

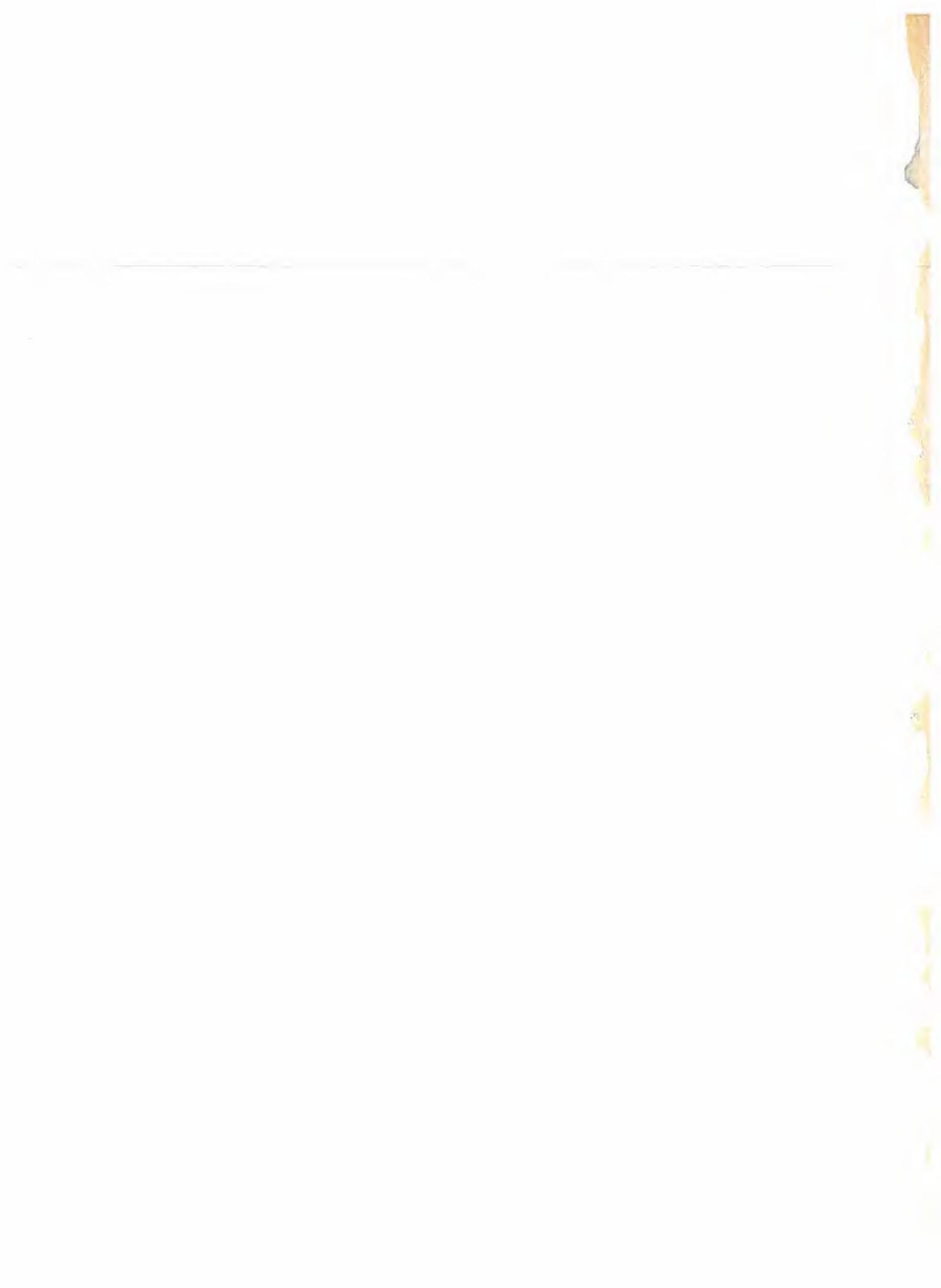
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FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA



Development and Trade in South America



FOREIGN TRADE

MARCH 2, 1968

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COVER: As the reports in this issue emphasize, South American countries still depend heavily on one or two primary products for their export trade. In Chile it is copper; here crushed ore is being conveyed to the treatment division of the copper smelter near Autofagasta. Further processing of resource products before they are shipped abroad has become an objective of many of the South American economies.
—IFC photo

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Latin America: Trade and Development 2

Canada's trade with Latin America has more than trebled since the war. The potential is enormous. Countries in the area are at different stages of industrial development and provide the whole gamut of export opportunities, from civil engineering to luxury consumer goods. The leading article describes Latin America as a whole, those that follow look at business conditions in individual South American countries and at shipping services to them. Exporters to the area will find the summary of import and exchange regulations particularly useful.

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COMING—THE HAGUE TRIES NEW TRADE PROMOTION, MARCH 16 ISSUE

Latin America:

Trade and Development

The year 1967 saw some progress made in solving economic problems, varying from country to country. Canada's sales to the area held up well and reached \$259 million in first three quarters of year.



