphasis is being given to directing the flow of Iraqi trade towards the Arab area. Iraq is moving ahead, however, with the development of its petroleum resources.

## Oil Concessions Changed

Although Iraq is basically an agricultural country, the large oil industry which has grown up over the last 30 years has been the prime contributor to economic development. The oil sector accounts for about 30 per cent of the gross national product and provides 80 per cent of the foreign exchange earnings. Oil revenues, which have risen progressively from

U.S.\$144.2 million in 1957 to U.S.\$394.2 million in 1966, account for about 60 per cent of government revenue for the budget and hold the key to fiscal operations. Over the years an increasing proportion of this revenue has been allocated to development.

Iraq's first commercial oil strike in modern times occurred in 1923. Exploitation has been carried out by the foreign-owned Iraq Petroleum Company (IPC) and its affiliates. Production of crude oil has risen from 33.2 million metric tons in 1955 to 67.7 million in 1966. Proven oil resources are estimated at three billion tons, or about 7 per cent of world reserves.



At an experimental farm near Baghdad, cotton plants are sprayed to protect them against insects.

In 1961 Iraq withdrew IPC's rights to all but about one per cent of the original concession area. The Iraq National Oil Company (INOC) was established to exploit oil resources outside the small area left to IPC. In November 1967 it was announced in Baghdad that INOC had reached a service agreement with the French government oil company ERAP, whereby the latter will act as a contractor for INOC in areas designated by the Iraqi Government. According to the Baghdad report, ERAP will have the right to explore for six years and after five years the wells are to be operated jointly with INOC. Accordingly, Iraq appears to be launched on the development of its own oil production.

Oil prospecting operations in Iraq have led to the discovery of substantial quantities of natural gas. Much of this is now wasted, but an effort is being made, with French assistance, to construct gas pipelines in Iraq as well as auxiliary storage and distribution facilities.

Oil refining for general distribution is carried on by the Government Oil Refineries Administration (GORA), a directorate under the Ministry of Oil. The principal state refinery, located near Baghdad, has a capacity of 54,000 barrels a day but may be enlarged to 75,000. A contract has been awarded for the construction of a lube oil plant and a petrochemical industry is planned. In 1965 consultants were appointed for a giant petrochemical complex (caustic soda/chlorine/ethylene/polyethylene/PVC) to be completed in five years. A major sulphur recovery plant and a nitrogenous fertilizer plant are also to be built.

### Agriculture to Be Improved

Agriculture employs three-fourths of Iraq's working population and contributes about 25 per cent of the gross national product. Eight million hectares are under cultivation, five million under irrigation. The chief crops are wheat, barley, dates, rice and cotton. Agricultural production fluctuates with changes in the weather. Substantial quantities of wheat have been imported as a result of a poor crop in 1966; the outlook for next year is still uncertain.

Public investment in agriculture has received a high priority in Iraq's Five Year Development Plan (1965/66-

1969/70) under which about 142 million Iraqi dinars (Cdn.\$46.8 million, or 27 per cent of total investment under the Plan) is allotted for the improvement and expansion of drainage systems, irrigation, storage projects, agricultural machinery, co-operatives and the establishment of agrarian and co-operative banks.

### Industrial Development Stressed

Manufacturing, outside the oil industry, is playing an increasing role in Iraq's economic growth. All large manufacturing enterprises are nationalized and provide the bulk of employment. Most of the larger plants produce construction materials or process agricultural products. Manufacturing facilities in the first group include cement, brick-making, asbestos cement, precast concrete items, gypsum burning, tile making and metal industries turning out steel windows and furniture. Manufacturing in the second group includes cotton ginning, spinning and weaving of cotton, wool and silk; wool and cotton tex-

tiles; tanning; the production of vegetable oils, soaps and detergents; dairy products; grain milling; date-packing; sugar refining, and the manufacture of cigarettes.

There has been a good deal of diversification of industry in recent years: for example, metal products from castings to refrigerators are now manufactured in Iraq. The Five Year Development Plan provides for many projects which are capital-intensive, requiring a high degree of technical skill. One example is petrochemicals. Under the Plan, anticipated expenditure for the development of industry and electricity totals ID 157 million.

### Import Plan Followed

Iraq's balance-of-payments position is largely determined by its net receipts from oil exports, which account for 80 per cent of total foreign exchange earnings. Holdings of gold and foreign exchange amounted to U.S. \$300 million at the end of the second quarter of 1967, equivalent to about eight months' imports. The figures in

TABLE I  
IRAQ'S FOREIGN TRADE

	1961	1962	1963	1964	1965	1966
	(millions of Iraqi dinars)					
Exports (excluding oil)	13.2	23.4	19.9	18.1	21.2	26.0
Imports (excluding those made by foreign oil companies)	133.5	127.7	112.4	148.7	159.9	175.2
Trade balance	-120.3	-104.4	-92.5	-130.6	-138.7	-149.2

TABLE II  
IRAQ: COMPOSITION OF IMPORTS

	1963	1964	1965	Jan.-Sept. 1965	Jan.-Sept. 1966
	(millions of Iraqi dinars)				
Sugar	4.1	10.8	14.4	12.6	3.8
Tea	8.8	8.3	4.6	2.4	9.5
Cotton piecegoods	4.9	5.1	5.3	3.5	4.4
Artificial textile piecegoods	5.0	6.1	6.5	4.7	5.1
Iron and steel	8.1	9.9	13.4	9.7	11.9
Boilers and machinery	13.4	12.0	14.2	10.4	13.6
Vehicles and parts	9.1	9.8	8.6	7.2	9.3
Electric machinery	7.8	12.6	14.4	10.9	12.0
Chemicals, pharmaceuticals	4.8	5.0	5.9	4.5	6.4
Paper and cardboard	1.9	2.2	2.8	1.9	2.5
Timber	2.0	3.3	4.3	3.1	2.8
Cereals	2.5	9.7	2.3	0.2	1.3
Vegetable oils	2.1	2.5	5.7	4.6	2.6
Tanning and dyeing extracts	1.3	1.4	1.4	1.1	0.8
Woollen piecegoods	1.0	1.0	0.8	0.4	0.4
Other	37.2	47.7	56.3	42.3	46.4
<b>Total</b>	<b>114.0</b>	<b>147.4</b>	<b>160.9</b>	<b>119.5</b>	<b>132.8</b>

Source: Ministry of Planning and Central Bank of Iraq

Table I illustrate the trade gap when oil exports are excluded.

Iraq's imports reached a record \$528 million in 1966, up 10 per cent from 1965. The main imports include all types of machinery, iron and steel, cereals and foodstuffs, textiles, vehicles and parts, and chemicals and pharmaceuticals (see Table II).

Iraq's exports (excluding crude petroleum) totalled \$78 million in 1966. Export sales consist mainly of agricultural products (dates, raw cotton, barley, etc.) and products associated with agricultural activity (raw wool, hides and skins, etc.). Cement exports are of growing importance.

The main suppliers to Iraq are the United States, Western European countries, Eastern European countries and Communist China. All imports, except those made by the Ministry of Defence and the oil companies, are subject to licence. The allocation of exchange for imports is based on an annual import program that establishes individual allocations for importers as well as for specified commodity groups within an over-all ceiling. Before 1967, allocations under

the import program were generally adequate. However, as part of an austerity program instituted after the Arab-Israeli conflict in June, a new import policy was adopted which placed restrictions on most consumer goods. It also became government policy to attempt to realign foreign trade with "friendly" countries and to expand trade with other Islamic states. Because 1967 statistics are not yet available, it is not possible to assess the results of this policy.

### Canadian Trade with Iraq

Because of growing Canadian imports of crude petroleum, there is a substantial imbalance in Canadian-Iraqi trade. In 1966 Canada imported from Iraq goods worth \$12.5 million, of which 97 per cent represented petroleum, whereas Canadian exports to Iraq totalled only about \$87,000 compared with \$733,000 in 1965 (see Table III). There are, however, opportunities for Canadian exporters of goods and services in Iraq, particularly in the context of sales to the Government of Iraq and its agencies.

### Selling to the Government

The most important buyer in Iraq is the Government, through its agencies, services and nationalized trading companies and factories. One source of sales opportunities for Canadian exporters of goods and services is the Five Year Development Plan which runs until 1969/70. The Plan aims at achieving a rate of growth of 8 per cent a year and diversifying production to reduce reliance on the oil sector. It envisages an investment program of \$2,280 million, nearly 80 per cent of which will be in the public sector. Thirty per cent of the public sector outlay (to be financed largely from oil revenues) is allocated to industry (excluding power), 25 per cent to agriculture, 17 per cent to transportation and communications, 7 per cent to power and 21 per cent to other sectors.

The Plan hopes to achieve a 7.5 per cent annual expansion in agriculture over the five years by increased use of fertilizers and by providing irrigation and drainage facilities and extensive services. In industry, the main emphasis is on chemicals, cotton textiles and metalworking.

Estimates of purchases from abroad from the Government's Ordinary

Budget (as opposed to the Development Budget) are not available but with imports by nationalized manufacturing and trading companies they add up to an impressive total.

The Government uses two methods of purchasing: dealing directly with local and foreign suppliers or issuing international tenders. The former method is used generally by the nationalized companies and in obtaining most of the ordinary requirements of the government factories. The tender method is used in purchasing most of the goods and services required under the Ordinary Budget and particularly for purchases under the Five Year Development Plan. In either situation a good local representative is a must. For purchases without tenders, the foreign company's product must be made known to the government agency or nationalized company.

In doing business by tender, the local agent can be helpful in the following ways:

1. Providing notice of projects in advance of the actual issuing of the tender so that there will be sufficient time to act.
2. Purchasing tender documents and, following their completion, ensuring that they are delivered in an acceptable form.
3. Promoting the foreign company's interest generally. Effective agents are aware of all the circumstances and prerequisites of the tender.

Two of the various requirements specified in the standard tender documents of the Central Foreign Purchasing Board have caused Canadian manufacturers some concern. The first specifies that payment for goods will be made after their final receipt and acceptance by the buyer. The second is the performance bond which requires the deposit of 7 per cent of the first thousand dinars (which amounts to approximately \$210) and 5 per cent of the remainder of the value of the tendered articles. This cash guarantee is returned to the tenderer if he is unsuccessful; if he is successful, it is returned after the goods have been accepted by the buyer. These conditions are not unsurmountable, however, as successful Canadian tenderers can testify. ●

TABLE III

### MAJOR CANADIAN EXPORTS TO IRAQ

	8 months		
	1965	1966	1967
	(Cdn.\$'000)		
Infant foods	145	50	21
Dairy products	21	43	...
Asbestos milled fibres	42	39	75
Textile rags	28	4	5
Plywood	12	16	2
Plastics and laminates	34	23	6
Nuts, bolts, etc.	34	26	1
Valves	...	34	15
Steel sheets	18	...	7
Fire brick	...	14	...
Power boilers	59	...	...
Industrial ovens	...	45	...
Agricultural equipment (parts)	96	65	...
Automobiles	32	2	...
Cooking equipment, non-electric	16	23	6
Washing machines	69	278	96
Wearing apparel	10	51	15
Pharmaceuticals	66	72	14
Industrial chemicals	...	...	155
Refrigerators	...	3	32
X-ray equipment	...	...	25
Newsprint	...	6	8
<b>Total exports</b>	<b>733</b>	<b>887</b>	<b>524</b>

Source: DBS

# Syria

*Almost three-quarters of the population depends on agriculture but oil revenues and industry are assuming greater importance.*

P. W. AUBIN, *Assistant Commercial Secretary, Beirut.*

THE Syrian economy, predominantly agricultural, had another disappointing cereals crop in 1967. As a result, Syria has had to import wheat, though in former years it was an important earner of foreign exchange. Late rains and floods delayed the planting of cotton and caused damage to some of the best irrigated cotton lands along the Euphrates River; cotton exports in 1967 (at 103,000 tons) were one-third below the previous year. These agricultural setbacks and the disruption of the economy resulting from the Israeli-Arab conflict will undoubtedly mean a large trade deficit again for 1967. Part of this may be financed by the new transit oil agreement with the Iraq Petroleum Company which was to increase Syria's pipeline revenues from \$33 million to \$48 million a year. However, the interruption of oil shipments from Iraq during and immediately following the June 1967 conflict undoubtedly has reduced this income below expectations. Accordingly, Syria continues to depend on substantial foreign aid, particularly from East European countries.

## **Agriculture Predominates**

An estimated 65 to 75 per cent of Syria's population derives its livelihood from agriculture. Agricultural exports account for between 60 and 80 per cent of total exports and, when the weather is favorable, farming contributes about 40 per cent of the national income. Cotton, wheat and barley are the three principal crops. Mainly because of severe drought during most of the 1965/66 season, production decreased in 1966 to 560,000 tons of wheat (1.04 million in 1965) and 203,000 tons of barley (690,000 in 1965). This not only provided no exportable surplus but made necessary considerable imports of foodgrains and

feeds. Bad weather is the main reason for substantial Syrian imports of wheat in 1967/68, which may exceed 200,000 tons.

Cotton was introduced into Syria in the early 1950's. Production reached about 476,000 tons (unginned) in 1965 and accounted for 43 per cent of exports by value. Most cotton is grown on irrigated land so no further large increases in production can be expected before the completion of major new irrigation projects (such as the Euphrates dam) or the tapping of underground water resources. The cotton crop in 1966/67 suffered as a result of floods. Production, at 142,017 tons (ginned), was down 21 per cent and

exports, at 103,000 tons (ginned), were down one-third from 1966.

## **Industrial Base Expanding**

Industrial production accounts for only a small proportion of gross domestic product. The best developed section is the cotton textile industry which includes spinning and weaving, knitting, dyeing and finishing. Other industries are cement, sugar refining, tanning, vegetable oil extraction, canning, and the manufacture of soap, matches, glass, beer, plastic goods, washing machines and refrigerators.

The Soviet Technoexport organization is building a 148,000-ton fertilizer plant at an estimated cost of \$26 million. This is the main industrial project now being implemented. Raw materials



**This is one of Syria's cotton plants. The spinning, weaving, dyeing, knitting, and finishing of cotton has become the country's best developed and largest industry.**

will be supplied from the nearby Homs oil refinery.

Several foreign firms have been negotiating with the Syrian authorities for the construction of a tractor factory. One of the reported difficulties is that the Syrian Government wants to make payment in the form of agricultural produce.

**Mining**—Syria's oil production potential is estimated at seven million tons a year over the next 30 years. Some exploration was done by foreign concessionaires but since 1964 oil and

mineral concession rights have been restricted to government agencies. At present, the major projects are the development of oilfields in the north-eastern part of the country, the construction of a 400-mile pipeline linking the fields with the refinery at Homs and the port of Tartus on the Mediterranean, and the expansion of the Homs refinery. It is reported that Syria is now seeking export markets for 2.5 to 3 million tons of crude oil a year as a first step, beginning early this year.

As a result of agreements recently signed with Romanian and Polish firms, Syria has laid the foundations of a phosphate industry. Annual production of 600,000 tons is expected to begin in 1971. Reserves are estimated at 157 million tons.

**Transportation**—Syria is now engaged in extending and modernizing its railroads. One project in hand is a railway line linking the interior, including the industrial city and textile center of Aleppo, with the port of Latakia on the Mediterranean. Crossing the coastal mountain range near Latakia will present some engineering problems. Work is also under way on a railway from Aleppo to the Euphrates Valley. This 750-kilometer railway is officially described as being complementary to the Euphrates dam project. French and Austrian firms have reportedly sold diesel locomotives to Syria.

TABLE I

INVESTMENT IN SYRIA'S SECOND FIVE YEAR PLAN

	Public Sector	Private Sector	Total
	(millions of S£)		
Irrigation and land reclamation	806	150	956
Agriculture	136	300	436
Industry, mining, power and fuel	960	50	1,010
Transport and communications	769	125	894
Services and other projects	783	875	1,658
<b>Total</b>	<b>3,454</b>	<b>1,500</b>	<b>4,955</b>

Source: Ministry of Planning

TABLE II

SYRIA'S FOREIGN TRADE 1961-66

	Imports	Exports	Trade Deficit
	(millions of dollars)		
1961	199	110	— 89
1962	233	166	— 67
1963	235	189	— 46
1964	235	176	— 59
1965	212	168	— 44
1966	293	171	—122

TABLE III

COMPOSITION OF SYRIA'S IMPORTS

	1963	1964	1965	1966
	(thousands of S£)			
<b>Total</b>	<b>897,475</b>	<b>898,418</b>	<b>812,205</b>	<b>1,103,438</b>
<i>of which</i>				
Animal and meat	11,785	11,704	25,854	14,053
Milk and milk products	8,549	11,157	11,062	14,605
Fruits and vegetables	47,899	58,387	44,136	47,979
Fats, animal and vegetable	6,354	6,206	5,000	8,682
Cereals	10,998	21,205	25,741	93,006
Tea and coffee	8,877	23,460	20,862	31,542
Sugar	36,191	64,774	24,753	18,417
Tobacco, tobacco products	2,897	4,288	6,387	2,400
Lumber and wood products	23,456	23,103	22,709	27,135
Iron and steel	63,504	63,997	75,000	102,404
Paper, cardboard, etc.	13,844	13,622	21,000	20,497
Textiles and textile materials	112,000	95,000	120,000	104,000
Cars, buses, ambulances, lorries, trucks and tractors	69,947	39,382	24,000	17,294
Machinery, electrical apparatus, boilers, machines, mechanical equipment	127,721	123,385	100,000	122,144
Chemicals and pharmaceuticals	37,997	49,110	87,000	60,890
Mineral oils	97,726	100,265	88,000	175,879

S£ 3.5=Cdn.\$1.00

Source: Office Arabe de Presse et de Documentation Rapport 1964-1965 sur l'Économie Syrienne et Rapport 1966-1967—obtainable from République Arabe Syrienne, Ministère des Finances, Direction Générale des Douanes, Statistiques du Commerce Extérieur, Année 65.

TABLE IV

MAIN CANADIAN EXPORTS TO SYRIA

	1965	1966	6 mos. 1967
	(Cdn.\$'000)		
Dairy products	53	6	46
Oats	42	...	...
Wheat flour	17	1	16
Tobacco, bright Virginia	88	6	...
Synthetic fibres and waste	25	...	...
Textile rags	91	85	16
Lumber, Douglas fir	41	...	...
Yarn and thread of one synthetic fibre	45	119	42
Sheet and strip carbon steel, galvanized	52	26	...
Sheet and strip steel	57	3	...
Asbestos brake linings and facings	29	16	4
Tractor and implement tires	14	...	...
Apparel and apparel accessories	36	39	...
Antibiotics for human use	24	3	2
<b>Total</b>	<b>614</b>	<b>304</b>	<b>126</b>

Source: DBS

The most ambitious project to which investment under the Plan will contribute is the Euphrates dam, which is to be built between 1970 and 1985. In addition to irrigating 600,000 hectares of land, it will provide 300,000 kw. of electric power on completion of the first stage in 1970 and the last stage, planned for 1985, should increase total capacity by 800,000 kw. This would treble the present production of energy in Syria. It is reported that the Soviet Union has agreed to finance the project (for a total of \$96 million) although apparently a precondition is agreement with the riparian states on the control of the river's flow.

### **Foreign Trade Nationalized**

A large part of Syria's foreign trade was nationalized during the first half of 1965. The Government decreed that exports of cotton and cotton derivatives would be carried out henceforth by a state agency, the Cotton

Authority, and that exports of wheat, barley and their derivatives would be made by the Cereals Office. Most other exports remain in private hands. On the import side, a state trading company, SIMEX, and certain other agencies were granted exclusive rights to import specified lists of products. For example, SIMEX has a monopoly of the import of many basic commodities, including coffee, tea, rice, raw sugar, tobacco, salt, paper, iron, steel and tractors. As a result of these measures, approximately 70 per cent of total exports and about 55 per cent of total imports are handled by public agencies.

The trade deficit in 1966 of \$122 million was the largest for the last ten years (see Table II). Imports were up 38 per cent but exports remained stationary. The main causes of the increase in imports were the initiation of new development projects and the poor grain harvest which made neces-

sary large imports of cereals. Although complete 1967 trade statistics are not yet available, little improvement is expected because of reduced cotton exports and the continued need for wheat from abroad. Foreign exchange reserves stood at \$42 million in March 1967.

The principal Syrian imports are petroleum products, machinery and equipment, metals and products, cereals, chemical and pharmaceutical products, natural and synthetic rubber, lumber, paper and cardboard, cars and tractors, and textiles to complement local production (see Table III).

Canadian exports to Syria are small and prospects for increasing them are not encouraging, particularly in the light of the country's growing reliance on imports from East European countries, frequently on attractive credit terms, to implement industrial and economic development (see Table IV). ●

## **The Gulf States**

*Development varies with oil production, and so do opportunities. Canadian consultants at work in area and there are openings for others—and for sales of capital equipment, consumer goods.*

R. H. M. CATHCART, *Assistant Commercial Secretary, Beirut.*

THE lower gulf area and Muscat are undergoing or are about to undergo spectacular growth. Abu Dhabi in the Trucial States, which only began exporting crude oil in 1962, now has an annual income from oil royalties approaching \$100 million and a population of only 18,000. Exports of crude oil have already been made from recently discovered fields off and on shore in Dubai and Muscat.

Less spectacular growth, also associated with oil revenues, has taken place in both Bahrain and Qatar. The rest of the Trucial States are under

intense oil exploration and several promising finds are being evaluated. In line with the decision taken on June 5, 1967, in Baghdad, an embargo was placed on oil shipments to the United States, Britain and West Germany. This embargo only applied to the three states in the Gulf already exporting oil—Qatar, Bahrain and Abu Dhabi. In point of fact, however, the embargo had little effect on crude oil production because most shipments go to Japan and other countries not affected by the boycott. Since the Khartoum Conference at the end of

August, shipments to all countries have been allowed without restriction.

### **Development Varies**

It is difficult to treat this area as an integrated whole because of the varying degrees of development in each country. Bahrain, which started commercial production of crude oil in 1934, has progressed a long way but Muscat, where oil production only began in October 1967, has been unable to make much economic progress so far.

The whole Gulf area of 316,000 square miles is estimated to have only about a million inhabitants. Basically,

most of the land is flat, hot and arid desert, although there are potentially important agricultural areas in Bahrain and parts of Abu Dhabi, Dubai and Fujairah, which are now being developed. There is considerably more agricultural potential in the mountainous regions of northern Muscat and in the monsoon-swept southern part in Dhofar and this is exploited to supply domestic requirements. The only real resource is or will be oil.

There is little evidence of other mineral resources and outside of shrimp fishing, there are extremely few opportunities for industrial development. Imports therefore consist of staple foodstuffs, textiles, hardware, building materials and other basic consumer goods, some pumping equipment, and a limited amount of agricultural machinery. Automobiles, domestic appliances, some types of hardware, and a miscellaneous range of consumer goods are the main items imported from Canada. In addition, we should be able to sell some building materials, hardware and canned foodstuffs, mainly to the foreigners working with the oil companies. We could also share in the sale of equipment and supplies to the oil companies, which will expand rapidly as newer fields are brought into production. This will eventually mean purchases of drilling, handling, storage and perhaps even refinery equipment.

### Bahrain Still an Entrepôt

The Island Sheikdom of Bahrain has traditionally been the main entrepôt in the Gulf and in addition has received a modest income from oil for over 30 years. To this will be added additional income with the expansion of the British military base consequent on Britain's withdrawing from South Yemen (formerly Aden). These three principal sources of income cannot be considered permanent because the entrepôt position has weakened with the development of other port facilities in the Gulf, the published proven oil reserves of 230 million barrels are the smallest in the area and are limited in rate of exploitation, and the British garrison may leave early in the 1970's or even before. The Government has therefore taken steps recently to attract foreign investment for labor-intensive industries by integrating development activities and establishing a Development Bureau.

### LEADING CANADIAN EXPORTS TO THE GULF

	1965	1966	8 mos. 1967
	(Cdn.\$'000)		
<b>Bahrain</b>			
Passenger automobiles & chassis	87	132	7
Mining quarrying machy. & parts	—	102	—
Clocks, clock movements & parts	33	23	9
Air conditioning, refrig. eqpt. & parts	9	12	9
Canned food	6	11	5
Pre-cooked frozen dinners & preparations	—	6	2
Gems, ornamental stones, gold & jewellery	—	6	—
Passenger car tires, pneumatic, new	1	4	—
<b>Total</b>	<b>136</b>	<b>296</b>	<b>32</b>
<b>Grand total, including all others</b>	<b>160</b>	<b>331</b>	<b>48</b>
<b>Trucial States</b>			
Passenger automobiles & chassis	4	67	21
Pipes and tubes, iron & steel	—	31	—
Contractors' equipment & tools	—	17	—
Truck & bus tires, pneumatic, new	—	12	—
Trailers & commercial semi-trailers	12	—	—
Canned food	2	4	7
Sporting recreation eqpt. & parts	1	4	—
Clocks, clock movements & parts	6	4	3
TV receiving sets, exc. combination	—	4	—
Wire fencing & netting	—	—	4
Mining quarrying machy. & parts	—	—	43
Commercial communication equipment	—	—	4
<b>Total</b>	<b>25</b>	<b>143</b>	<b>82</b>
<b>Grand total, including all others</b>	<b>66</b>	<b>152</b>	<b>90</b>
<b>Qatar</b>			
Pipes & tubes, iron & steel	208	248	—
Passenger automobiles & chassis	292	80	61
Air conditioning, refrig. eqpt. & parts	5	20	9
Firearms, non-military use & parts	8	11	—
Commercial communication equipment	—	9	7
Jewellery, gold, etc.	—	8	3
Clocks, clock movements & parts	11	6	3
Parts & access. for motor vehicles	3	5	—
Engines, turbines & parts	—	4	—
Nuts, bolts, screws & washers	2	4	2
Washing machines, electric, domes. use	6	4	4
<b>Total</b>	<b>535</b>	<b>399</b>	<b>89</b>
<b>Grand total, including all others</b>	<b>548</b>	<b>409</b>	<b>99</b>

Four specific categories of development are to be considered: light and heavy industry, tourism and agriculture.

Total government revenue from oil and customs receipts in 1967 is estimated at about \$20.8 million. In the past the Government has spent considerable sums on education, health facilities, water-supply schemes, power generation, roads, and currently a large low-cost housing project. In June it announced a drainage conversion project and a construction project designed to increase the arable land. A water-well drilling program has just got under way.

The Bahrain Fishing Company (with British participation) inaugurated its shrimp-processing factory in March 1967 and several 120 to 130-bed hotels were completed in an effort to accommodate the rapidly increasing transit passenger trade. The local airline (Gulf Aviation) has invested in new small turbo-prop aircraft and has expanded its services to the Trucial States.

The privately-owned ship repair service and the specialized services to the oil companies (such as underwater pipeline supervision) bring in useful additional income. The comparatively well-educated Bahrani pro-

**Bahrain offers to the traveller a mixture of the old-style Near East and the new. Here in the midst of the traditional labyrinthine suq a modern building is going up.**



vides many of the managerial services in parts of the Gulf and many of the leading trading firms operate branches throughout the area.

Statistics published recently brought news of a much better trading position, with imports rising to \$126 million and re-exports totalling \$42.3 million, a great improvement over the previous year.

Because the main infrastructure development by the Government has already taken place, there are few opportunities for Canadian consultants or contractors. Opportunities for Canadians lie mainly in supplying some domestic appliances, automobiles and higher quality consumer goods to the relatively affluent Bahraini and to the large foreign community, including the British garrison.

### **Qatar Busy Building**

The Sheikdom of Qatar, located on a peninsula jutting out into the Gulf, has been shipping oil for 18 years. It has proven reserves of 3,000 million barrels, making it the seventh largest oil-producing state in the Middle East. Revenues, \$100 million in 1966, have been in part devoted to

social development programs for the estimated 50,000 inhabitants, including power, water supply (combining distillation plants and enlarging of wells) a number of roads, some hospitals, clinics and schools.

Recent efforts by the Qatar Petroleum Company to locate additional sources to supplement present resources have not been successful, although a gas injection plant has prolonged the life of the major on-shore field now in production. Shell Company of Qatar was successful in the mid-fifties in offshore developments. When the Iraq Petroleum Company's fields were closed because of a dispute with the Syrian Government over transit charges, Qatar's production was increased to a record 13.85 million tons in 1966—a 27 per cent rise over 1965.

The award at the beginning of 1967 of the important Doha deep-water jetty contract to a European contractor gave a much needed impetus to development. The scheme provides for the dredging of a 50-kilometer channel and a jetty to accommodate three vessels. Contracts for an additional hospital and seawater distilla-

tion plants have been awarded and a British firm is installing equipment for a large state-owned broadcasting station. The Government is expected to announce a number of other development schemes—sewerage and pipe-work, more distillation units, etc.—early in 1968. A cement plant to manufacture 100,000 tons a year and equipment for a new airport terminal were contracted for in 1966.

Imports average about \$35 million a year. Canada's sales have remained at about \$500,000 and have included large quantities of oil-pipe casing. Our sales of wringer washers are also quite large. Our best export opportunities are in domestic appliances, consumer goods, some foodstuffs, and oilfield equipment. Although consultants have been retained for most proposed projects, there seems to be scope for Canadian contractors to co-operate with local firms.

### **Trucial States Developing**

Of the seven Trucial States, two offer interesting prospects for Canadian exporters—Abu Dhabi and, more recently, Dubai—and these should be cultivated now.

Abu Dhabi, a desert Sheikdom with a population of 18,000, began shipping appreciable quantities of oil from its offshore concessions in 1964 and now has an annual income of nearly \$100 million. Though a water-distillation plant, a power station, some roads and other facilities have been built and two modern hotels, banks and commercial offices have been established, economic development did not really begin until the spring of 1967. A large international airport has been designed by Cansult of Canada; the contractor is a Lebanese / Scandinavian consortium. Construction of a major port complex with a twin jetty pier and deepwater channel was given to a German contractor. Town development, a number of roads, government buildings and sewerage projects are in the design stage and should be let to tender by the middle of the year.

In certain respects, Abu Dhabi could be likened to a gold rush city, with a great deal happening at once and a lot of money around. At present most goods imported into Abu Dhabi come through agents in Dubai and other Gulf states but a merchant community of its own is fast appearing.

Advances in agriculture are also expected in the Buraimi Oasis area in the interior near the Muscat-Oman border; this should eventually offer opportunities to sell agricultural machinery and supplies.

Dubai is the largest town in the Trucial States with a population of 55,000 and it is also the main port in the area. It has a long history of earnings from entrepôt trade to which a modest income from recent oil discoveries will shortly be added.

The harbor has been improved by extension of the customs jetty, land reclamation, and dredging of the creek running through the center of the town. A major project has been approved: the construction of deep-water facilities, including a jetty capable of berthing seven ships.

Imports average some \$50 million a year; the volume of retained imports has been growing rapidly as re-exports have declined from 70 per cent of imports in 1958 to just over 10 per cent in 1965. The standard rate of duty is 5 per cent ad valorem and only 2 per cent on goods in transit.

For many years the state has been the point of exit for trade into India

and Pakistan, chiefly in precious metals. Revenues from the low customs tariff and British grants-in-aid have so far enabled the Government to undertake a number of development projects. Agriculture and the fishing industry also help to broaden the base of the economy. There should be some opportunities for Canadian consultants and eventually equipment suppliers because additional power-generating equipment and telephone, switching and telecommunications equipment (among other things) will be required.

### Muscat and Oman

The largest country in the Arabian peninsula still virtually undeveloped will receive its first revenues from oil after completion of the 36-inch 280-kilometer pipeline from the oilfields in the center of the country to the coast. Shell-owned Petroleum Developments (Oman) began production in October 1967 at a rate of 100,000 barrels a day; this is likely to be doubled by early 1968. Revenues to the Sultan will then range upwards to \$80 million a year.

The country has an area of over 212,000 square kilometers and a

population estimated at 600,000, made up mainly of nomadic tribesmen. There is little development outside the small towns of Muscat and Matrah, although the mountainous regions in the north have more than adequate rainfall to develop agriculture. So do the monsoon-swept plains of the southern Dhofar region.

There is a large enough population to permit some industrial development, mainly the manufacture of building materials and some consumer goods. There are few roads and scarcely any schools or hospitals outside the two main towns. Imports total \$40 million and are small in relation to the size of the population. At present, most of the foreign exchange earnings come from remittances by Omanis working in the oilfields in the Gulf.

So far no government infrastructure has been set up. There are immediate opportunities for consultants to offer advice, assistance in designing and supervising construction of ports, roads, sewerage schemes and waterworks, power generation and industrial development projects. Although sales of consumer goods and equipment are limited, they should expand rapidly in the next few years. ●



### London Center to Help Foreign Buyers

AN Export Buying Offices Association has recently been formed in London, at 54-62 Regent Street. The twelve current members are responsible for purchases close to \$500 million each year in Britain and on the Continent—of which nearly \$60 million is destined for Canadian stores.

This new association was formed to strengthen the voice of many of the leading retail groups in Canada, the United States, Australia and other parts of the world, after they had established buying offices in London or appointed agents there to look after their European buying. Its purpose is to bring offers to the attention of home-based buyers, assist buyers on visits to European centers, and keep track of deliveries by overseas manufacturers. For many of these operations,

the individual buying offices have felt that a combined approach would lead to better results. Already this has paid off in discounts from hotel groups for visiting overseas buyers, consolidation of outward shipments to take advantage of new container transport methods, and in discussions with British Government bodies on various aspects of export assistance and domestic taxes. The future may eventually bring a pooling of certain office and accounting functions if a suitable central office can be arranged.

Costs for the services offered will vary, depending on the range and extent of the particular requirements of the Canadian stores.

—M. R. BELL,  
Assistant Commercial Secretary,  
London.



The Sief Palace rises in the center of this picture and beyond lies the dhow harbor, crowded with craft.

## Kuwait

*Oil revenues continue to finance development, both at home and in other Arab states.*

*Canadians could raise sales past the \$4 million of 1966.*

R. H. M. CATHCART, *Assistant Commercial Secretary, Beirut.*

KUWAIT has continued its active economic development based on increasing revenues from crude oil, despite the economic setback stemming from the Middle East conflict and the decision to pay substantial compensation to the Arab states directly involved. On June 6, in accordance with the decision of the eleven Arab governments meeting in Baghdad, an embargo was imposed on oil exports to Britain and the United States. This resulted in a drop of over 50 per cent in crude oil production in June but output returned almost to the average prewar rate in July. At the Khartoum Conference at the end of August Kuwait, with several other Arab states, urged the ending of the oil embargo in return for which it would join Saudi Arabia and Libya in making compensatory payments to the United Arab Republic, Jordan and Syria.