In the Concepcion area of Chile, a Canadian-made skidder is hard at work hauling logs for the Instituto Forestal. Equipment like this for the resources industries made up a large part of Canadian export shipments to South America last year.

J. M. T. THOMAS,
Chief, Latin American Division.

THE TWENTY Latin American republics together account for a substantial share of world trade. They are also important trading partners for Canada and their economic development and their role in international trade is of considerable interest to the Canadian business community.

Although the twenty republics in the Caribbean, Central America, and South America share a Latin cultural and linguistic heritage, there are many political, economic and geographic differences among them. As a result, twenty nation states have emerged with strong individual personalities.

Generally speaking, from the economic point of view and by comparison with North America and Western Europe, the Latin American republics are considered to be developing countries. However, even here it is difficult to generalize because the degree of economic development as reflected in per capita income varies considerably from country to country. In some parts of Latin America there is still relatively little industrialization and subsistence agriculture persists; other parts have witnessed rapid economic growth. The southeast corner of Brazil, for example, contains one of the world's great industrial complexes. Mexico too has achieved substantial economic expansion in recent years and is close to the point of economic takeoff into self-sustained growth.

Nevertheless, the Latin American republics as developing countries ex-



This paper mill in Montevideo, capital of Uruguay, makes kraft, tissue, and other papers, using Canadian pulp. Wood pulp, in fact, ranks high among our exports to the Latin American area; shipments reached a value of Cdn.\$8.6 million in 1966.

hibit certain similarities in their international trading pattern. Basically they are exporters of foodstuffs (particularly tropical), fuel (mainly Venezuelan oil), and industrial raw materials. Their principal imports are capital goods and industrial raw and semi-processed materials—reflecting the importance they attach to industrial development and their need for materials not found locally to operate their new industries. Imports of consumer goods still account for about 15 per cent of total imports, but the share is decreasing as local secondary industry develops behind tariff barriers. Industrial development is also resulting in the appearance of manufactured goods in Latin American exports. Although this sector only accounts for 10 per cent of total exports, its share will probably increase as industrial expansion continues.

Inflation a Problem

The past year in Latin America has witnessed general trade development and some headway in coping with traditional economic problems. There have also been some difficulties. In the two biggest countries on the continent, Argentina and Brazil, inflation, although continuing, has been reduced through campaigns to bring about economic stability. Both countries devalued their currencies and liberalized their import regimes to some extent. The Venezuelan economy continues to expand and Colombia, which was in serious balance-of-payments difficulties in 1966, appears to be making a recovery although it still finds it neces-



The spanking new fire truck in this picture was one of twelve manufactured in a Quebec plant and shipped to the Fire Department in Bogotá, Colombia, last September. At the right is G. D. Valentine, Commercial Secretary, Canadian Embassy.

sary to maintain substantial import controls.

Peru and Uruguay, on the other hand, saw their economic condition deteriorate in 1967. In Peru a prolonged boom has come to an end and inflation and falling exports have been reflected in a substantial devaluation of the Peruvian sol, accompanied by a reintroduction of exchange controls and an increase in the tariffs on consumer goods and components for local assembly. Uruguay has been in particularly difficult straits because of natural disasters affecting its exports, galloping inflation, and falling productivity. These have resulted in a serious balance-of-payments deficit. The Uruguayan peso was devalued several times and to conserve foreign exchange an almost complete embargo was imposed on imports in July 1967. This was partially lifted in December 1967 and January 1968, when exports began to expand again.

In Central America, Mexico continued to maintain steady economic growth although a chronic trade deficit persisted. However, the Central American Common Market experienced a slowdown in development after a period of steady economic growth since the formation of CACOM in 1960, and individual members faced balance-of-payments problems.

LAFTA and CACOM

In order to overcome the problems imposed by compartmentalized national markets protected by tariff barriers and to promote industrial development and greater economic efficiency, the South American countries in 1960 set up the Latin American Free Trade Association. The aim of LAFTA is to achieve free trade in the region by 1973. With the accession of Venezuela in 1966, all the republics on the continent plus Mexico are now members. Although there has been progress, the movement towards free trade in LAFTA has been slow and expansion of intra-LAFTA trade somewhat uneven. Negotiation of tariff concessions has proved fairly difficult and the non-tariff barriers and margins of preference have been problems. Over 700 general and 600 special concessions were granted by individual members in the last negotiating session which ended in Monte-

TABLE I
WHAT CANADA SELLS TO LATIN AMERICA

	1965	1966	Jan.-Sept. 1966	Jan.-Sept. 1967
	(Cdn.\$ million)			
Wheat	43.1	34.2	26.9	21.4
Wheat flour	21.7	30.4	24.9	19.1
Asbestos fibers, grades 4 and 5	10.1	12.7	8.4	9.7
Plastic and synthetic rubber	14.1	11.4	8.8	6.7
Wood pulp	7.0	8.6	6.7	8.0
Newsprint	34.1	40.3	29.0	27.1
Sheet and strip steel, n.e.s.	14.1	17.5	12.8	11.5
Aluminum pigs, ingots and slabs	10.8	12.8	9.1	9.7
Passenger autos and chassis	24.5	36.3	16.5	29.0
Trucks and chassis	*	17.8	*	18.3
Parts for motor vehicles, n.e.s.	6.5	20.1	5.1	12.4
Total major exports	186.0	242.1	122.1	119.6
Total all exports	315.9	363.9	264.5	259.0
Major items as a per cent of total exports	59	66	46	46