This proposal won over-all agreement and Kuwait undertook to contribute about \$100 million a year. The Government has ample reserves and sufficient annual income to bear this without reducing very much the development projects called for in the proposed Five Year Plan being studied by the National Assembly.

Kuwait produced 907.7 million barrels of crude oil in 1966 (861.5 million barrels in 1965) which made it the second largest producer in the Middle East (after Saudi Arabia) and the fifth largest in the world. Present proven reserves of 62,500 million barrels promise an assured income for many years to come. To maintain the high rate of exploitation, work has begun on a new offshore terminal to accommodate the 300,000-ton tankers coming into service in the near future.

The Arabian Oil Company, mainly owned by Japanese firms, has made

some important new discoveries in the Neutral Zone offshore concession. These are expected to add substantially to Kuwait's proven oil reserves. The other firms, Kuwait Oil Company (jointly owned by BP and Gulf) and Aminoil (operating in the Neutral Zone) also carried on intensive exploration with several new oilfields showing definite promise.

The Government recently announced details of total expenditures for the 1967/68 fiscal year of U.S. \$798.6 million. An estimated revenue from oil of U.S.\$679.6 million was forecast, despite the cutback in production resulting from the Middle East crisis and the partial embargo on oil exports. Although some austerity measures might be expected in the light of recent events, there are no firm plans yet for trimming state expenditures and it is unlikely that any real financial problems will arise, even with the added burden of payments to the U.A.R., Jordan and Syria.

## Investments Made Abroad

The population of Kuwait is estimated at about 470,000 and its per capita income has risen to U.S.\$3,500, one of the highest in the world. The national income has been so large in the last few years that as much as half of it has gone into savings, mainly investments abroad. Some is channelled into economic aid to other Arab states through the government agency, the Kuwait Fund for Arab Economic Development (KFAED). Activities of KFAED were stepped up in 1967 and have continued despite the conflict. The fund, established in 1961 with a capital of U.S.\$280 million, has now risen to U.S.\$560 million. Loans have been made this year to Algeria, Jordan and the Sudan to help finance carefully appraised projects calculated to benefit their economies.

Economic development within Kuwait's borders is distinctly limited because it is largely a flat desert with very little rainfall and limited underground water resources; this prohibits any real investment to improve the small agricultural output. A recent geological survey proved rather negative; opportunities for economic investment based on natural resources other than oil or gas are sparse. The Government has committed itself to major social developments, making the country one of the most highly organized welfare states today.

## Five Year Plans Used

Development spending has been organized through a series of Five Year Plans. A new Plan covering 1968 through 1972 has been prepared by the centralized development agency, the Kuwait Planning Board, and the National Assembly is currently studying it.

Because of scarcity of subterranean water resources, there has been large-scale development of water desalination plants such as the Shuwaikh station, said to be the largest in the world. A Japanese firm has been awarded the contract for an eight-million-gallon/day seawater desalination plant. This will raise total productive capacity to 14 million gallons per day. Additional plants are envisaged so that 24 to 25 million gallons of water per day will be produced by the end of 1968. Negotiations are under way for the long-awaited Shatt-

al-Arab (Iraq)-Kuwait water pipeline which will bring in some 120 million gallons a day. Consultants are likely to be appointed shortly. To help store water now produced from salt and brackish sources, two reservoirs totalling 27.5 million gallons will soon be built.

Energy is generated by thermal power stations which currently produce 163 megawatts. This will be increased by 620 megawatts by 1970, including one 120-megawatt station already under construction and one massive 500-megawatt one provided for under a design contract given to American consultants. Tender documents for parts of this major project have recently been released.

The Government has allocated large sums towards a comprehensive system of education, a number of large hospitals and many clinics, and has offered free medical and dental treatment to all residents. Planned or in

hand are 120 new schools to be built in the next five years, with additional teachers' training colleges, a 500-bed general hospital, and a 1,000-bed military hospital. A low-cost housing project is under study, with 5,000 to 6,000 units to be built over the period of the proposed Five Year Plan. This housing will be prefabricated using cement blocks and steel rods and may well be supplied by local industry.

## Industrial Development

Private enterprise is encouraged to participate in industrial development but this frequently involves aid from the government-controlled agency, Kuwait National Industries Company. A 150,000-ton/year cement plant, an asbestos cement pipe factory and related small building material factories are already operating. A steel pipe factory was recently completed to supply pipe for proposed water mains.

TABLE I  
WHAT KUWAIT IMPORTS

	1964	1965
	(K dinars)	
Passenger motor cars	6,399,210	7,770,397
Clothes and accessories	5,569,043	6,279,727
Cigarettes	4,441,746	5,677,263
Sugar and sugar cubes	919,633	5,244,897
Electrical apparatus for making, breaking or protecting electric circuits	3,251,953	3,465,925
Rice	1,959,280	3,033,614
Ordinary cement	2,961,492	2,832,105
Iron and steel bars, twisted	2,162,533	2,769,970
Parts and access. of machinery, n.e.s.	1,921,957	2,447,265
Oil-well drilling machines	1,471,315	2,428,465
Sheep, lambs and goats	2,540,953	2,383,470
Lorries and trucks	2,394,707	2,359,146
Iron and steel tubes, pipes & fittings	2,390,978	2,325,045
Automobile spare parts	2,065,443	2,198,864
Synthetic silk fabrics, woven	1,944,629	2,036,220
Cotton fabrics, woven	1,618,184	1,944,523
Telecommunications eqpt. & access.	1,626,678	1,842,668
Power plant machinery & equipment	990,189	1,825,057
Other machinery & eqpt.	1,381,471	1,817,521
Watches, clocks and parts	1,393,078	1,696,727
Insulated wire and cable	1,006,645	1,696,622
Rubber tires and tubes, e.g. automobile	1,325,363	1,620,754
Woollen fabrics, woven	1,671,305	1,591,676
Footwear	1,528,648	1,579,432
Furniture	1,646,596	1,410,747
Oil refinery machinery and eqpt.	5,665	1,387,937
Flour	1,357,068	1,185,601
Wood, shaped or simply worked	1,419,435	1,159,349
Jewellery of gold, silver & metals	1,354,546	1,103,514
Tea	1,009,438	1,062,250
Sanitary plumbing fixtures & fittings	1,127,400	1,056,769
Other medical & pharmaceutical products	1,096,258	1,044,933
Other imports	51,126,923	56,419,553
<b>Grand total</b>	<b>115,079,762</b>	<b>134,698,006</b>

Heavy industry will be concentrated in a petrochemical complex to manufacture ammonia (400 tons/day), urea (550 tons/day), sulphuric acid (400 tons/day) and ammonium sulphate (500 tons/day). This enterprise will be in the hands of the Kuwait Petrochemical Company, 80 per cent owned by the Government.

The Kuwait National Petroleum Company (KNPC) was first established to distribute petroleum products within Kuwait, although proposed operations were eventually to include exploration, drilling, production, refining and marketing of petroleum products locally and in foreign countries—in fact, a fully integrated oil company. As part of its program of diversification, KNPC has begun construction of a 95,000 barrels/day hydrogenation type of refinery able to supply certain grades of products not normally produced economically by refineries located in small markets. The refinery was found economically viable

by foreign investors and when completed shortly it will be the most modern in the world.

### Transportation Improved

The Port of Shuwaikh, where most imported goods are landed, has recently been completely rebuilt. Extensions are being tendered to provide sufficient berthing facilities to cope with greater tonnage. Although a new runway at the Kuwait International Airport has been completed for some time, it was only recently that the Government signed a contract with a Japanese firm to design the proposed \$33 million terminal building. There is unlikely to be any major extension of roads within the country, although under the new Five Year Plan the general standard is expected to rise. The telephone system, with 22,000 lines installed at present, is again undergoing major expansion. New tenders will be issued in the near future for a communications center, including an earth satel-

lite station, for international telephone and telegraph services. The world's largest radio station (1,200 kw.) is under construction by a British firm and television services are to be extended quickly by a French company.

### Good Import Market

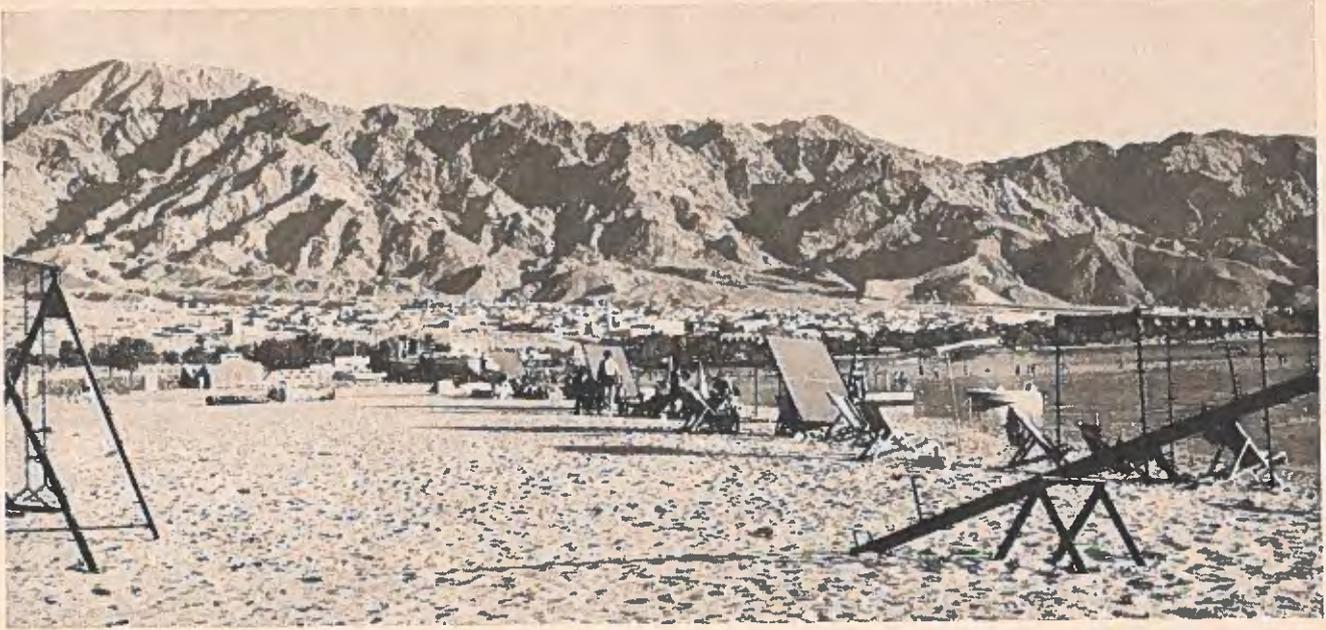
Kuwait, with rising imports valued at \$450 million, offers good opportunities for Canadian exporters. The affluent Kuwaiti is well able to afford high quality consumer goods and Canada has had some success in meeting this demand. In addition, there is scope to sell oilfield and refinery equipment and supplies to the oil companies. Canadians have in the past sold compressors and oilpipe casing as well as some chemical products used in drilling operations. It must be borne in mind that many of these requirements are tendered for and that these tenders must by law be awarded to agents registered in Kuwait. A generally low rate of duty of 4 per cent on most products allows the Kuwaiti to choose the best of everything from any part of the world. Canada's sales in 1966 rose to nearly \$4 million but there is substantial room for increasing this figure and our share of the market.

Consultants for most of the major projects planned by the Government have already been retained and the few remaining opportunities will require that interested Canadian engineers go after business more actively if they wish to be considered. The Kuwait Planning Board's Consultants' Committee has over 800 consulting engineers registered with it, 53 of whom are Canadian. It is most important that Canadian firms, in registering with the committee, provide complete information on their capabilities and experience and keep this information up-to-date. On the basis of what it has on file the committee preselects consultants to be invited to bid on specific projects. It is also highly recommended that consultants visit Kuwait to establish their credentials with the Planning Board and the various Ministries concerned with development projects.

Our office in Beirut will be pleased to assist Canadian firms in making contact with suitable agents and to help them become established in this market. ●

TABLE II  
WHAT CANADA SELLS TO KUWAIT

	1965	8 months	
		1966	1967
	(Cdn.\$'000)		
Passenger automobiles & chassis	2,199	2,384	1,505
Wheat except seed	562	—	—
Passenger car tires	113	55	15
Plywood, Douglas fir	80	56	14
Washing machines, elect. domestic size	51	109	62
Plastic basic shapes and forms	43	—	—
Medical & related instr. eqpt. & parts	42	—	—
Clocks, movements & parts	37	26	9
Sleepwear	32	4	5
Welding wire rods, electrodes, solder	24	37	—
Antibiotics for human use	22	11	6
TV receiving sets, exc. combination	19	11	—
Vacuum pumps, fans, blowers and parts	17	—	—
Metalworking machy., eqpt. & parts	16	18	43
Perfumes, toilet prep. and cosmetics	15	—	1
Electric lighting fixtures & parts	13	—	—
Shirts, except knitted	12	4	37
Wheat flour	11	—	—
Sulphur, crude or refined	—	736	—
Barley	—	105	—
Air condit. & refrig. eqpt. & parts	—	—	25
Precooked frozen dinners & prep.	1	13	28
Nuts except oil nuts	7	11	17
Prefabricated structures	—	—	10
Gloves and mittens	—	11	—
Parts & access. for motor vehicles	17	30	12
Aircraft assemblies, eqpt. & parts	1	4	3
Asbestos brake linings & facings	14	29	6
Engines, turbines & parts	—	153	79
Mining quarrying machy. & parts	—	22	—
<b>Total</b>	<b>3,348</b>	<b>3,829</b>	<b>1,877</b>
<b>Grand total, including others</b>	<b>3,582</b>	<b>3,994</b>	<b>2,060</b>



Aqaba, Jordan's only port, lies about 200 miles from the capital; it is being developed as a tourist as well as a shipping center.

## Jordan

*Aid from other Arab countries is bolstering economy but loss of West Bank has had depressing effect.*

P. W. AUBIN, *Assistant Commercial Secretary, Beirut.*

JORDAN was well along the road to self-sufficiency and prosperity by the 1970's—until the Arab-Israeli conflict last June. The 1963-1970 Seven Year Program aimed at increasing the gross national product by 65 per cent, or from 137 million Jordanian dinars in 1963 to JD 226 million in 1970. The tourist industry was expanding rapidly and contributed over \$30 million in foreign exchange in 1966. Important development projects in irrigation, agriculture and mining were in hand under the development program. But because of the war Jordan is now facing major economic problems in spite of substantial financial aid from oil-producing Arab countries.

### **Irrigation Emphasized**

Agriculture is the most important sector of Jordan's economy in providing employment; an estimated one-third of the labour force is engaged in farming, which contributes 25 per cent of the gross national product. Agricultural production, (cereals are a good example) has fluctuated sharply with the weather. To overcome this difficulty, the Government has attempted to develop irrigated farming with more efficient use of surface and underground water. Nevertheless, most of Jordan's cultivated land (1.2 million hectares) continues to depend on erratic rains. Crops with relatively small water requirements, especially

tree plantations, are therefore encouraged. Dry farming is rapidly being mechanized in marginal areas close to the desert, where cereals can be grown with satisfactory yields in years of abundant rainfall. A poultry industry supported by feed companies has been developed in recent years.

The major emphasis under the Seven Year Plan is the development of agriculture and of water facilities. The most important undertaking is the Yarmouk irrigation project which, it is estimated, will double the area under irrigation and increase production by 50 per cent when it is completed in 1971. Other measures to increase the use of agricultural machinery, to introduce better seeds and to control pest and plant diseases have also been initiated.

The main industries in Jordan are phosphate, cement, vegetable oils, cigarettes, petroleum products, beverages and electrical energy. The most important is the phosphate industry, which accounts for about one-third of total exports. Production in 1965 totalled 858,000 tons and by 1970 is expected to reach two million tons.

The most important industrial undertaking planned for the coming years is the exploitation of the large potash deposits at the south end of the Dead Sea. This will involve installation of evaporation pans, dykes and processing plants capable of producing 1.2 million tons of potash per year at a total cost of \$100 million,

leading to total annual sales of over \$30 million.

The Hedjaz Railway connecting Damascus and Medina and crossing Jordan from north to south is to be completed in the early spring of 1968. The rebuilding will also involve installation of a telephone and telegraph system and other necessary mechanization. Some 55 stations are being built, 14 wells are being dug, and 7,000 culverts and bridges reconstructed. This will result in a great improvement in the Jordanian railway system.