*Under one million dollars

TABLE III
CANADA'S EXPORTS TO LATIN AMERICA

	1946	1964	1965	1966	Jan.- Sept. 1966	Jan.- Sept. 1967
	(Cdn.\$ million)					
Mexico	10.5	65.1	51.0	52.1	33.3	34.5
Central America						
Guatemala	.9	3.4	4.0	3.3	2.5	2.3
El Salvador	.5	4.4	4.1	3.3	2.4	3.5
Honduras	.6	1.3	1.0	1.4	1.0	.8
Nicaragua	.4	2.2	2.8	3.1	2.1	2.2
Costa Rica	.9	3.8	5.4	5.1	4.1	3.5
Panama	1.5	4.6	4.6	5.4	3.5	3.5
Total Central America & Mexico	15.3	84.8	72.9	73.7	48.9	50.3
Caribbean America						
Cuba	5.3	60.9	52.6	61.4	46.3	33.2
Haiti	1.1	1.5	1.3	1.2	.9	.9
Dominican Republic	1.5	9.1	6.2	6.8	5.0	3.4
Total Caribbean America	7.8	71.5	60.1	69.4	52.2	37.5
South America						
Argentina	14.0	26.9	32.7	39.5	30.1	25.6
Bolivia	.5	1.0	1.7	2.1	1.6	1.8
Brazil	24.6	23.0	17.5	21.2	13.5	17.7
Chile	3.6	12.7	10.5	12.3	8.8	11.8
Colombia	8.9	21.3	17.4	25.4	18.6	14.2
Ecuador	.8	5.7	4.7	3.0	2.5	2.4
Paraguay	(a)	.5	.2	.1	.1	.1
Peru	3.0	10.7	21.9	36.4	27.2	27.9
Uruguay	2.7	5.7	3.3	4.8	3.1	2.4
Venezuela	11.0	64.1	73.0	76.0	57.9	67.3
Total South America	69.4	171.6	182.9	220.8	163.4	171.2
Total Latin America	92.5	327.9	315.9	363.9	264.5	259.0

(a) less than \$100,000

TABLE II
WHAT CANADA BUYS FROM
LATIN AMERICA

	1964	1965	1966
	(Cdn.\$ million)		
Bananas	30.1	31.2	31.6
Raw sugar for refining	4.5	3.4	4.2
Green coffee	52.2	47.8	38.4
Raw cotton	1.5	5.1	9.8
Sisal and agave fibers	4.4	2.9	3.6
Iron ore	3.8	2.4	3.5
Crude petroleum	242.9	208.4	166.1
Diesel and tractor fuel	4.9	13.7	11.7
Fuel oil No. 2 & No. 3	13.5	18.1	14.5
Fuel oil/heavy oil	10.2	15.3	16.6
Total major items	368.8	348.3	299.9
Total all imports	423.3	411.5	362.4
Major items as a per cent of total imports	87.1	84.6	82.7

TABLE IV
CANADA'S IMPORTS FROM LATIN AMERICA

	1946	1964	1965	1966	Jan.- Sept. 1966	Jan.- Sept. 1967
	(Cdn.\$ million)					
Mexico	14.6	23.2	27.2	33.5	28.4	23.1
Central America						
Guatemala	2.9	2.4	2.9	2.7	2.1	1.9
El Salvador	2.4	3.4	2.7	2.1	1.2	1.7
Honduras	15.6	7.7	10.2	11.4	8.9	8.6
Nicaragua	(a)	.7	.2	.4	.3	1.4
Costa Rica	1.5	8.4	6.7	6.5	5.1	5.5
Panama	(a)	15.1	19.4	16.1	11.3	11.5
Total Central America & Mexico	37.0	60.9	69.3	72.7	57.3	53.7
Caribbean America						
Cuba	13.2	3.5	5.3	5.6	4.6	4.7
Haiti	.8	2.1	1.1	.9	.8	.7
Dominican Republic	7.1	5.1	2.1	1.3	1.1	.9
Total Caribbean America	21.1	10.7	8.5	7.8	6.5	6.3
South America						
Argentina	14.4	5.9	5.4	4.9	3.1	4.0
Bolivia	(a)	.3	.4	.2	.1	(a)
Brazil	14.0	39.5	35.6	35.8	24.3	23.2
Chile	.4	1.8	1.7	1.9	1.6	1.5
Colombia	9.7	14.9	16.8	11.6	8.8	10.4
Ecuador	.2	9.4	8.5	7.9	6.2	6.3
Paraguay	.3	.5	.5	.5	.2	.6
Peru	.8	7.8	9.1	3.5	2.9	1.4
Uruguay	.6	1.0	1.0	0.5	.4	.3
Venezuela	26.9	270.6	254.7	215.1	161.8	194.0
Total South America	67.3	351.7	333.7	281.9	209.4	241.7
Total Latin America	125.4	423.3	411.5	362.4	273.2	301.7

(a) less than \$100,000

video in December 1967 and Venezuela, which was negotiating for the first time with some members, is reported to have concluded negotiations with Argentina and Brazil. However, member countries were unable to agree on further additions to the common list of products in which intra-LAFTA trade must be free by 1973.

One result of the difficulties encountered in LAFTA is a trend towards sub-regional economic integration in Latin America. The six countries along the Andes Mountains have banded together to form the so-called "Andean Group" which will attempt to co-ordinate industrial development and liberalize trade among themselves at a faster rate than in LAFTA as a whole. A similar development is contemplated by the countries around the Rio Plate in the southeast of the continent.

The members of the Central American Common Market (Guatemala, El Salvador, Costa Rica, Honduras and Nicaragua) have made steady progress in freeing trade among themselves since their customs union was established in 1960. About 95 per cent of internal tariffs have been removed on their trade and their common external tariff is practically complete.

Effects of Kennedy Round

The year 1967 will long be remembered in international trade circles as the year in which agreement was reached in GATT on the Kennedy Round tariff reductions. A number of Latin American countries participated as GATT members, including Brazil, Chile, the Dominican Republic, Nicaragua, Peru and Uruguay. Argentina also took part in the Round as part of the process of acceding to the GATT.* As less developed countries, the Latin American countries participated on the basis of special provisions under which they were not required to provide reciprocity for the benefits they received. Nevertheless, a number of them did contribute to trade liberalization in various ways. In addition to tariff concessions where these would not hamper their economic development programs, they removed some non-tariff barriers. For example, Brazil has got rid of a number of import

*Argentina became a full member of the GATT on October 11, 1967.

tariffs, eliminated prior deposits and simplified its customs procedures.

Trade with Canada

Trade between Canada and Latin America has more than trebled since World War II and has just about matched the over-all expansion of Canada's foreign trade. Canada has traditionally had a small trade deficit with the area, principally because of large imports of Venezuelan oil. In 1966, the pattern was reversed when exports to Latin America reached \$363.9 million, just in excess of imports from the area of \$362.4 million. In 1967, however, the traditional pattern showed signs of reasserting itself as Canadian purchases of Latin American products rose and sales to the Caribbean area slackened off, more than offsetting higher exports to Central and South America. According to returns for the first nine months of 1967, exports totalled \$258.8 million and imports \$301.7 million.

Canada's exports to Latin America range over a wide variety of products but tend to follow the general pattern of exports into the area. The accent is increasingly on capital equipment which, with other manufactured goods, has accounted for about 60 per cent of shipments in recent years. However, the share enjoyed by consumer goods has been decreasing as secondary industry develops in the various Latin American countries. Food and live animals are also important, accounting for about one quarter of our exports. Another 10 per cent is made up of raw materials. Less than ten items, principally industrial materials, wheat and wheat flour, and motor vehicles and chassis make up more than half of Canadian exports to the area. Although the over-all trend of Canadian exports to the area is up, sales vary from year to year because of the once-only nature of many of the capital equipment exports, fluctuations in economic growth rates in individual countries, and the availability of international financing.

Loans and Credit

Export credits are of particular importance in selling to Latin America, especially capital equipment, and the facilities of the Export Credits Insurance Corporation have been used

more extensively for Latin America than any other single area. Of the \$386.9 million extended under Section 21A of the ECIC Act by the beginning of 1968, some \$152.3 million (or 39.4 per cent) covered exports to Latin America.

Although Canada is not a member of the Inter-American Development Bank, Canadian exports to Latin America of both goods and services have also been assisted by the Canadian External Aid Development Loan Program administered through the Bank. To date the Canadian Government has allocated \$40 million for use in this program. By the beginning of 1968, some ten loans valued at over \$21 million had been approved; eight had already been signed and two were awaiting signature. Canadian exporters are currently also eligible to compete for business financed from the ordinary resources of the Bank, but not from the Fund for Special Operations. In addition, Canadian exporters may compete for all business financed by the World Bank group and the United Nations Development Program.

Buying and Selling

Canadian imports from Latin America have also expanded substan-

tially in recent years. Here again, the Canadian pattern conforms to the international pattern. Traditional agricultural products such as bananas, coffee, cotton and agave fiber and iron ore and petroleum account for the bulk of Canadian imports. The elimination or reduction by Canada of tariffs on a number of tropical products will no doubt be of interest to Latin America exporters.