TABLE I  
WHAT JORDAN IMPORTS

	1964	1965	1966
	(JD*million)		
<b>Total</b>	<b>53.6</b>	<b>56.1</b>	<b>68.2</b>
Live animals	1.5	1.2	1.3
Dairy produce, birds' eggs, natural honey	0.8	1.1	1.1
Vegetable and edible plants, roots and tubers	0.8	0.9	1.0
Edible fruits and nuts, peel of citrus fruits, melons	1.5	2.1	1.9
Coffee, tea, mate and spices	1.3	1.4	1.6
Cereals	1.7	1.7	3.8
Products of the milling industry, malt and starches; gluten, etc.	2.8	2.4	2.0
Animal and vegetable fats and oils	0.9	1.1	1.3
Sugar and sugar confectionery	2.0	2.1	2.1
Mineral fuels, mineral oil and products of their distillation, bituminous substances, mineral waxes	2.7	3.2	3.4
Pharmaceutical products	1.0	1.3	1.6
Rubber, synthetic rubber, factice and articles thereof	0.8	1.1	1.4
Wood and articles of wood, wood charcoal	1.3	1.4	1.9
Paper and paperboard, articles of paper, pulp of paper or paperboard	1.0	1.1	1.3
Manmade fibres (continuous)	1.5	1.9	2.4
Wool and other animal hair	1.2	1.3	1.2
Cotton	2.3	2.5	2.2
Iron and steel and articles thereof	3.3	4.1	4.9
Boilers, machinery and mechanical appliances, parts thereof	3.0	4.1	4.2
Electrical machinery and equipment, parts thereof	1.6	2.2	2.2
Vehicles, other than railway or tramway rolling stock, and parts thereof	5.7	3.3	5.2
Other commodities	14.9	14.6	20.2

\*One Jordanian dinar=\$2.80 Canadian

TABLE II  
WHAT CANADA SELLS TO JORDAN

	1965	1966	(Jan-Sept) 1966	(Jan-Sept) 1967
	(Cdn.\$'000)			
Passenger automobiles and parts	19	125	96	13
Washing machines	62	119	93	66
Laminated plastic material	29	37	24	10
Wheat flour n.e.s.	.6	25	22	126
Sanitary paper	9	20	20	5
Asbestos brake linings and facings	8	13	11	3
Textile rags n.e.s.	6	13	7	4
White pea beans, dried	....	6	6	33
Apparel and apparel accessories n.e.s.	29	6	5	....
Antibiotics for human use	19	5	5	....
Combine reaper-threshers and parts	31	.1	.1	....
<b>Total exports, including all others</b>	<b>306</b>	<b>429</b>	<b>332</b>	<b>349</b>

Source: DBS

### Tourist Revenue Vital

Aside from remittances by residents living abroad, tourism is the largest self-generated earner of foreign exchange—JD 12 million in 1966. The Seven Year Plan estimated that this would increase to JD 26 million in 1970 as a result of continued development of tourist facilities and expansion of airports and hotels.

### Impact of the War

Jordan's economy and its development plans suffered a severe setback from the Israeli-Arab conflict and the resulting occupation of the part of the country west of the Jordan River. Although this area is small (5,900 sq. km.) in relation to the total (97,000 sq. km.) it contains 25 per cent of the arable land and provides 60 per cent of the fruit crop, 65 per cent of the vegetables, 30 per cent of the cereals, 80 per cent of the olives and 35 per cent of the livestock and poultry.

The West Bank also has over 3,700 industrial establishments (48 per cent of the country's total). These employ about 14,000 persons, or 37 per cent of all industrial employment, because most of them are small consumer industries. The large industries—cement, phosphate, oil refinery, iron foundries and a tannery—are located on the East Bank.

The occupation of the West Bank has obviously had a marked impact on development plans. Projects that have been directly affected include the extension and expansion of the Jerusalem airport, the improvement and relocation of the Jerusalem-Bethlehem highway, a microwave link between Jordan's main cities, and a power transmission system. Work is continuing on East Bank projects, however, including the expansion of the port of

Aqaba, where storage facilities and a deep berth for bulk carriers are being built.

### Projects Going Forward

The Jordan Development Board is now working on plans for a number of projects which are labour-intensive, partly to provide employment for the large number of West Bank evacuees and partly to inject money into the economy. These projects include road construction, irrigation schemes, low-cost housing, clearance and improvement of certain tourist sites, and so on. The budget for 1968 had not been announced at the time of writing but it appears that funds for development will be cut substantially from the 1967 level of JD 28.3 million.

To cope with its economic difficulties, Jordan is receiving substantial aid from three Arab oil-producing countries: Kuwait, Saudi Arabia and Libya, which together have pledged an annual amount of £40 million. This is of major importance to Jordan, whose 1967 government revenues were estimated at JD 67 million.

### Foreign Trade

Jordan's prewar foreign exchange and import policies were generally liberal. Although most current payments were subject to both import and exchange licences, these were granted liberally for most imports as well as invisible payments.

Jordan's imports reached a record of \$190 million in 1966, up 10 per

cent from 1965. The main imports are iron and steel products, boilers, machinery and mechanical appliances, vehicles of all types, mineral fuels and oil, cereals and flour (see Table I).

Jordan's exports totalled \$28 million and consisted mainly of agricultural products (vegetables and fruits) and phosphate.

The main suppliers to Jordan are the United States, Britain, West Germany, Lebanon, Syria, Italy and Japan.

Canadian exports to Jordan (see Table II) are small, although some, especially washing machines and automobiles, are rising. Because of the disruption to the economy, however, it is expected that Canadian sales will be down in 1967, as will imports from all sources. ●

## Saudi Arabia

*Oil revenues are helping to finance ambitious development programs; these provide opportunities for Canadians to offer equipment and services.*

N. W. BOYD,  
*Commercial Counsellor, Beirut.*

SAUDI ARABIA is making dramatic progress in economic development and the construction of a modern state, thanks to a soaring income from oil. In 1966 the Government's oil revenues amounted to \$790 million and Saudi Arabia became the largest oil-producing country in the Middle East. Gross national product has expanded by 10 per cent a year over the past several years. For geographic and military reasons, Saudi Arabia was isolated from the recent conflict and local business life has continued in its normal pattern since.

From 1958 on, a steadily increasing share of state revenue has been allocated to creating the necessary infrastructure and broadening the productive base of the country. Allocations for projects and for the principal

development departments of government amount to \$737 million in the 1968 budget, about 61 per cent of the total, as opposed to \$200 million (19 per cent) in 1961. Emphasis on educational advance is also increasing. Budget allocations for education have risen from \$45 million in 1962 to \$130 million in 1967.

The note issue of the Saudi Arabian Monetary Agency (SAMA) since 1960 has been fully backed by gold and foreign exchange reserves, which in January 1967 amounted to \$800 million. Achievement of monetary and fiscal stability has cut the outflow of private capital and has been one of the factors, with stepped-up public investment, attracting foreign investors.

### Oil Is Vital

Before the development of the petroleum industry in Saudi Arabia, the main sources of income and em-

ployment were subsistence livestock raising, limited crop cultivation, and provision of services to pilgrims bound for Mecca and Medina. Oil production began in 1938 but was interrupted during the war. Since then it has increased rapidly, reaching 950 million barrels in 1966. This made Saudi Arabia the fourth largest producer in the world, after the United States, the U.S.S.R. and Venezuela.

Year	Oil Production (million barrels)
1962	599.7
1963	651.8
1964	694.3
1965	804.8
1966	950.0

Oil reserves increased by 18.7 per cent in 1966, thus raising the total proven oil reserves of Saudi Arabia to 74.7 billion barrels, the highest in the world.

It has been estimated that the petroleum industry alone supplies about 85 per cent of government revenue and probably generates about three-fourths of the national income.

Oil revenues increased by about U.S.\$127.1 million (or 19.2 per cent) in 1966 over those in 1965, for a total of U.S.\$790 million compared with \$378 million in 1961.

Revenues are expected to be off somewhat in 1967 as a result of the Middle East crisis but, as explained later on, this should not have much effect on Saudi Arabia's economic growth in 1968. Compensatory funds are to be drawn from general reserves.

### Diversification of Economy

In spite of the healthy outlook for its petroleum industry, Saudi Arabia is attempting to diversify its productive base and a comprehensive program aimed at the discovery and exploitation of mineral resources is now under way. The first step has been the preparation of accurate geological and geophysical maps and the undertaking of aeromagnetic and seismographic studies. About 90 per cent of the country has now been photographed from the air. Since 1965 three international companies have been conducting aeromagnetic surveys of the Arab Shield area. Minerals reported discovered so far and expected to be exploited in the future include gold, silver, copper, zinc, lead, granite, gypsum, marble, salt, barite, asbestos and phosphate. Other minerals whose existence is indicated by exploration studies are chromium, tungsten and magnesium. It has been predicted that within 15 years 20 to 30 per cent of the Government's income will be derived from the exploitation of some of these minerals.

### Agriculture and Water

In diversifying the economy, probably the most vital need is to locate additional water resources. It is the lack of water that retards the development of agriculture, the growth of urban population, and the launching of a manufacturing industry. Saudi Arabia is believed to possess large underground water resources and the Ministry of Agriculture, in collaboration with FAO, is drawing up a comprehensive program to find these water resources. In pursuit of this scheme,

the country has been divided into eight regions for conducting extensive surveys and work is now under way.

The Ministry of Agriculture is also working on several other major projects, including irrigation and drainage, an agricultural extension service, an agricultural bank on a nationwide scale, and a system of subsidies to protect local farmers and promote agricultural self-sufficiency.

### Industrial Projects

Through PETROMIN, its government corporation, Saudi Arabia is pioneering industrial undertakings related to oil, natural gas and minerals and is seeking joint ventures with domestic and foreign partners. An example of progress in this area is the recent agreement with a U.S. firm for the construction of a fertilizer plant in Dammam. The cost is estimated at

TABLE I  
COMPOSITION OF SAUDI ARABIA'S IMPORTS

	1962/63	1963/64	1964/65	1965/66
	(millions of riyals)*			
<b>Total imports</b>	<b>1,266</b>	<b>1,358</b>	<b>1,693</b>	<b>2,058</b>
<b>Foodstuffs</b>	<b>396</b>	<b>432</b>	<b>496</b>	<b>600</b>
<i>of which</i>				
Animals and meat	53	60	66	87
Milk and milk products	27	32	36	49
Fruits & vegetables (fresh)	38	38	47	58
Fruits & vegetables (preserved & canned)	17	20	24	27
Fats (animal & vegetable)	19	20	28	49
Wheat	18	22	24	34
Flour	34	34	35	47
Rice	87	87	64	102
Tea, coffee & cardamom	41	40	52	56
Sugar	8	22	46	21
Tobacco & tobacco products	6	9	9	5
<b>Building Materials</b>	<b>152</b>	<b>154</b>	<b>183</b>	<b>248</b>
<i>of which</i>				
Wood, timber, etc.	25	30	44	58
Cement	23	20	27	32
Iron bars & sheets	69	77	42	51
Pipes and their parts			29	51
<b>Textiles and Clothing</b>	<b>103</b>	<b>131</b>	<b>167</b>	<b>154</b>
<b>Machinery, Electric Appliances and Transport Equipment</b>	<b>320</b>	<b>353</b>	<b>452</b>	<b>656</b>
<i>of which</i>				
Cars (including buses, ambulances, lorries, pick-ups, etc.)	108	150	160	172
Trucks and tractors			23	90
Machinery (excl. agri. & elec. machinery)	88	92	96	140
Agricultural machinery			9	10
Air conditioners & refrigerators	—	—	20	23
Batteries	6	6	7	7
Parts of cars, trucks & tractors	35	40	54	70
Radio & household elec. appliances	15	29	22	22
Elec. machinery (incl. parts)	9		5	9
Railroad equipment	1	1	1	1
Aircraft equipment	13	7	9	12
Ships, boats, etc.	1	4	3	19
<b>Chemical Products</b>	<b>73</b>	<b>68</b>	<b>85</b>	<b>101</b>
<i>of which</i>				
Medicines & drugs	23	26	36	43
Soap & detergents	11	12	9	7
Perfume & cosmetics	4	4	4	5
Miscellaneous	222	230	310	299

\*4.5 riyals=U.S.\$1.00

Source: General Statistics Department, Saudi Arabian Monetary Agency, July 27, 1967

\$44 million and the plant is expected to be completed in 1969. Over 90 per cent of the production is expected to be exported. Feasibility surveys for a sulphur extraction plant in the Eastern Region with a capacity of 360,000 tons a year have begun. A steel rolling mill is nearing completion and work is in progress on the installation of machinery for a refinery in Jeddah scheduled to start operations in 1968.

### Government Budget Large

The Saudi Arabian economy is dominated by government expenditures; last year the government budget accounted for U.S.\$1.1 billion out of a GNP estimated at \$1.7 billion. The budget for the period October 4, 1967, to September 22, 1968, totals \$1,185 million, down 1.7 per cent from last year. However small this decline, it must be measured against a continuous rise of about 20 per cent a year over the last seven years. The cutback was necessitated by the anticipated drop in oil revenues as a result of last June's Israeli-Arab conflict and the subsequent disruption of oil production and deliveries.

An examination of the budget indicates, however, that it is the general administrative expenditures that have been squeezed. Allocations for development projects have been raised from \$418 million last year to \$523 million in 1968; this constitutes about 43 per cent of the total budget as against 34 per cent last year. The new fiscal year should thus witness further strong economic growth.

### Transport and Communications

One of the basic problems in Saudi Arabia, with an area of 860,000 square miles, is to provide adequate transport and communications linking various parts of the country. It is for this reason that the Government has been allocating substantial amounts from its budget to this sector (37 per cent of the development budget in 1967). Saudi Arabia now has 4,044 kilometers of roads and another 7,827 kilometers are under construction, design or study. Among the important projects completed during 1966 was the Riyadh-Hijaz sector of the Dammam-Riyadh-Hijaz road, completing a 1,537-kilometer highway stretching from the Gulf to the Red



Saudi Arabia has set up a number of new industries, including the manufacture of plastic products, mainly for consumer use. Some of these are being examined in the stockroom by two employees of the Saudi plastic factory in Riyadh, the Arabian capital.

TABLE II  
MAJOR CANADIAN EXPORTS TO SAUDI ARABIA

	1965	1966 (Cdn.\$'000)	8 months 1967
<b>Total exports</b>	<b>\$5,343</b>	<b>\$5,034</b>	<b>\$1,895</b>
<i>of which</i>			
Seed wheat	1,201	427	433
Wheat	1,051	179	47
Pipes	147	233	—
Aluminum fabricated materials	tt	305	—
Automobiles	1,063	1,373	499
Aircraft	63	419	127
Aircraft engines	42	400	130
Aircraft parts	22	104	103
Communication equipment	329	67	83
TV sets	299	206	—
Washing machines	78	130	53
Contractors' equipment	9	192	2
Components for communication equipment	210	23	6
Firebrick	39	55	26
Hose	5	76	4
Machine tools	—	50	—
Construction maintenance machinery	185	69	—
Tires	114	168	12
Air conditioners	45	47	—
Batteries	35	45	6
Clocks & parts	76	75	40
Antibiotics & pharmaceuticals	42	53	45
Milk powder	—	17	53
Conveyors	—	—	42

Sea and representing a vital breakthrough in communications within the country.

A major airport development program is in hand calling for the construction of international airports at Jeddah and Riyadh. Together they are expected to cost over \$100 million. In addition, the program provides for the development or enlargement of 13 domestic airports. All are in the design stage, with some construction tenders to be issued in 1968; these should present some opportunities for Canadian exporters.

### Imports Still Rising

There are no foreign exchange and virtually no import restrictions in Saudi Arabia. Imports have more than doubled in the past six years, reaching \$530 million in 1966/67. This increase is partially the result of steadily rising personal incomes but also stems from larger purchases of capital equipment, mainly building materials and machinery. The composition of Saudi Arabian imports is shown in Table I.

Canadian exports have remained relatively small, only \$5 million in 1966 (see Table II). Yet opportunities are there, waiting to be seized by enterprising Canadian exporters. Sending representatives to Saudi Arabia to establish personal contacts with prospective agents and government officials is probably the best way to do this. It is important that exporters secure representation in Riyadh, Jeddah and Dammam to ensure full coverage of the market.

There are also opportunities for Canadian consulting engineers; one Canadian consortium has already found a foothold. The Saudi Arabian Government is determined to obtain the best possible advice on and supervision of its development plan and projects.

### Outlook Is Optimistic

Although much of Saudi Arabia still remains in the early stages of development, recent years have brought spectacular progress. The rapid growth of imports over the past few years reflects the momentum of economic change. Saudi Arabia is fortunate in the number of factors favoring its continued development. The Kingdom is currently the largest producer of oil in the Middle East and

has the highest proven oil reserves in the world. It is earnestly engaged in tapping its mineral wealth, developing its agriculture by exploiting underground water resources, and establishing industries based on the available raw materials. To stimulate economic advance, the Government is allocating large sums for development projects after undertaking careful surveys. Receiving stimulus from financial stability, the private sector is playing an increasing part.

Saudi Arabia is not suffering from population pressure (the population is estimated at between three to six

million), one of the main difficulties of many developing countries. It has an expanding reservoir of skilled labor as a result of the Government's emphasis on education and technical training. There is also a growing number of entrepreneurial-minded businessmen. Particularly significant to Canadians is the Government's determination to speed economic progress and to foster private enterprise and investment. There are expanding opportunities for trade and investment and foreign companies are encouraged to participate in Saudi Arabia's accelerating growth. ●

## Philadelphia Moved Ahead in '67

CANADIANS often tend to overlook the city of Philadelphia, with its 4½ million people, because of its proximity to New York. Yet it is a completely separate market and in 1967 achieved marked economic progress.

This fact is well illustrated by three representative but unrelated events of great importance that took place in the latter part of the year.