The reports in the succeeding pages provide up-to-date assessments of economic conditions and trade prospects in the individual countries in South America as seen by Canadian Trade Commissioners on the spot. A later edition of *Foreign Trade* will feature articles on Central America and the Spanish Caribbean. Exporters who feel that there are opportunities in Latin American markets for their products are invited to use the extensive services of the Department of Trade and Commerce both in the field (there are now ten Trade Commissioner posts in Latin America) and at home in Canada. In Canada, initial contact may be made through the Regional Offices of the Department in major Canadian cities or by writing to the Latin American Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa. ●

Peru Promotes Agricultural Development

ON April 1, 1968, Peru's new Agricultural Development Law, providing tax, tariff and credit incentives to suppliers of farm machinery and chemicals, food processors and other companies engaged in business related to agriculture, will go into effect.

Firms producing, processing or marketing food will be exempt from all taxes other than income tax and fees payable to agricultural organizations for ten years. In addition, profits reinvested in rural electrification schemes, reforestation, rural housing and basic infrastructure for agriculture and livestock qualify for income tax reductions, 100 per cent in the hinterland and 50 per cent on the coast. Contributions to agricultural research institutions qualify for a deduction from income tax of twice the amount donated. The abolition of taxes (except tolls on transport of agricul-

tural products) is an incentive to facilitate distribution.

Imports of farm equipment and machinery not produced in Peru will be duty-free, but the Government can suspend the concession partly or fully in bargaining for tariff advantages with LAFTA or GATT to promote its own exports. Credit incentives will be provided to farmers through low-interest loans (7-9 per cent) from the Banco de Fomento Agropecuario and through loans from the Banco Industrial to the processors and distributors of agricultural products. Private agricultural credit banks are to be a further source of credit, and will be encouraged to establish themselves by freedom from income tax. Finally the law provides for marketing assistance. The Corporacion Nacional de Abastecimientos will purchase surpluses and maintain minimum produce prices—Lima.

Argentina

Determined effort to solve economic problems promises to bring results and to create better opportunities for Canadian exporters.

L. D. BURKE,
*Commercial Counsellor,
Buenos Aires.*

ARGENTINA TODAY is in the midst of a big drive to transform its economic structure. Far-reaching measures towards this end were put into effect early last year and other equally significant ones have just been announced. Many long-standing problems remain to be solved but progress has been sufficient already to create more confidence, both inside Argentina and abroad, in the country's economic stability. The prospects for the sale of Canadian goods and services are more encouraging than for a number of years.

In March 1967, the Government of General Juan Carlos Onganía introduced a number of drastic economic reforms, the goal of which was economic stability and the eradication of the chronic problems of inflation, unstable exchange rates and budget deficits which have plagued Argentina for years. The peso was devalued by 40 per cent; import duties on a large number of items were cut by about half; foreign exchange controls were abolished, and reductions were announced in both the 1967 and 1968 budget deficits. Subsequently, wages were frozen and an informal arrangement concluded between the Government and business management to keep industrial prices stable.

First Results of New Program

This was severe medicine. By the end of the year, the program had achieved a number of successes; there were also a few failures. On the positive side, the exchange rate set at 350 pesos to the U.S. dollar in March 1967 has remained steady at that rate over the past ten months, something unheard of in Argentina for many years.

In addition, the foreign exchange market in Argentina has been able to operate on a completely free basis and despite the general recession, a number of industries did fairly well during the year, including basic ones such as the building trade, electricity and petroleum. The labor picture also represented a complete change from previous years. The amount of unrest and time lost through disputes and strikes was only a fraction of what it was in 1966; this was the result of

the Government's efforts to remove politics from the field of labor.

There were disappointments too. In spite of all efforts to hold them down, prices rose by nearly 30 per cent in 1967, slightly less than in 1966. With wages frozen and prices rising, overall demand fell, causing an increase in unemployment and unused capacity.

Business conditions in Argentina in 1967 were in fact generally poor, especially in industry. This was perhaps

Argentina in Brief

Gross National Product—At current prices, 4,012 billion pesos (U.S.\$19.1 billion) in 1966; 4,132 billion pesos (U.S.\$12.8 billion—devaluation of peso affected this figure) in 1967. The rate of increase for 1967 was 2.8 per cent; the estimated rate of increase for 1968 is 5 per cent.

Industrial Production—1966—1,242 billion pesos; 1967—1,254 billion pesos.

Agricultural Production—1966—590 billion pesos; 1967—708 billion pesos.

Unemployment—1966—5.9 per cent; 1967—7 per cent.

Per Capita Income—1966—U.S.\$540; 1967—U.S.\$542.

Foreign Exchange Reserves—U.S.\$266 million at the end of 1966; approximately U.S.\$750 million at the end of 1967.

Foreign Aid—Apart from loans, aid in 1966 and 1967 was negligible. Loans from international organizations included U.S.\$105 million from the Inter-American Development Bank and U.S.\$15 million from the World Bank.

Total Exports—1966—U.S.\$1,593 million; 1967—U.S.\$1,682 million (estimated).

Total Imports—1966—U.S.\$1,124 million; 1967—U.S. \$1,108 million (estimated).

Balance of Trade—1966—surplus of U.S.\$469 million; 1967—surplus of U.S.\$574 million.

Balance of Payments—1967—surplus of approximately U.S.\$300 million.

Canadian Exports to Argentina—1966—Cdn.\$39.5 million; 1967—Cdn. \$38 million (estimated).

Canadian Imports from Argentina—1966—Cdn.\$4.9 million; 1967—Cdn.\$5 million.

to be expected, considering the extent of economic adjustment made necessary by the March measures. Difficult times are predicted for 1968 also, with price increases already announced for electricity, gasoline, gas, public transport and cigarettes to help finance the Government's new budget. The final results for the year will depend on political as well as economic factors. But at least steps are being taken towards economic recovery.

Emphasis Shifts to Development

The emphasis of the Government's economic program in 1967 was on stability. In 1968, the theme is stability and development. The main goals for this year, which have just been announced, are continued economic growth with a minimum increase in GNP of 5 per cent compared with an estimated 2.5 per cent last year, stability in costs and prices, and the strengthening of the already vastly improved balance-of-payments position. The spending pattern of the Government has been completely altered. In the 1968 budget, in contrast to previous years, the Government's operating expenses are to be practically frozen while the increased reserves resulting from improved tax collections will be invested in an ambitious development program. Approximately U.S.\$1 billion, double the 1967 figure, is to be spent on improvements to highways, power plants, dams, airfields, and similar projects. Among the largest of these is the El Chocón-Cerros Colorados hydroelectric complex in northern Patagonia, expected to cost approximately U.S.\$400 million and to produce 1,650 mw. (Three Canadian contracting companies have submitted prequalification documents for this.) Other projects are building 2,400 miles of new highways and major improvements in the communication system through the installation of a U.S.\$100 million satellite ground station. The program is to be supported by international lending agencies, especially the Inter-American Development Bank (IADB). Its loans to Argentina in 1967 totalled over U.S.\$100 million for housing, agricultural development, power, highways and other projects.

In the private sector, import duties on industrial equipment not manufactured in Argentina have been reduced from 40 to 20 per cent in an



This shipment of tinplate being loaded at Hamilton, Ontario, will shortly be on its way to Argentina, where it will be used by the country's rapidly expanding industry.

effort to encourage the badly-needed modernization and expansion of Argentine industry. Local firms will also have access to U.S.\$70 million in loans for the import of machinery from Europe and Britain. (The U.S. \$70 million represents lines of credit established by the Argentine Industrial Development Bank with the British and various European governments.)

Foreign Trade

Argentine exports during the first ten months of 1967 amounted to U.S.\$1,260 million, approximately 6 per cent less than in the same period in 1966. The principal products exported were meat, wheat, corn, vegetable oils and wool. The categories that have been making an increasing contribution in recent years are fresh fruit and manufactured goods. Argentina's main markets abroad are Italy, Britain, the Netherlands, the United States and Brazil. Taken together, the EEC countries are the most important single outlet for Argentine exports. Argentina's imports for the first ten months of 1967 were valued at U.S.\$400 million. The main imports

were machinery and vehicles, chemical and pharmaceutical materials, fuel oil and lubricants.

One estimate puts the value of Argentine exports in 1968 at U.S. \$1,600 million. To achieve this, Argentina has a number of factors in its favor. Cattle numbers are currently estimated at nearly 55 million head, which compares with the record in recent years of 47 million head in 1965. Argentina is also counting on a wheat crop officially estimated at 7.8 million tons. This would be 3.5 per cent above the previous five-year average and 18.2 per cent above the ten-year average. A good crop of corn is expected. Wool production in 1967-68, with the carryover from the previous crop, will provide ample quantities for sale. In export markets, however, most of these products face problems. Although Argentina has been working hard at diversifying its markets for meat and has been quite successful, the suspension of imports by Britain, albeit temporary, is bound to have an adverse effect on sales because Britain has been taking about 30 per cent of the country's meat exports. In wheat,

the present weakness of world prices is disconcerting to Argentina which will probably be disposing of most of its crop in the first half of this year before the new International Grains Arrangement prices come into effect. As for wool, international competition is particularly keen.

Foreign Exchange Position

Argentina's foreign exchange position during 1967 improved considerably. At the end of 1966, foreign reserves stood at U.S.\$266 million. By the end of 1967, these had increased to approximately U.S.\$750 million. Argentina still has a heavy external debt, at present U.S.\$2.5 billion, with annual obligations which, if tolerable, are nevertheless substantial. The Minister of Economy has stated that Argentina does not plan to refinance any of its external debt this year and has estimated a balance-of-payments surplus of U.S.\$200 million for 1968, compared with approximately U.S.\$300 million in 1967.

Canadian Trade and Prospects

The total value of trade between Argentina and Canada amounted to

Cdn. \$44.5 million in 1966. Imports from Argentina were valued at Cdn.\$5.0 million. The main items which Canada bought from Argentina were canned corned beef, cheese, wool, quebracho extract and fuel oil. Canadian exports to Argentina in 1966 amounted to Cdn. \$39.5 million. The main items which we sold to Argentina were automobile parts (Cdn.\$11.7 million), newsprint (Cdn.\$9.2 million), sheet and strip steel (Cdn.\$5.2 million), wood pulp (Cdn.\$2.6 million), aluminum pigs and ingots (Cdn.\$2.4 million), asbestos (Cdn. \$1.5 million), construction equipment (Cdn.\$1.9 million), nickel (Cdn.\$5 million) and seed potatoes (Cdn.\$4 million).