With the opening of its renovated Civic Center on November 11, Philadelphia will once again move into the forefront of U.S. convention cities. The main feature of the enlarged and re-furnished center is the \$15 million, 180,000-square-foot exposition hall (larger than three football fields) where there is room for 1,000 display booths. There is also a ballroom, underground parking for 2,900 automobiles, and 57 meeting-rooms for the business sessions of conventions, with capacities ranging from 15 to 13,500 persons. Two large restaurants and numerous snack stands and bars at convenient locations will be in operation. There are already 70 major shows booked into the new exposition hall over the next ten years. From April 29 to May 3, 1968, the Department of Trade and Commerce, supported by a number of Canadian manufacturers, will be participating in the prestigious ASTME (American Society of Tool and Manufacturing Engineers) show which is slated to take place there.

On October 31, with great fanfare, dredging was begun on the \$120 million Penn's Landing project, the most ambitious waterfront undertaking in the city's history. It will extend for one nautical

mile along the Delaware River and cover the most central part of the Port of Philadelphia. It will include a port tower complex, restaurants, hotel-motel, science park with the relocated home of the Academy of Natural Sciences, historic vessels, high-rise apartments and last but not least, a foreign trade center. Philadelphia and the State of Pennsylvania will each contribute \$20 million and private interests will make up the remaining \$80 million. It is expected to be completed for the city's 1976 observance of the nation's 200th birthday.

In the first week of November, the Philadelphia Electric Company's \$28.5 million Peach Bottom atomic power station was dedicated in nearby York County. Built by the Philadelphia Electric Co. and 52 other utilities throughout the country, it contains the world's largest helium-cooled power reactor, said to be the most efficient in the U.S. As of November 1, the station operated 2,325 hours at full power and generated 110,976 megawatt hours of electricity. Two additional nuclear units will be built next to the plant. Scheduled for operation in 1971 and 1973, each will have a capacity of 1,056,000 kilowatts.

Philadelphia is indeed a city on the move and any Canadian company with a proven ability to export to the United States which is not doing business here should communicate with the Canadian Consulate, 3 Penn Center, Philadelphia 19102, Pa.

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

# Libya

*Money is no problem, but Libya remains a complex market, with goods and services for development projects offering the best opportunities.*

P. A. FREYSENG, *Commercial Secretary, Rome.*

THE Middle East crisis of last summer had a depressing effect on the Libyan economy. Striking workers halted oil production from June 5 to July 17 and this resulted in the greatest setback in oil output among all the Arab oil producers, according to the Libyan Ministry of Petroleum. Following this, exports of crude to France, Spain, Turkey, Greece and Italy were restricted and sales were banned entirely to West Germany and Britain, which previously had taken over half of the oil exported.

Crude petroleum accounts for some 99 per cent of Libya's total exports (valued at L.£352.3 million in 1966),

earns 91 per cent of its foreign exchange, and covers some 74 per cent of total state revenue, so it is not surprising that the effects of this curtailment were soon apparent. The State Bank of Libya withdrew from the commercial banks almost immediately the authority to sell foreign exchange and made all foreign trade transactions subject to stringent controls. The result was a drop of 33 per cent in imports of motor cars and other products considered luxuries between June and October of last year. Although the foreign exchange controls were relaxed early in August, importers restocked only slowly and

imports of many retail goods were still low in the early fall. Supplies of some key commodities were also disrupted and in midsummer the Tripoli Chamber of Commerce drew particular attention to the severe shortage of building materials that was developing.

The import trade was further affected by a new Commercial Agencies Law issued on July 27 (apparently superseding that of 1959) by which all agents in Libya of foreign commercial companies are required to be Libyan nationals or firms with 100 per cent of their capital owned by Libyans. Any non-Libyan agents must liquidate their business activities within one year if they handle foodstuffs, clothing and textiles, and two years for all other products. Previously it was sufficient if commission agencies and importing houses could show majority Libyan ownership (minimum 51 per cent). Presumably the law limiting firms to representing no more than ten foreign principals still holds good.

Finally, in early August the Libyan Cabinet decided to postpone the execution of several development projects and appointed a special commission to investigate the consequences to the Libyan economy of the restrictions on oil exports.

Now there are signs that Libya is returning to relative normalcy. The restrictions on oil exports to certain countries were apparently lifted after mid-August. Work is said to have started on various public and private projects, including the following:

- The building of one of the largest gas liquefaction plants in the world at Marsa Brega by Esso (tenders won by two Italian firms).
- The construction of the 9,000-unit first stage of the Idris housing scheme (100,000 units to be built between 1967-1971 at a cost of \$1.1 billion)



This young trainee, at work in the technical training center in Tripoli, illustrates the determined effort that Libya is making to industrialize and to train skilled labor.

with the turning over of construction sites in August to the winning contractors.

● The completion of the 1,800-kilometer coastal highway connecting Tripoli and Benghazi.

● Continuation of construction of the national cement factory.

● The building of a new 60,000-kw. electric power station in Benghazi by a Swiss firm for the Ministry of Public Works at a cost of L.£3.9 million.

● The construction for the Ministry of Communications of an ocean cable between Sicily and Libya.

Plans have also been announced for the completion of a sports city at Benghazi (tenders for the main stages apparently were won by Bulgarian construction firms); the construction of Libya University (tenders to be called very soon for the project, which is estimated to be worth some L.£16 million) at Benghazi; the building of 26 telephone exchanges through the country; the laying of a cable system between Tripoli and Tobruk (for which tenders will also be called soon); the erection of a sulphur processing plant at Marsa Brega by Esso, and the reclamation of 6,000 hectares of land in eastern Libya by the National Agricultural Settlement Organization, which has been instructed to begin the project immediately.

### One-Industry Economy

Whatever the final figures for 1967, the crisis of last summer demonstrated Libya's dependence on petroleum for development funds. The oil industry now contributes close to 30 per cent of the national output (valued at L.£408 million in 1965). The number of oil companies operating in Libya has risen from 27 to 42 and concession contracts from 87 to 136. Crude oil export shipments have gone up since 1961 from 42,700 barrels per day to 1.5 million, shipped mainly to Western Europe. The terminals are connected by 30-inch pipe to the main oil-producing regions in the eastern province of Cyrenaica, just south of the Gulf of Syrte. Large discoveries continue to be made. In early June one of the smaller oil companies,

TABLE I  
LIBYA'S FOREIGN TRADE

Commodity	Unit	Quantity		Value in L.£	
		1965	1966	1965	1966
<b>IMPORTS</b>					
<b>Food and live animals</b>					
Meal and flour of wheat	kg.	93,108,099	108,874,544	2,767,010	3,248,088
Tea and maté	kg.	5,069,973	4,913,883	1,901,110	1,765,059
<b>Beverages and tobacco</b>					
Cigarettes	kg.	435,651	403,753	512,968	548,807
<b>Crude materials, inedible, except fuels</b>					
Wood, sawn	m. <sup>3</sup>	59,612	115,307	1,139,141	2,235,881
<b>Mineral fuels and lubricants</b>					
Motor spirit	lt.	139,244,858	149,753,934	1,285,498	1,347,995
Distillate fuels	lt.	165,408,957	240,603,534	1,302,893	2,182,533
Lubricating oils and greases	kg.	9,392,940	10,150,928	825,863	766,976
<b>Chemicals</b>					
Medicinal and pharmaceutical products	—	—	—	6,415,195	6,901,829
<b>Manufactured goods</b>					
Rubber tires for vehicles	no.	102,324	108,433	29,350,847	32,908,794
Cotton fabrics, woven and dyed	m.	18,109,158	16,875,841	1,314,009	1,506,106
Cement	kg.	472,959,997	619,903,015	1,395,321	1,322,531
Tubes, pipes and fittings of iron or steel	kg.	82,632,829	64,654,284	2,461,302	3,161,625
Metal containers for storage and transport	kg.	7,724,167	5,418,869	7,386,540	6,224,587
<b>Machinery and transport equipment</b>					
Agricultural machinery	—	—	—	1,121,653	929,733
Internal combustion engines (except aircraft)	no.	4,762	5,575	41,539,428	54,496,691
Pumps and centrifuges, etc.	—	—	—	1,816,376	1,808,533
Machinery for excavating, etc.	kg.	1,312,965	2,950,185	869,014	1,455,050
Radios	no.	172,764	363,018	974,111	1,245,414
Insulated wire and cable	kg.	4,645,802	3,151,257	990,637	1,181,412
Electric power machinery	kg.	2,551,457	2,946,310	2,126,535	2,606,593
Passenger motor cars	no.	9,469	12,250	5,663,253	7,434,532
Lorries and trucks	no.	3,006	4,650	4,465,391	7,491,925
Special purpose trucks, lorries and vans	no.	118	183	671,582	1,054,748
Road tractors	no.	202	263	713,256	669,390
<b>Miscellaneous manufactures</b>					
Furniture and parts	kg.	6,007,886	8,019,307	14,331,629	18,238,801
Outer garments for men	—	—	—	2,229,596	2,726,254
Footwear	pair	3,449,767	5,355,321	4,155,400	5,461,978
<b>Other items</b>					
				108,994	1,461,077
<b>Total</b>				<b>114,416,051</b>	<b>144,660,726</b>
Commodity	Unit	Quantity		Value in L.£	
		1965	1966	1965	1966
<b>EXPORTS</b>					
<b>Crude materials, inedible, except fuels</b>					
Hides and skins	kg.	2,244,701	2,612,091	1,448,147	1,208,594
Groundnuts, unshelled	kg.	3,991,347	2,302,621	376,517	478,423
<b>Mineral fuels and lubricants</b>					
Crude petroleum	AB	443,129,555	547,351,223	429,256	287,518
<b>Other items</b>					
				233,335	122,265
<b>Re-exports</b>					
				2,462,958	3,045,981
<b>Total</b>				<b>284,470,450</b>	<b>355,384,175</b>

**TABLE II**  
**DISTRIBUTION OF LIBYA'S TRADE**

	(L.£'000)		Percentage of total	
	1965	1966	1965	1966
<b>Imports from:</b>				
Italy	29,019	39,981	25.4	27.6
Britain	16,974	22,195	14.8	15.3
United States	19,517	18,157	17.1	12.6
Others	48,906	64,327	42.7	44.5
<b>Total</b>	<b>114,416</b>	<b>144,660</b>	<b>100.0</b>	<b>100.0</b>
<b>Exports to:</b>				
West Germany	106,712	118,403	37.5	33.3
Britain	58,147	51,541	20.4	14.5
France	26,089	41,247	9.2	11.6
Others	93,522	144,193	32.9	40.6
<b>Total</b>	<b>284,470</b>	<b>355,384</b>	<b>100.0</b>	<b>100.0</b>

**TABLE III**  
**CANADA'S TRADE WITH LIBYA**

	1962	1964	1966	6 mos. 1966	6 mos. 1967
			(Cdn.\$'000)		
Canadian exports to Libya	376.3	906.5	695.4	256.7	374.6
Canadian imports from Libya	10.1	—	10,963	2,394	9,613

Source: DBS

Occidental, made dramatic strikes in the Sirtica desert area; it will now build a large-diameter pipeline to a new terminal, Zweitioa, on the coast. Esso (already the biggest producer in Libya with 25 million tons) has followed by completing an agreement with the Libyan Government to explore and exploit oil resources in the west of the country south of Tripoli. Other resources were found this last year—such as 170 million tons of potassium and magnesium chloride not far from Tripoli and a vast underground lake capable of irrigating permanently some 600 miles of desert in northern Tripolitania.

The most obvious direct impact of the development of the oil industry is the creation of a petrochemical industry. Esso has under construction at Marsa Brega a gas liquefying plant to be completed in late 1968, capable of producing 345 million cubic feet of gas converted to liquid at minus 260 degrees. Spain and Italy are currently building port installations to receive the gas. In addition, Esso is planning a sulphur extraction plant at the same terminal.

The dramatic development of the oil industry has resulted in the economy earning an ever-increasing surplus on its commodity trade (see

Table II). Oil now makes up 99.6 per cent of exports. It has also resulted in an orientation of trade towards those countries either buying Libyan oil or investing in its development. As a result, over 70 per cent of the imports in 1965 and 1966 came from five countries: Italy, Britain, West Germany, the United States and France.

### The Import Market

Oil exports have also seen the Libyan import market expand and change in character. Manufactured goods have accounted for roughly a quarter of the total annual import bill ever since oil shipments began in 1961, and machinery and transport equipment have taken between 33 and 40 per cent of the total. Companies have had to import rigs, pipes, pumps, and storage tanks. Interestingly enough, however, the proportion of imports for the petroleum sector to total imports has tended to decline. In 1961 it was roughly 24 per cent and in 1966 probably under 20 per cent. This indicates that a growing amount of Libya's imports are for development projects and for consumers, and are not necessarily directly related to the petroleum sector.

Libya's 1.6 million people—predominately Arab-Berber and Moslem—have been mainly rural, scattered over some 680,000 square miles (90 per cent of it desert) and with a low standard of living. Now the country finds itself with all the foreign exchange it needs to purchase whatever it wishes from abroad. The petroleum industry itself does not employ more than 10,000 people and therefore has not had a marked direct effect on Libyan society or its demands. The indirect impact on the economy and on the market, however, is seen in the sharp rise in housing rentals, prices of hotel accommodation, and wages and salaries paid to semi-skilled Libyan workers, and in the establishment of new trading and construction firms catering to the oil companies, the growing and acute shortage of skilled workers, and the drift of labor from the land to the cities.

In general, the inflow of funds and the rise in urban incomes have brought an increase in prices that has tended to discourage non-oil exports and stimulate imports by making local goods relatively more expensive than foreign goods. All this is particularly true of Tripoli, the capital of the western province of Tripolitania, which now has a population of over 480,000, and Benghazi (separated from Tripoli by some 640 miles of desert), capital of Cyrenaica, with a population of some 280,000. In effect, the exporter is presented with at least three different Libyas as a result of the growth of the oil industry: the Libya of the petroleum company and its attendant foreign technicians, the Libya of the growing urban population just in from the countryside, and the Libya striving through government planning to raise the standard of living and broaden the base of the economy.

### Development Plans Important

It is this last face of Libya which offers the greatest prospects for exporters working from a distance. Through central planning and State Ministries, the Government is attempting to channel the benefits of increased oil revenues to the country as a whole. The First Five Year Development Plan (1963-68) attempted to allocate some L.£169 million to infrastructure. Of this, some 22 per cent was to go to public works, 17 per cent to agriculture, and 16 per

## Government Ministries Concerned with Development

Canadian civil and consulting engineers may well find it worthwhile to pursue contact with Government Ministries in Libya. In particular the following should be contacted. (All, except Housing, are centered in Tripoli.)

**Ministry of Planning and Development:** This Ministry is concerned with the administration of the Five Year Plan and has powers of decision on the appointment of consultants. It undertakes budget planning for projects and engages consultants to carry out feasibility studies. It then arranges the preparation of plans, specifications and documentation, and the calling of tenders in conjunction with the consultant. At this stage, other Ministries take over the administration of a project.

**Ministry of Housing and State Property:** This Ministry is responsible for the vast Idris housing scheme and all urban and rural housing. It is the only Ministry that centers its administration in Benghazi. Under the Idris scheme, tenders are called for groups of 10,000 houses at a time. Tenders for the first 10,000 have already been called, with the second group due for tenders shortly.

**Port Authorities:** Tripoli and Benghazi: Port extension and improvement programs are under way. The main concentration is on Tripoli and Benghazi; the latter is well advanced. Congestion is a problem at both ports. The main aim of the expansion program is to provide facilities for the huge increase in imports.

**Ministry of Public Works:** The major responsibilities of this Ministry are the construction of government buildings, sewerage, water supply, inter-city electricity supplies and the carrying out of surveys.

**Ministry of Communications:** One of the largest of the Ministries, it is divided into six departments: posts and telecommunications, roads, civil aviation, ports and lights, meteorology, and road transport. A contract has recently been let for the construction of some 1,000 miles of coastal roads. Tenders for building another road of 1,250 miles are likely to be called soon. Others are expected under the Second Five Year Plan. In addition to airport reconstruction, plans are in hand to expand berthing provisions at Tripoli port by five times its present capacity. Similar expansion is under way at Benghazi. In addition to the coaxial cable to link Libya with Tunisia and the U.A.R., a direct cable link with Italy is being laid. Improvements to exchange and telephone networks are progressing and additional radio transmitters are to be built. Tenders have recently been called for building three television stations.

**Ministry of Agriculture and Animal Health:** All agricultural development is administered by this Ministry. A great deal of work, however, is carried out through the National Agricultural Settlement Authority (NASA) which is responsible for farm resettlement, rural land development and general farmer assistance. The Ministry is concerned with irrigation and allied equipment and the development of new industries—for example, beet sugar.

**National Agricultural Settlement Authority:** NASA, established in 1963, has a broad and intensive agricultural program. It is involved in the reconstruction and rehabilitation of rundown farming areas. About 1,800 former Italian farms are included in this program. Other activities include investigation of water resources, development of dry farming techniques, education of farmers, development of a title system of farm ownership, and the construction of entire self-contained rural communities. NASA has authority to engage consulting engineers.

**Ministry of Industry:** This Ministry, established six years ago, controls all industry, extending its operations as far as cottage industries. There are five departments: research, industrial organization, industrial training, fisheries, and general administration. Offices are established throughout the country. The Ministry follows a policy of encouraging industrial development by private enterprise through tax rebates and duty exemptions and by initiating industrial undertakings beyond the capacity of the private sector.

**Ministry of Economy and Commerce:** Administration of all laws relating to general commerce and all inter-government relations on trade are the responsibility of this Ministry. It also handles tourism, the promotion of export trade, and the annual Tripoli Trade Fair. ●

cent to communications, including roads. Within this framework the Libyan Government has allocated its revenues annually to its regular budget and to a development budget. Now the Government is in process of designing a new Five Year Plan to become effective on April 1 (1968-73). Little is known about the amounts to be allocated but the emphasis, in contrast to the earlier plan, will be on industrial development and agricultural rehabilitation rather than infrastructure. The Government, through the National Bank of Agriculture, has adopted a policy of granting credits and subsidizing imports of fertilizer, machinery and seed to encourage farming. Similarly it is now trying to encourage foreign investment in manufacturing and has created an Industrial Development Bank.

Canadian civil and consulting engineers may wish to pursue opportunities in Libya through the government Ministries, which are listed in the accompanying box feature. Consultants and engineering construction firms must be registered with the Libyan authorities, the former with the Ministry of Planning and Development and the latter with the Ministry of Public Works. A law of last December states that international construction contractors must have a capital of at least L.£250,000 and to have worked abroad on projects with no less a value than L.£5.0 million. Contractors not completely fulfilling these requirements may be listed for one year "on trial".

### Other Opportunities

When the final returns for 1967 are in, they will probably show Canadian sales to Libya at about \$750,000, or not much over the \$695,400 of 1966 or the five-year average of \$665,700 for the period 1962-66. This is in sharp contrast to Libyan exports to Canada (almost all crude oil) which have risen dramatically from \$1,200 in 1965 to \$11 million in 1966 and \$10 million for the first half of 1967. In all fairness, it should be made clear that Libya is an extraordinarily difficult and complex market for North American exporters, lying as it does adjacent to the major industrial countries of Western Europe. Yet there are opportunities for Canadians in addition to development business, mainly in machinery and foodstuffs.

One problem is that good agents are hard to find. There are relatively few direct importers in Libya and because they are limited by law to the exclusive representation of only ten foreign principals, the best importers and commission agents are booked. However, the recent changes in the law governing agencies and importing houses requiring that they be fully Libyan-owned may provide fresh regroupings of agencies and firms. The larger oil company subsidiaries are

provided with procurement offices authorized to purchase locally. Major import purchases, however, are generally referred to head office but initial contact can be established in Libya. All quotations should be c.i.f. Tripoli or Benghazi in U.S. dollars. If transshipment is necessary, British or U.S. ports should be used to minimize breakage.

Canadian firms, whether consulting engineers or exporters of other goods, would be well advised to consider

some way of handling the Libyan market with other Middle East markets rather than working alone. Commission agents working on an exploratory basis and operating from Rome, Athens or Beirut may be more appropriate than strictly local contacts. Libya is a market which will continue to have resources but by the same token it attracts nearby Western European competitors and requires persistent selling to overcome its complexities. ●

## United Arab Republic

*Basic development projects to continue, despite financial problems; trade with West limited by the shortage of foreign exchange.*

M. KARKEGI,  
*Commercial Assistant, Cairo.*

THE United Arab Republic does not minimize the effects of the conflict last summer that resulted in the closing of the Suez Canal, the loss of oil and mineral resources in Sinai, the reduction in revenue from tourists, and the drop in industrial activities. These losses were, however, partly offset by the agreement reached at the Khartoum summit meeting when the Arab oil-producing states agreed to contribute aid to the countries affected by the crisis. The U.A.R. is to receive £95 million a year.

### Basic Projects Continue

In his speech at the opening of the National Assembly last month, President Nasser made clear some of the steps that must be taken to make good the country's economic losses as far as possible. Included were changes in the national budget and in the development plan, the mobilization of productive forces, and increased ef-

iciency, especially in industry and agriculture, with emphasis on larger output and the expansion of exports.

The 1967/68 budget was revised in July 1967, reducing investment in both the public and private sectors from E£400 million to E£250 million. Basic projects will be carried out, however, with priority given to strategic ones and to those nearing completion which will yield convertible currency. Appropriations for the High Dam and allocations for power stations, put at E£46 million in this year's budget, have been approved. An allocation of E£48.5 million will be used for new fertilizer factories, the expansion of spinning and weaving plants, iron and steel projects, and the reclamation of land in various parts of the country.

With the completion of the High Dam the volume of water will increase to more than 42 billion cubic meters and benefits from it will begin to be realized. The first three power stations will start functioning this year, producing 1.4 billion kwh. This power will be used in industrial areas, for irrigation projects, and for drainage pumping stations on newly reclaimed land

already under cultivation. (Heavy and fuel oils were previously used for these purposes.) Allocations for agriculture, irrigation and drainage have been set at E£47 million, with priority given to stepping up the yield per feddan. Output of meat, poultry and good seeds will be increased and producers furnished with the necessary credit. Attempts will also be made to broaden the area under cultivation.

To proceed with these development projects, the Ministry of Economy and Foreign Trade and the Ministry of Industry are taking measures to step up foreign exchange earnings from exports and external services and to obtain foreign credits. Shipments abroad of cotton, cotton yarn and textiles, rice, peanuts, potatoes, fruit and vegetables and of oil from the newly discovered wells (particularly the El Morgan field) have brought in considerable foreign exchange. The allocation for imports in the foreign currency budget for 1967/68 totals E£299 million, including E£120 million in convertible currencies and E£179 million for imports from countries with which the U.A.R. has

**TABLE I**  
**TRADE BETWEEN CANADA**  
**AND THE U.A.R.**

	Exports	Imports
	(Cdn.\$'000)	
1962	\$2,230	\$301
1963	2,536	224
1964	3,978	125
1965	4,772	221
1966	5,330	660
1966 (Jan.-Oct.)	4,000	590
1967 (Jan.-Oct.)	763	265

**TABLE III**  
**PRINCIPAL CANADIAN IMPORTS**  
**FROM THE U.A.R.**

	1965	1966	(Jan.-Oct.)	
	(Cdn.\$'000)			
			1966	1967
Cotton yarn	178	487	426	208
Fuel oil, n.e.s., heavy oil	—	132	132	—

**TABLE II**  
**PRINCIPAL CANADIAN EXPORTS TO THE U.A.R.**

	1965	1966	(Jan.-Oct.)	
	(Cdn.\$'000)			
			1966	1967
Commercial communication equipment n.e.s.	8	2,020	1,606	21
Components for communication equipment n.e.s.	626	689	325	12
Generators and parts	—	598	564	23
Asbestos	779	284	284	253
Measuring and testing equipment and parts	13	268	152	30
Plastic and synthetic rubber not shaped n.e.s.	152	224	224	—
Wheat flour n.e.s.	5	202	202	—
Newsprint paper	127	156	—	—
Railway, street rolling stock and parts n.e.s.	—	103	40	48
Aircraft engines and parts	5	90	90	49
Non-current-carrying wiring material n.e.s.	—	84	—	—
Zinc blocks, pigs and slabs	—	78	78	—
Electronic tubes and parts	615	74	74	—
Transformers and parts	—	63	63	—
Primary aluminum	1,739	60	60	5
Cigarettes	73	42	38	7
Pipes and tubes, iron and steel	328	26	26	2
Copper plates, sheet and flat products	51	—	—	9
Wood pulp dissolving and special alpha	—	—	—	169

trade and economic co-operation agreements providing for payment in clearing accounts without the spending of foreign exchange.

Egyptian industry has been making considerable progress, thanks to the efforts to eliminate idle capacity. In the first six months of 1968, six new factories will go into production and plans are under way for the building of 25 others during this year. By that time, the hope is that economic conditions will have returned to normal. Oil production in Sinai could then be resumed and this, with the beginning of production in other oilfields, would raise total Egyptian output to some 350,000 barrels a day, or roughly 20 million tons a year.

### Trading Position Difficult

The shortage of foreign exchange and the bilateral trade and payments agreements that Egypt has with Eastern European countries and the Soviet Union make the expansion of Canada's trade here difficult at the moment. Most of the capital goods and machinery come from these socialist countries under trade agreements. Canadian sales to Egypt, which reached \$5.3 million in 1966 (\$4.7 million in 1965) totalled \$763,000 in the first ten months of 1967 compared with \$4 million for the same period of 1966.

Major commodities in this trade from January-October 1967 were asbestos milled fibres (\$253,000) and dissolving wood pulp (\$169,000); railway and street rolling stock and aircraft engines and parts were next in line.

At the moment asbestos fibres, aluminum, wood pulp and newsprint have priority in the allocation of foreign exchange but if Canadian suppliers are to obtain some of this business, their prices must be in line with those of their competitors.

Despite limited opportunities at the present time, Canadian companies should maintain their contacts in Egypt and keep the Egyptians aware that Canada can supply many of the products essential to the country's economic advance. Personal contacts between Canadian and Egyptian businessmen would also help—and should pay dividends when recovery comes.



### Sudan to Develop More Power

THE Sudan will shortly expand its power generating and transmission facilities in the Khartoum and Blue Nile areas, using a \$24 million World Bank loan recently approved. The expansion, under the Central Electricity and Water Corporation, will be primarily a part of the \$51 million Roseires Dam project, also financed with World Bank funds. A powerhouse, to consist of three generating units with a capacity of 90 megawatts to be installed by 1971, will increase the country's supply of power by 80 per cent.

In addition, the loan will assist in financing the construction of a 306-mile

220-kilovolt transmission line to connect the plant with Khartoum and also provide for some expansion of the 110-kilovolt transmission system and the installation of a 15-megawatt gas turbine generating unit in Khartoum. The CEWC also intends to improve its present generating, transmission, and distribution facilities over the period 1968-73.

The cost of CEWC's expansion program over the six years will total approximately \$68 million. The works undertaken with Bank assistance and guaranteed by the Sudanese Government will cost a total of about \$42 million. ●

## Shipping Services from Canada to the Arab Middle East

TO:	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
<b>IRAQ</b>	Nedlloyd and Hoegh Lines ( <i>Dingwall Cotts and Co. Ltd., Vancouver</i> )	Nedlloyd Line ( <i>Montreal Shipping Co. Ltd., Toronto</i> )	Nedlloyd Line ( <i>Montreal Shipping Co. Ltd., Montreal, Saint John, Halifax</i> )
		Orient Mid-East Line ( <i>Hurum Shipping and Trading Company Ltd., Toronto</i> )	Orient Mid-East Line ( <i>Hurum Shipping and Trading Company Ltd., Montreal</i> )
<b>JORDAN</b>		Nedlloyd Line	Nedlloyd Line
		Orient Mid-East Line	Orient Mid-East Line
<b>KUWAIT</b>	Nedlloyd and Hoegh Lines	Nedlloyd Line	Nedlloyd Line
<b>LEBANON</b>	United Yugoslav Line ( <i>B.W. Greer Company Ltd., Vancouver</i> )	Nedlloyd Line	Nedlloyd Line
		Orient Mid-East Line	Orient Mid-East Line
		Arctic Steamship Line ( <i>March Shipping Agency Ltd., Toronto and Hamilton</i> )	Arctic Steamship Line ( <i>March Shipping Agency Ltd., Montreal; I. H. Mathers and Son Ltd., Halifax and J. T. Knight Co. Ltd., Saint John.</i> )
		Niagara Line/Concordia Line ( <i>Canadian Overseas Shipping Ltd., Toronto and Hamilton</i> )	Niagara Line/Concordia Line ( <i>Canadian Overseas Shipping Ltd., Montreal.</i> )
		Yugoslav Great Lakes Lines ( <i>The Robert Redford Co. Ltd., Toronto</i> )	Yugoslav Great Lakes Lines ( <i>The Robert Redford Co. Ltd., Montreal</i> )
<b>LIBYA</b>		Fabre Line ( <i>A.O. Minshall and Co. Ltd., Toronto</i> )	Fabre Line ( <i>Shipping Limited, Montreal; R. C. Elkin Limited, Saint John</i> )
<b>SAUDI ARABIA</b>	United Yugoslav Line Nedlloyd and Hoegh Lines	Nedlloyd Line	Nedlloyd Line
		Orient Mid-East Line	Orient Mid-East Line
<b>SYRIA</b>		Orient Mid-East Line	Orient Mid-East Line
		Yugoslav Great Lakes Line	Yugoslav Great Lakes Line
<b>UNITED ARAB REPUBLIC</b>	United Yugoslav Line	Arctic Steamship Line	Arctic Steamship Line
		Niagara Line/Concordia Line Orient Mid-East Line	Niagara Line/Concordia Line Orient Mid-East Line
		American Export Isbrandsten Lines ( <i>Moore McCormack Lines (Canada) Limited, Toronto</i> )	American Export Isbrandsten Lines ( <i>Moore McCormack Lines (Canada) Limited, Montreal; R. C. Elkin Limited, Saint John</i> )

# Import and Exchange Regulations in the Arab Middle East

THE following paragraphs summarize import and exchange regulations affecting shipments to the Arab Middle East, but do not include information on the documents which must accompany all imports. Canadian exporters who require detailed information on these regulations should address their inquiries to the Asia and Middle East Division, Office of Trade Relations, Department of Trade and Commerce.

## Bahrain

Import licences are not required, with the exception of certain goods such as firearms, alcohol, drugs and ammunition, which require special permits. The import of artificial pearls is forbidden. All importers must register with the Chamber of Commerce and the Financial Department and obtain a Trade Registration Number, without which goods cannot be cleared through Customs. Merchandise is subject to confiscation or fines if it arrives and is not covered by the required permits.

Foreign exchange control is administered by the British Political Agency. Banks in the Gulf area are authorized to deal in dollars and sell them freely to residents of the area. There are no restrictions on the manner of payment for imports but importers normally make payment only after merchandise has landed on the Customs wharf. Goods which have not cleared Customs in six months may be sold at auction.

## Iraq

All imports except commercial samples up to a value of ID10 are subject to licences, which must be obtained from the Directorate General of Imports and Exports before orders may be confirmed abroad. Licences are issued for goods shipped on a c. and f. (cost and freight) basis only; insurance must be arranged in Iraq. Shipments arriving in Iraq without a licence are considered as smuggled and become liable to confiscation. Licences are not approved after arrival of the goods.

Goods classed as essential are given priority in the issuance of import licences and allocation of foreign exchange. Licences for luxury goods are granted infrequently and almost none are issued for commodities that compete with those produced in Iraq. Import licences are valid for one year and a letter of credit must be opened within six months from the date the licence is issued. For shipments made on a collection basis, a drawing on the importer must be made within six months of either the issue date of the licence or the shipment of the goods. If a shipment does not reach Iraq within the validity period of the licence, application must be made for an extension or a new one; these applications are generally approved.

All transactions in foreign exchange are subject to prior approval of the Central Bank of Iraq (Exchange Control Department). Foreign exchange is not released without presentation of a valid licence. Banks generally require a

cash deposit of 25 per cent when an import letter of credit is opened.

It is the practice of Iraqi importers to make payment only after arrival of the merchandise. Goods may remain in Customs for six months and in bonded warehouses for three years. Merchandise stored longer than these periods becomes liable to sale at public auction.

Various sectors of the Iraqi economy have been nationalized and imports of goods in these sectors may be made only by authorized organizations. Import of tea, jute, certain drugs and medicines, sugar, automobiles and some other commodities is a government monopoly and such imports must be channelled through designated state trading companies. Tires, tubes, batteries, household appliances, canned foodstuffs, automotive spare parts and certain medical goods are partially monopolized: that is, private importers may compete with state trading companies for the import of these goods.

## Jordan

All commercial imports except those originating in countries with which Jordan has concluded agreements require valid import licences issued by the Import-Export Department of the Ministry of National Economy. Cement (white or colored), arak, carbonic acid, soft drinks, cigarettes, diesel-engine cars, diesel engines and cylinders, wet batteries and macaroni are among those goods the import of which is prohibited. The import of certain agricultural products, such as barley, lentils, green olives and olive oil, is prohibited during good crop years. Vegetable and animal fats and oils, petroleum products except aviation and tank fuel, industrial machinery, leather, dry batteries, and detergents are among those goods that may be imported only with special permission of the Ministry of National Economy. Goods the c.i.f. (cost—insurance—freight) value of which is less than JD50 or the foreign currency equivalent do not require an import licence.

Import licences are normally valid for one year. Goods shipped under a letter of credit must arrive in Jordan not later than one month after the expiration date of the import licence. Arrival of unlicensed goods may result in confiscation or the imposition of a fine.

Most imports require exchange permits as well as import licences, but the issuance of a licence constitutes a commitment that the necessary foreign exchange will be granted.

Drawees generally make payment only upon arrival of the merchandise. Goods may remain in Customs up to six months, after which they are subject to being confiscated or sold at public auction.

## Kuwait

All goods may be freely imported into Kuwait provided the importer holds a general import licence authorizing him to carry out import transactions. These licences are all

issued by the Ministry of Commerce, are valid for one year from the date of issue, and may be renewed. Exempt from the above provisions are imports of fresh vegetables, fruits, and livestock for human consumption; also exempt are imports for the diplomatic corps and Kuwait government departments and agencies. Import of a small number of goods, including guns, ammunition and poisonous drugs (unless permission is granted), alcoholic spirits, wheat and flour, opium, certain printed matter, false or forged money, weights, standards and stamps, all types of asbestos pipe, and certain types of steel pipe, is prohibited. Merchandise destined for an importer not holding a valid licence is subject upon arrival to confiscation and fines may be imposed.