Based on figures for the first eight months of 1967, we calculate that total Canadian exports to Argentina during 1967 will amount to Cdn.\$38 million and that they will increase in 1968 to Cdn.\$46.0 million. We believe that good opportunities exist here for Canadian firms in two main fields:

- Construction machinery and equipment for new and improved roads, dams, airports, communications and electric power generation when the

Government's 1968 investment program gets under way.

- Equipment, parts and materials for industry. Many plants in Argentina need to replace outmoded equipment and to expand and modernize their production.

Past export figures show that Canada has been able to compete in the Argentine market in both fields. These types of goods therefore will and should form the basis of our export trade with Argentina later this year.

An extremely wide range of consumer goods is produced in Argentina. In quality and style many of these are specifically designed for the Argentine customer's taste. Consumer goods similar to those made here are, moreover, subject to very high tariffs, in many instances over 100 per cent. The sale of consumer goods by Canadian firms is thus difficult in this market. Should there be an upturn in business later in 1968, as some sources predict, the demand for imported goods in general will rise, presenting better sales possibilities for a wider range of Canadian products. ●

Paraguay

Country is chiefly agricultural, but industrialization is progressing and communications improving.

Canada's share of trade is small.

H. E. RYAN, *Assistant Commercial Secretary, Buenos Aires.*

PARAGUAY, like other South American countries suffering from slow economic development, looks to improvements in its internal structure and to intra-regional co-operation to help overcome its difficulties. With a per capita gross national product of slightly over \$200, the country's income is not sufficient to generate the

finance required to meet its pressing economic and social needs. International financial aid is therefore vital.

Industrialization is still in its early stages; agriculture accounts for the greater part of production and employs nearly half the labour force. The value of industrial output is approximately \$46 million, with foodstuffs and

beverages making up 38 per cent of the total, chemicals 12 per cent, and textiles 10 per cent. The slight increase in industrial activity in 1967 was offset by a drop in agricultural production because of bad weather.

Development Goes Ahead

Agriculture—The Instituto de Bienestar Rural in eastern Paraguay is doing a study with the aim of settling

12,000 families on 700,000 hectares of land, at a cost of 200 million guaranies for the first stage. Assistance is being provided by both the Inter-American Development Bank and the Food and Agriculture Organization.

The Government has set up a National Grain Board. Among other things, it is to promote greater wheat production in 1968. It is hoped that the harvest will reach 20,000 tons (four months' consumption) compared with the previous 7,000 tons.

Industry—Two new milk pasteurization plants have been opened. The Frigorifico San Jose has planned five new packing plants which will have a combined cold storage capacity of 300 tons. Argentine interests are said to be considering building a packing plant specializing in pork at a cost of \$700,000, and developing the country's wine industry. A new vegetable canning plant has gone into production. A refrigerator factory and a fur and leather tanning company are planned. Cia. Carlos Casado is expanding the production of quebracho extract with the help of an IADB loan.

West Germany and Paraguay have signed an agreement for a 20-year loan of DM 12 million to finance the development of small and medium-sized industries. Repayments will begin five years after signature and the loan bears 5½ per cent interest.

Power generation—The Social and Economic Development Plan now in effect emphasizes power generation, transportation, communications and housing. The Acaray dam with 45,000

kw. capacity is well advanced. It is being financed through the IADB which has granted a further loan to the Government to be used to study the feasibility of increasing output to 135,000 kw. This is expected to mean that electricity will be exported to neighboring Argentina and Brazil. A Brazilian-Paraguayan Mixed Commission is now studying the feasibility of developing Guaira Falls, said to have a potential of 15 million kw.

Highway construction—The Canadian Government provided Paraguay in 1966 with a 50-year loan of Cdn. \$800,000 to finance studies for the improvement of a section of the Trans-Chaco Highway and a highway between Asuncion and the Brazilian border. Deleuw Cather and Company of Toronto will complete its studies next year. When the highways are built they will open up much of central and western Paraguay. An additional contract for rebuilding and paving Highway No. I between Paraguari and Encarnacion has been awarded to a West German company and work is well under way.

Communications—The Government has negotiated with the UN Special Fund for a study and 20-year program of improvements to and extension of the telecommunications system. Two new exchanges have been opened in Asuncion together with an Asuncion-Clorinda circuit.

Regional development—Paraguay is becoming more involved in inter-

national programs. Besides the Mixed Commission with Brazil studying power from the Guaira Falls, Paraguay has joined with its neighbors in a commission planning for the River Plate basin which could have important results for the landlocked country. There have also been discussions with Bolivia about minerals, particularly iron, which Paraguay requires. Paraguay is negotiating with Chile for free port facilities at Antofagasta.