There are no exchange regulations covering imports and foreign exchange is available on the official exchange market. Drawees generally await arrival of the merchandise before making payment. Goods not cleared through Customs within fifteen days are subject to demurrage charges. If they are not claimed or cleared within one year of arrival, they may be sold at public auction.

### **Lebanon**

The Ministry of National Economy has responsibility for imports and exports. With the exception of certain listed goods which are likely to compete with local products (mainly foodstuffs), imports do not require a licence. Licences, when required, are valid for six months. There is a free market in which all foreign exchange transactions take place. There are no restrictions on payment for imports.

Merchandise remaining in Customs after eight days is subject to surtax. Goods may remain uncleared for six months, after which they become liable to confiscation or sale at public auction. If storage charges are paid, shipments may remain in bonded warehouses up to two years before becoming liable to sale at auction. There are free zone facilities in Beirut and Tripoli.

### **Libya**

Most goods may be imported freely into Libya provided the importer holds an Open General Licence allowing him to carry out import transactions. In addition, there are two lists of imports for which individual import licences are required; these are issued by the provincial authorities in Tripoli, Benghazi or Sebha. One list includes several revenue-producing goods, various foodstuffs and some locally manufactured goods. The second list, requiring approval of the appropriate Ministry before a licence is granted, includes such items as live animals, medicines, drugs and edible vegetable oils.

Import licences are valid for six months but may be renewed for an additional three months. Carbonated drinks, hard laundry soap, cigarette paper and tobacco (other than that imported by Tripoli's Tobacco Monopoly) are prohibited.

Foreign exchange transactions must be approved by the Bank of Libya. Exchange permits are required, but are issued automatically upon presentation of an import licence (when a specific licence is required), or upon presentation

of shipping documents or evidence of a firm contract (for imports under a general licence).

There are no restrictions on the manner of payment for imports. Most Libyan importers make payment only after the arrival of the merchandise.

Goods not cleared within two months are moved from the port transit shed to the Crown Warehouse in the port area; if left in the warehouse over one month, goods are subject to sale at auction. However, if goods are declared within 30 days of arrival and Customs accepts the declaration, they may be transferred to the port authority bonded warehouse. If they remain there over six months, they may be sold by Customs.

### **Qatar**

All goods except firearms and alcoholic beverages may be imported freely without an import licence, provided the importer holds a general licence authorizing him to carry out import transactions. These licences are issued normally to nationals by the Qatar Chamber of Commerce and are valid for an unlimited period.

Foreign exchange to pay for imports is freely available and exchange permits are not required. There are no restrictions on the manner of payment for imports.

Importers normally make payment after arrival of the merchandise. After six months, uncleared merchandise is subject to sale at public auction.

### **Saudi Arabia**

Goods may be imported freely into Saudi Arabia without an import licence, with the exception of hunting arms. Goods that are contrary to Islamic religion and culture, military equipment and explosives, fireworks, motion pictures, films and phonographs (except when used for educational purposes) are prohibited.

Foreign exchange transactions are free of restrictions and there are no restrictions on the manner of payment for imports. Because payment of interest is not allowed, drafts should not carry interest clauses. Certain imports such as wheat, medicines, milk, milk powder, and vegetable oils are subsidized but to obtain the subsidy, these goods must be imported under letters of credit.

Drawees normally make payment only upon arrival of the merchandise. Merchandise not cleared through Customs within seven days is subject to heavy demurrage charges. If it is still uncleared after a year, it is subject to confiscation and sale at auction. There are no bonded or public storage facilities.

### **South Yemen**

Most imports are covered by an Open General Licence. Certain listed goods require special import licences which are valid for six months, but can normally be extended. The import of firearms, ammunition and toy firearms is prohibited.

The granting of an import licence enables the importer to buy the necessary foreign exchange. There are no restrictions on the manner of payment for imports. Importers normally make payment after arrival of the merchandise.

Warehouse bonding facilities do not exist. Goods which are not cleared within ten days after arrival incur very high storage charges. Merchandise which remains uncleared after three months may be sold at public auction.

## **Sudan**

All goods imported into the Sudan are subject to official controls administered by the Ministry of Commerce, Industry and Supply. Merchandise considered essential, such as raw materials for domestic industries and certain textiles, may be imported under Open General Licence. For such goods the importer registers a pro forma invoice with the Ministry. The importer is then given a registration form which for exchange control and customs purposes serves as an import licence.

Other imports require an import licence. The normal period of validity of a licence is three months but extensions may be granted. Automobiles with a c.i.f. value exceeding 500 Sudanese pounds are not licensed, except with special permission.

Exchange control is administered by the Bank of Sudan through authorized banks. Import licences and registration forms include authorization to purchase the required foreign exchange. Imports from Canada may be paid for in either sterling, Canadian dollars, or U.S. dollars. The opening of a letter of credit must be accompanied by a 40 per cent deposit.

It is customary for drawees to defer payment until arrival of goods. Merchandise must be cleared through Customs before the expiry date of either the import licence or the registration form, whichever is applicable. Merchandise not cleared within six months is subject to sale at auction.

## **Syrian Arab Republic**

Most imports require import licences which are issued by the Ministry of Economy. Licences generally are valid for six months and may be extended. All non-government imports, with the exception of raw materials and basic necessities, are subject to an import licence duty of 2 per cent. In addition, all imports are subject to a 2 per cent statistical tax.

Merchandise is divided into three categories: goods which may be imported freely; goods on a Restrictive List which are considered essential and which temporarily are not being admitted because of balance-of-payments considerations or protective reasons; and goods on a Prohibited List (mainly goods produced domestically).

Imports are subject to advance deposits of 15, 40 and 70 per cent of the value, depending on their essentiality. The advance deposit is refunded when payment is made for the import. Any merchandise imported into Syria must be insured by the Compagnie Syrienne d'Assurance. Thus, only imports shipped c. and f. (cost and freight) are permitted. Government imports (including those of SIMEX, the State Import-Export Company), and imports of livestock, fruits, vegetables, and petroleum products are exempt from deposit requirements.

Some 54 commodities, including tires, tubes, tractors, motor vehicles, tobacco and pharmaceuticals are reserved for import through SIMEX.

Syria has a dual exchange system comprised of a free market operated by the commercial banks and a controlled market under the supervision of the Exchange Office, an agency of the Government. Import licences and commercial invoices must be approved by the Exchange Office before exchange is allocated. There is a de facto rationing of foreign exchange in which priority is given to essential imports.

There is no restriction on the manner of payment for most imports. However, for certain items, such as inner tubes and tires, imports may be made only on the basis of credit facilities, for which cover is effected only within a minimum period of 120 days after the date of shipment. Payment is normally made after the arrival of the merchandise.

Merchandise must be cleared through Customs before the import licence expires. It may also be cleared through Customs before the necessary foreign exchange is made available. After 181 days in the Customs shed, merchandise will be sold at auction.

## **Trucial States**

Neither import licences nor exchange permits are required, except for alcoholic beverages, firearms, ammunition and explosives, and narcotic drugs, import of which is permitted only with special approval. The import of cultured or artificial pearls is forbidden. Foreign exchange is freely available and there are no restrictions on the manner of payment for imported goods.

## **United Arab Republic**

Import trade is nationalized, and applications for imports can be made only by the company, organization or Ministry entrusted by the Ministry of Economy with the import of particular goods.

About one-half of all tariff items, mostly non-essential or luxury items or goods of a type produced in the U.A.R., are usually prohibited import, although exceptions may be made if they are needed for urgent economic or development purposes.

Other items subject to additional strict control are arms, ammunition, explosives, narcotics, and live plants. The import of pharmaceuticals is subject to special regulations.

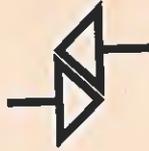
A Supreme Committee for Foreign Exchange set up by the Ministry of Economy has responsibility for exchange control policy. Authorization to import, issued by the appropriate Ministry, suffices as authorization for the bank handling the transaction to draw the necessary exchange from the Central Bank.

Banking in the U.A.R. has been nationalized and specific banks have been designated to effect import payments for each of the economic sectors. Imports may be paid for either by letters of credit or on a collection basis. Payment may be made before arrival of merchandise.

If goods are not cleared through Customs after four months they may be sold at auction. Goods can be stored in bonded public warehouses for six months; this period can be extended.



# trade fairs



## Canadian Fashions an Parade

STUNNING evening gowns, colorful leisurewear, and a herringbone-pattern pant suit highlighted Canada's display at the Commonwealth Fashion Show in London last December.

Gay and daring styles from 23 Commonwealth countries combined fashion knowhow with beauty and presented a dazzling pageant before H.R.H. Princess Margaret. Held in historic Marlborough House, the show was in aid of The National Fund for Research into Crippling Diseases.

Canada's contribution of 37 outfits for day and evening wear were selected and co-ordinated by Miss Nancy McKaskell of Montreal, who worked with the Canadian Textiles Institute. The collection featured 13 original designs by some of Canada's top couturiers, produced from Canadian materials. The show won favorable reaction from the press and trade, and was repeated for buyers and press at Macdonald House.

Fashions from other Commonwealth countries included garments in cheetah and leopard skin from Uganda, Nigerian silks with fine gold embroidery,

modern and classic saris from India, Pakistan, and Ceylon, and flamboyant colors from the West Indies. New Zealand showed its latest woollen fashions and Australia presented an eye-catching array of beachwear and gay summer evening clothes.

## Canadian Metals at Cleveland

THIRTEEN Canadian companies successfully demonstrated services, materials, components, and machinery in a composite exhibit at the 1967 National Metal Exposition and Congress in Cleveland sponsored by the Department of Trade and Commerce. Each firm showed examples of Canada's thriving metals industry and made wide industrial and sales contacts. Potential sales from show exposure were estimated at \$735,000 and actual sales totalled \$19,000.

Sinterings Limited from Guelph, Ontario, reported the largest sales expectation with inquiries valued at some \$500,000. Two Toronto companies, Dominion Magnesium Ltd. and Masterloy Products Ltd., stated show contacts could result in \$30,000 worth of business for each and foretold good future sales possibilities.

Here are two of the 37 outfits flown from Canada for the Commonwealth Fashion Show staged in London last December. Designed by one of Canada's top couturiers, Ruth Dukas of Toronto, the original gown and coat ensemble is of 100 per cent wool from Associated Textiles of Canada Ltd., Montreal. Keeping out the winter chill is one appeal of this dainty ermine bolero and skirt by Brooks-Burnett Inc., Montreal. It is worn here with glitter stockings and sweater from Du Poot Canada Ltd. The collection included many other stunning fashions produced from Canadian materials.



Pneuco Machinery Company, Toronto, drew large crowds with a working exhibit—two press brake machines demonstrated by models in work suits. Four machines were sold at the show and at least five other sales contacts, valued at some \$25,000, were made by this company.

The American Society for Metals, sponsors of the show, estimates that 20,000 registered visitors saw the exhibits; almost all were top-level personnel from the metalworking industry and associated educational and technical institutions.

Canada's entry occupied 3,000 square feet and was the largest single display. Participating were:

*Metalworking and metal processing machinery*

B & K Machinery International Limited  
Toronto, Ontario

*Specialized heat treat services*

B & W Heat Treating Limited  
Kitchener, Ontario

*Diamond-impregnated tools*

Boyles Bros. Industries Limited  
Vancouver, British Columbia

*Rolled ring and die forgings, forged hooks, shaped rings*

Canada Forgings Limited  
Welland, Ontario

*High purity magnesium, magnesium alloy products*

Dominion Magnesium Limited  
Toronto, Ontario

*Precision investment castings*

Cercast Inc.  
Montreal, Quebec

*High alloy castings*

Fahralloy Canada Limited  
Fahralloy-Wisconsin Limited  
Orillia, Ontario

*Barium ferrite and iron oxide powders, separators*

Ferrox Iron Ltd.  
Ottawa, Ontario

*Washer load cells, amplifiers, coders*

George Kelk Limited  
Don Mills, Ontario

*Ferro-alloys of columbium, molybdenum, tungsten, vanadium*

Masterloy Products Limited  
Gloucester, Ontario

*Air press breaks*

Pneuco Machinery Company  
Toronto, Ontario

*Powder metal products*

Sinterings Ltd.  
Guelph, Ontario

*Custom-made precision non-ferrous products*

Wallaceburg Brass Limited  
Wallaceburg, Ontario

## Canadian School Aids at ASA

CANADA'S latest developments in educational aids will be unveiled in the United States this month. The date is February 17 and the place, Atlantic City during the American Association of School Administrators' Convention. This is an annual event held in the great Convention Hall on the boardwalk. ASA members meet to discuss their problems and other matters of mutual interest, and to see recent innovations in school supplies displayed by manufacturers.

When I first visited this show in 1965, I was so impressed by the diversity of needs of present-day schools that I wrote a report entitled "Selling School Supplies in the United States", published in *Foreign Trade* of July 24, 1965. I noted that some 550 American companies usually exhibited products in 60 categories at this five-day show. Attendance, excluding the general public, totalled over 27,000, to make it the largest annual convention held in Atlantic City. This rapidly growing field of school aids represents a multi-million dollar market—and most Canadian manufacturers are overlooking it.

This year, because of the larger number of exhibitors, show officials have taken additional space in two hotels, the Shelburne and Haddon Hall. The Department of Trade and Commerce has acquired 2,400 square feet of space in the latter and will sponsor 12 Canadian manufacturers displaying a wide range of educational aids. The show will run for five days, and it is predicted that some 40,000 visitors will appraise the products of 900 exhibitors from the U.S. and Canada.

This is the first time a foreign country has participated in this show, and visitors and buyers are expected to be curious to find out what is happening in Canadian educational equipment and aids. Those who visit our exhibit will not be disappointed: a number of products unique in conception and design will be on display. In addition to school administrators, hundreds of agents and distributors from across the country will be in Atlantic City, looking for new products. Unless I am badly mistaken, Canadian representatives should be kept busy with their order books and with inquiries for representation from many areas. The participating Canadian companies and their products are:

**Alda Instruments Limited**

Toronto, Ontario

*multiple answering teaching aid (MATA)*

**Central Dynamics Limited**

Pointe Claire, Quebec

*video equipment for educational television systems*

**Century Fiberglass Marketing Limited**

Calgary, Alberta

*fiberglass laboratory fume hoods for chemical laboratory*

**Electrohome Ltd.**

Kitchener, Ontario

*television receivers and related equipment for educational television systems*

Eastech Limited  
Windsor, Nova Scotia

*logic laboratory training unit and a selection of electrical equipment for the collection of computerized data*

Electronic Controls Limited  
Belleville, Ontario

*motor generator trainers, transformer demonstrators, and refrigeration trainers, and instrumentation and teaching aids*

General Manufacturing Company Limited  
Drummondville, Quebec

*three woodworking machines, drill press, circular saw, disc and belt sander for woodworking shops*

Multi-Vox Limited  
Montreal, Quebec

*selection of equipment for school intercom and PA systems, and a vandal alarm system*

The Pedlar People Limited  
Oshawa, Ontario

*lockers and modular work benches for vocational workshops*

Standard-Modern Tool Company Limited  
Toronto, Ontario

*engine lathes for machine shops*

Vilas Industries Limited  
Cowansville, Quebec

*sliding chalk board units, student desks and chairs, and kindergarten stacking tables*

White Electronic Development Corp. (1966) Limited  
Rexdale, Ontario

*automatic language laboratory, stenographic trainer and tape duplicator*

—W. J. MILLYARD,

*Consul and Trade Commissioner, Philadelphia.*

## foreign tariffs and trade regulations



### Germany's Added Value Tax

A NOTE on Germany's added value tax, which took effect on January 1, 1968, was published in the December 9, 1967, issue of *Foreign Trade*. A number of readers have raised questions about this tax, and we are therefore publishing the substance of an article put out by the Commerzbank in Duesseldorf.

Under the former system, there was an all-phase tax (gross tax) applied cumulatively at every successive stage of production and sale. The new system introduces an added value tax (net tax), the purpose of which is to ensure a uniform burden on all products. In foreign trade, it means that the previous system of comprehensive equalization tax rates for imports and global reimbursement of inland revenue collected on exports can be replaced by precise methods of tax burden and relief.

The disadvantage of the previous tax, levied at a standard rate of 4 per cent on every stage of manufacture and sale from raw material to finished product, was that it took no account of the total amount paid to the inland revenue office. Every time goods changed hands the tax was payable on the gross selling price and tax was charged on tax. The total tax therefore depended on the number of times the goods changed hands on the way from producer to final consumer. Such an arrange-

ment offered competitive advantages at home and abroad to large companies, particularly to vertically integrated groups which carry out several manufacturing and marketing steps.

In general, the so-called country of destination principle determined how turnover tax was levied in foreign trade. It meant that the exporter got a refund of the turnover tax paid on his goods but an equalization tax was payable on imported commodities. Under that system it was almost impossible to calculate exactly the effective tax burden as a basis for applying equalization tax rates and obtaining reimbursements. Consequently, over-all rates had to be applied to certain categories of goods.

Many German exporters found their competitive power weakened because refunds were frequently less than the amount of tax actually paid. It is believed that the ability to claim reimbursement of the exact amount of tax paid will slightly improve the exporter's competitive position; the full effect, however, will not be felt before 1973, when all capital investments will be integrated in the new system.

An equalization tax is to be levied on imports. Like the added value tax, it will be 10 per cent up to June 30,

1968, after which it will be 11 per cent. Reduced rates of 5 and 5.5 per cent will apply to certain types of goods and some imports are to be tax-free. Under the old arrangements, rates of equalization tax ranged from 1 to 10 per cent, depending on the estimated amount of tax levied on comparable home-produced goods.

It should not, however, be assumed that the new rates of added value tax will work against foreign suppliers because the new rates are also applicable to domestic products. Also, the tax initially paid on imports is deductible in the subsequent processing or marketing stage. The foreign supplier is thus given precisely the same treatment as his German counterpart. Imports in the past have been favoured because the equalization tax did not lead to a full adjustment but most of the discrepancies were abolished during the last few years. For some time, the foreign competitor will have an advantage, because in Germany many goods will carry taxes imposed under the old system and there will be some double taxation in spite of generous relief. By automatically correcting the remaining discrepancies, the added value tax may have some influence on the international flow of commodities.

### **Argentina's Import Regime**

ON JUNE 30, 1967, Argentina was officially accepted as a member of the GATT. In the negotiations for membership which were conducted as part of the Kennedy Round, Argentina exchanged tariff concessions on certain products with other members. The reduction in duties varied from item to item and the new rates reflect to a large extent whether or not a particular product is manufactured in Argentina and its degree of essentiality. When a similar product is manufactured locally, the tariff can be as high as 140 per cent of the c.i.f. value. In other instances where the product is not manufactured in Argentina or is not produced in sufficient quantity to meet local demand and is considered essential, the new rate of duty may be as low as 10 to 15 per cent or could even be nil.

The two important considerations for Canadian exporters are one, the fact that some tariff rates in the past year have decreased in Argentina, thereby providing better over-all sales opportunities in this market, and two, that if the product the Canadian company wishes to export to Argentina is manufactured locally, then the tariff rate will normally be so high as to make sales extremely difficult. Prospects therefore are best for those lines not made locally.

Canadian exporters should also note when considering the rates of duty that must be paid on imports of their lines into Argentina that in this market the members of the Latin American Free Trade Association (Chile, Uruguay, Brazil, Bolivia, Paraguay, Venezuela,

Peru, Ecuador, Colombia and Mexico) enjoy tariff advantages on certain products. Any Canadian exporter wishing information on the new Argentine tariff rates for specific items or on LAFTA rates of duty should contact the Latin American Division, Office of Trade Relations, Department of Trade and Commerce in Ottawa. (Argentina, incidentally, uses the Brussels nomenclature.) Rates of duty are calculated on the c.i.f. value of the goods or in some cases on an official valuation.

### **Prior Deposits**

For most imports into Argentina, the importer must now deposit with a bank a sum of money equivalent to 40 per cent of the cost and freight value of the shipment before he is permitted to open a letter of credit, take delivery of shipping documents, purchase forward exchange, make a prepayment, or clear goods through Customs.

This deposit is retained for a minimum of 180 days and released only with the prior approval of the Central Bank. Official government departments are not required to lodge deposits for any type of merchandise. For all imports received from LAFTA countries the deposit is necessary only in making a prepayment and clearing goods through Customs.

### **Import Controls**

There are no exchange controls in Argentina at the present time nor is there any import licensing as such. Control over imports is now effected by the tariff. However, in March of last year the Argentine Government did suspend the import of certain products and for the time being these are not allowed into the country. These products are internal combustion motors, automobiles, buses for passenger transport, ambulances, heavy-duty freighters, vehicles in general other than for passenger transportation, chassis and automobile bodies, wheeled tractors of up to 120 hp., and track tractors of up to 85 hp. This prohibition, which may only be temporary, reflects the Government's desire to protect domestic industry.

### **Capital Goods**

As indicated in this report, imports of merchandise into Argentina can in general be made freely. The exception, however, is capital goods which must meet certain financial and payment conditions as set by the Argentine Central Bank, unless they originate from countries within LAFTA. Imports of capital goods are exempt from the need for prior deposits but are subject to the following conditions of payment. Imports not exceeding a value of \$10,000, 15 per cent of the invoiced value may be paid in cash. It is also permitted to pay in cash all expenses incurred for freight, con-

sular fees, and insurance, over and above the 15 per cent mentioned in the previous sentence. Liquidation of the remainder of the f.o.b. value must however be effected in equal periodic instalments, subject to the following minimum time limit from date of shipment.

<i>Value of imports in U.S. dollars</i>	<i>Balance over</i>	<i>1st Instalment at</i>
Over 10,000 and up to 30,000	2 years	6 months
Over 30,000 and up to 50,000	3 years	6 months
Over 50,000 and up to 100,000	3½ years	6 months
Over 100,000 and up to 200,000	4 years	6 months
Over 200,000 and up to 500,000	4½ years	12 months
Over 500,000 and up to 1,000,000	5 years	12 months
Over 1,000,000 — Central Bank to be consulted		

The above are f.o.b. values and apply equally to their equivalent in currencies other than the United States dollar. These terms cannot be altered by the importer.

Imports to be effected under conditions other than those indicated above and imports exceeding one million dollars in value must be previously agreed to by the Central Bank. Imports are not subject to import licences or other restrictive measures. For the purpose of this payment regime, a list of products considered capital goods has been drawn up by the Central Bank and may be consulted in the Latin American Division of the Department by anyone interested in identifying individual items. All imports of capital goods of national, provincial, municipal or other government bodies, exempt or not from customs duties, must be previously authorized by the Minister of Economy. In cases of doubt, banking institutions must refer to the Central Bank.

—F. J. DOLAN

*Commercial Assistant, Buenos Aires.*

## Trade Commissioners on Tour

### In Territory

**Australia—Sydney office territory**—W. G. Roberts, Assistant Commercial Secretary in Sydney, will visit Papua, New Guinea, Solomon Islands, New Hebrides and New Caledonia early in March.

*Please note:* because of the continuing postal services strike the Sydney office advises Canadian businessmen to cable or telex inquiries they would like Mr. Roberts to pursue.

**Barbados**—J. D. Tennant, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Bridgetown February 11-17.

**Britain**—A. Lloyd, Commercial Officer in Liverpool, will visit Blackpool February 21, Leeds and Bradford March 15-16, and Manchester March 27-28.

K. R. Higham, Assistant Trade Commissioner in Liverpool, will visit Manchester February 22-23, and Hull March 20-21.

J. H. Nelson, Trade Commissioner in Liverpool, will visit Sheffield February 28-29.

**Brunei**—P. Stuchen, Commercial Counsellor in Kuala Lumpur, Malaysia, will visit Brunei during the period February 12-24.

**Burma**—P. Stuchen, Commercial Counsellor in Kuala Lumpur, Malaysia, will visit Burma March 4-9.

**California**—D. S. M. Baker, Consul and Assistant Trade Commissioner in San Francisco, will visit Stockton, Modesto and Fresno during the week of February 19.

**Central America**—J. S. A. Solvedt, Assistant Commercial Secretary in Guatemala City, will visit Costa Rica, El Salvador, Honduras, Nicaragua and Panama March 18-29.

**Colorado**—R. M. Dawson, Consul and Trade Commissioner in San Francisco, will visit Denver March 11-15.

**Eastern Caribbean**—J. D. Tennant, Assistant Commercial Secretary in Port-of-Spain, will tour the Eastern Caribbean islands beginning March 8.

**Ecuador**—S. F. Pattee, Assistant Trade Commissioner in Bogota, Colombia, will visit Quito the week of February 19, and Guayaquil February 26-28.

**Iceland**—D. B. Browne, Acting Commercial Secretary in Oslo, Norway, will visit Reykjavik and Akureyri February 19-23.

**Indn-China**—A. Blum, Assistant Trade Commissioner in Hong Kong, will visit Vietnam February 20-26, and Cambodia February 27-March 4.

**Indonesia**—J. H. Bailey, Commercial Counsellor in Singapore, will visit Indonesia March 6-8.

**Knrea**—J. A. Stiles, Minister (Commercial) in Tokyo, Japan, will visit Korea during the first week of March.

**Malaysia**—P. Stuchen, Commercial Counsellor in Kuala Lumpur, will visit East Malaysia (Sabah and Sarawak) during the period February 12-24.

**Netherlands Antilles**—J. E. Kepper, Assistant Commercial Secretary in Caracas, Venezuela, will visit Curacao and Aruba March 11-16.

**Pakistan**—W. J. Jenkins, Commercial Counsellor in Rawalpindi, will visit Dacca, Khulna and Chittagong, (East Pakistan), February 23-March 4, and Karachi, (West Pakistan), March 18-22.

**Thailand**—A Trade Commissioner from Singapore will be making a monthly visit to Thailand throughout 1968. Correspondence should normally be addressed to the Singapore office although contact can also be made through the Canadian Embassy in Bangkok, P.O. Box 2090 (telex: 2277; cable: DOMCAN, Bangkok; phone: 32-956).

Businessmen who would like the above to undertake assignments for them should write to the post as soon as possible.

# Foreign Exchange Rates

These nominal quotations may help exporters in checking prices, but they should consult their bank before making any firm commitments. When more than one rate is shown, the one to be used 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.

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

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

For conversion of column one to the U.S. dollar equivalent, *multiply* by .92. To convert column two, *divide* by .92.

Country and Currency	Value of		Country and Currency	Value of	
	Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units		Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
	at February 2			at February 2	
<b>Aigeria</b> Dinar	.2210	4.52	<b>Denmark</b> Krone	.1457	6.81
<b>Argentina</b> Peso (free)	.0031	322.58	<b>Dominican Republic</b> Peso	1.090	.92
<b>Australia</b> Dollar	1.223	.8163	<b>Ecuador</b> Sucre (official)	.0604	16.50
<b>Austria</b> Schilling	.0420	23.98	(free)	.0541	18.45
<b>Bahamas</b> Dollar	1.066	.9364	<b>El Salvador</b> Colon	.4350	2.30
<b>Beigium and Luxembourg</b> Franc	.0219	46.25	<b>Fiji</b> Pound	2.498	.40
<b>Bermuda</b> Pound	2.623	.38	<b>Finland</b> Markka	.2589	3.86
<b>Bolivia</b> Peso	.0914	10.92	<b>France, Monaco, etc.<sup>3</sup></b> Franc	.2210	4.52
<b>Brazil</b> Cruzeiro (official free)	.3393	2.95	<b>Franco-African Republics<sup>4</sup></b> Franc	.0044	227.79
<b>Britain</b> Pound	2.623	.38	<b>French Pacific<sup>5</sup></b> Franc	.0122	82.64
<b>British Honduras</b> Dolar	.6558	1.52	<b>Germany</b> D Mark	.2717	3.68
<b>Burma</b> Kyat	.2284	4.20	<b>Ghana</b> New Cedi	1.066	.94
<b>Ceylon</b> Rupee	.1827	5.47	<b>Greece</b> Drachma	.0363	27.86
<b>Cbile</b> Escudo (bank rate)	.1811	5.52	<b>Guatemala</b> Quetzal	1.088	.92
(free)	.1560	6.41	<b>Guyana</b> Dollar	.5438	1.83
<b>China, Republic of</b> New Taiwan Dollar (official)	.027	37.04	<b>Haiti</b> Gourde	.2175	4.60
<b>Colombia</b> Peso (fixed)	.067	14.95	<b>Honduras</b> Lempira	.5438	1.83
<b>Congo, Republic of<sup>1</sup></b> Franc	.0072	139.50	<b>Hong Kong</b> Dollar	.1794	5.56
<b>Costa Rica</b> Colon	.1642	6.09	<b>Hungary</b> Forint (official)	.0921	10.86
<b>Cuba<sup>2</sup></b> Peso	.....	.....	<b>Iceland</b> Krona (official)	.0191	52.91
<b>Czechoslovakia</b> Koruna	.1510	6.62	<b>India</b> Rupee	.1455	6.87

Country and Currency	Value of		Country and Currency	Value of	
	Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units		Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
<b>Indonesia<sup>6</sup></b>			<b>Peru</b>		
Rupiah	.....	.....	Sol (free)	.0270	37.04
<b>Iran</b>			<b>Philippines</b>		
Rial	.0144	70.42	Peso (free)	.2779	3.60
<b>Iraq</b>			<b>Poland</b>		
Dinar	3.045	.33	Zloty (fixed basic rate)	.2719	3.68
<b>Ireland</b>			<b>Portugal &amp; Colonies<sup>7</sup></b>		
Pound	2.623	.38	Escudo	.0378	26.33
<b>Israel</b>			<b>Saudi Arabia</b>		
Pound	.3107	3.22	Riyal	.2066	4.84
<b>Italy</b>			<b>Sierra Leone</b>		
Lira	.0017	581.86	Leone	1.523	.66
<b>Japan</b>			<b>South Africa</b>		
Yen	.0030	333.33	Rand	1.523	.66
<b>Kenya</b>			<b>Spain &amp; Dependencies</b>		
Shilling	.1526	6.55	Peseta	.0156	64.25
<b>Lebanon</b>			<b>Sweden</b>		
Pound (free)	.3371	2.97	Krona	.2109	4.74
<b>Malaysia</b>			<b>Switzerland</b>		
Dollar	.3553	2.81	Franc	.2500	4.00
<b>Mexico</b>			<b>Syria</b>		
Peso	.0870	11.47	Pound (free)	.2847	3.51
<b>Morocco</b>			<b>Thailand</b>		
Dirham	.2149	4.65	Baht (free)	.0527	18.90
<b>Netherlands</b>			<b>Tunisia</b>		
Florin	.3017	3.31	Dinar	2.072	.48
<b>Netherlands Antilles</b>			<b>Turkey</b>		
Florin	.5767	1.73	Lira	.1208	8.28
<b>New Zealand</b>			<b>United Arab Republic</b>		
Dollar	1.227	.81	Pound (official)	2.501	.40
<b>Nicaragua</b>			<b>United States</b>		
Cordoba	.1554	6.42	Dollar	1.088	.92
<b>Nigeria</b>			<b>Uruguay</b>		
Pound	3.051	.33	Peso (free)	.0055	185.18
<b>Norway</b>			<b>Venezuela</b>		
Krone	.1523	6.57	Bolivar (official free)	.2423	4.12
<b>Pakistan</b>			<b>West Indies</b>		
Rupee	.2284	4.38	Dollar <sup>8</sup>	.5438	1.84
<b>Panama</b>			Pound <sup>9</sup>	2.623	.38
Balboa	1.088	.93	<b>Yugoslavia</b>		
<b>Paraguay</b>			Dinar (official)	.0870	11.47
Guarani (free)	.0087	116.28			

1. Additional rates are in effect.

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

3. Franc is also used in French Guiana, Guadeloupe and Martinique.

4. 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.

5. New Caledonia, New Hebrides, French Polynesia.

6. Because of the complexity of the Indonesian exchange rate system, it is impractical to quote a single representative rate for the rupiah.

7. Approximately same rate for Portuguese territories in Africa.

8. Barbados, Trinidad and Tobago, Leeward and Windward Islands.

9. Jamaica.

# Marketing Data Sheet

## SAUDI ARABIA

### Area

850,000 square miles.

### Climate

Most of Saudi Arabia is desert and is hot and dry. Jeddah, the main commercial centre on the west coast, frequently has temperatures over 100°F with humidity over 90 per cent. In Riyadh, the capital, the temperature in summer reaches 120°F but in December and January may drop to freezing point; humidity in Riyadh is always very low. Dahrán, Damman and Al-Khobar have similar temperatures but the humidity is higher. In the north, there are heavy rainstorms at times. The Shamal, a north wind, produces sand and dust storms.

### Population

Estimated at about 6 million, two-thirds nomadic. There are about 700,000 settled cultivators and 1.3 million urban dwellers.

### Income

GNP is estimated at \$1.5 billion, per capita income at \$252. Oil revenues bring in about \$709 million. The budget for 1967-68 is \$987 million and is the ninth balanced budget.

### Motor Vehicles

In 1967, there were an estimated 92,000 vehicles of all kinds.

### Telephones

There are 30,000 telephones in Saudi Arabia. Over a five-year period, 40,700 new automatic lines will be added which will link the country's ten major cities. There are radio communication stations at Jeddah and Riyadh and these are at present being extended.

### Radio and Television

There are one million radio sets and 30,000 television sets. Radio stations are owned by the Government. Government

television stations at Jeddah and Riyadh are assisted by NBC and RCA under contract with the United States Government; television stations are planned for Medina and Qasim. The present system operates to modified CCIR standards with 625 lines per picture. ARAMCO has its own station in the Eastern Province, using the U.S. system with 525 lines per picture.

### Water

Usually safe to drink. Riyadh has well water with low calcium content. Jeddah and most other cities use both well water and desalinated sea water. There are large reserves of ground water but they are difficult to exploit commercially; several new desalination plants have been proposed.

### Electric Power

In Dahrán, Damman and Al-Khobar areas, power is usually supplied at 60 cycles a.c. 100 or 120 volts. In Mecca, 50-cycle a.c. 220 volts is used. Saudi Arabia within the next ten years will standardize on 50-cycle a.c. 220 volts.

### Gas

Natural gas or LPG is available throughout most of the country.

### Petroleum Products

All petroleum products are available, many made locally. Production of crude in 1966 was 120 million tons, most of which was exported. Reserves in 1965 were put at 6 billion barrels.

### Weights and Measures

The metric system is widely used. U.S. standards are used in the oil industry; a few local land and volumetric measures survive.

### Standards

No official approval mandatory for gas, electrical or other appliances. Importers usually accept U.S. Underwriters' Laboratories, CSA or recognized European standards.





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

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