Trade Deficit Large

Paraguay's exports are largely made up of agricultural products (see the accompanying table). Meat and cattle byproducts account for over one-third of the total and timber for one-fifth. Other exports are cotton, tobacco, vegetable oils, coffee and quebracho extract. In 1965, exports were valued at \$57.3 million, the next year they declined to \$49.2 million and it would appear that they were only slightly over \$40 million in 1967. The weather to a very large extent determines the level of exports.

Imports, on the other hand, are increasing steadily to supply development needs. In 1966, there was a \$10 million deficit in the trade balance (comparing c.i.f. import values with exports) and the deficit was larger in 1967. Canada's share of Paraguay's trade is small: the United States, Argentina and West Germany are its major trading partners. There is, however, an opportunity to increase Canada's sales to this market and it should not be overlooked, even if the sale of many goods depends on the availability of suppliers' credit. ●

MAIN PARAGUAYAN EXPORTS				MAIN PARAGUAYAN IMPORTS				TRADE WITH CANADA		
	1965	1966	6 mos. 1967		1965	1966	6 mos. 1967	Exports to Paraguay	Imports from Paraguay	
	(U.S.\$ million)				(U.S.\$ million)			(Cdn.\$)		
Cotton fiber	4.7	2.0	1.0	Wheat & flour	4.5	4.1	2.3	1961	68,670	874,437
Coffee	3.6	1.9	0.3	Other foods, beverages, tobacco	1.8	2.1	0.3	1962	40,695	377,618
Tobacco	4.3	2.5	0.8	Fuels & lubricants	4.9	4.5	2.1	1963	210,503	830,538
Sawn lumber	2.4	2.2	0.8	Paper & cardboard	1.4	1.3	0.9	1964	485,135	546,502
Logs	7.4	8.5	3.4	Chemicals & drugs	2.1	2.3	1.3	1965	176,699	405,582
Meat	18.7	13.8	7.6	Transportation & accessories	6.4	7.6	4.2	1966	128,559	477,121
Hides	1.4	3.0	0.4	Textiles	3.3	3.2	1.7	1967 (6 months)	57,841	271,257
Tung oil	1.8	2.6	1.0	Agricultural equipment	0.9	0.6	0.4			
Essential oils	1.1	1.4	0.7	Iron & steel	3.1	3.6	2.4			
Quebracho extract	3.5	3.1	0.9	Other metals	1.7	1.9	1.3			
				Machinery and motors	9.6	11.1	5.4			



A section of the port at Montevideo with the city's tall buildings on the skyline.

Uruguay

*Economy is beginning to improve;
import controls are being relaxed.*

H. H. KNOBLOCH,
Commercial Assistant, Montevideo.

THE YEAR 1967 was again a difficult one in Uruguay. Business activities continued to decline because of problems in the agricultural sector, labor unrest and an unstable exchange rate.

Uruguay is mainly a cattle and sheep raising country and meat and wool account for 80 per cent of total exports. A long period of drought affected agriculture and livestock in the summer of 1966. Then during the winter came a severe and unusual frost and freezing temperatures. This was followed by heavy rains which caused serious floods, depleted the sheep,

lamb and cattle population, and damaged crops. One estimate put the loss of animals from adverse weather at a million head of cattle and a million and a half lambs.

Problems Are Many

Other factors contributed to the economic crisis in 1967: the continued deficit in the Central Government's budget—there are about 217,000 civil servants in Uruguay, approximately 27 per cent of the active population—the stagnation in the growth of productivity, which was only 9 per cent in the last decade, and unemployment estimated at about 100,000 workers. Most significant of all was continued inflation. In 1964 inflation was held at 36

per cent; in 1965 it rose to 88 per cent and in 1966 it was 79 per cent. The forecast for 1967 is as high as 110 per cent.

The figures for imports and exports show the deterioration in Uruguay's balance of trade between 1966 and 1967.

	1966	1967
	(U.S.\$ million)	
Exports	177.7	150.0
Imports	154.4	169.6
Visible trade balance	+23.3	-19.6

The adverse trade balance last year was due to the poor export performance of Uruguayan wool and meat and also to the gradual liberalization of imports of certain types of goods in the early months of 1967. Meat and wool exporters held back on sales abroad in anticipation of a more realistic exchange rate. The policy of more generous imports resulted in imports for the first 10 months of 1967 being U.S. \$18 million higher than in the same period of 1966—going up from \$127 million to \$145 million. Imports of vehicles and of machinery in particular showed significant increases. During the year, a more stringent control on imports was introduced.

Exchange Rates Deteriorate

In 1967, the Uruguayan peso was devalued several times. At the beginning of the year, the export-import rates were 75.90 and 76.20 pesos to the U.S. dollar. On March 16, after the official devaluation of the Argentine peso, the rates rose to 85.50 and 85.90 pesos to the dollar. Because of rumors of a possible further devaluation, the rate in the "parallel" market rose to 100 pesos or more to the dollar after the closing of the exchange market on July 6 for ten days. On August 10, the official rate was set at 98-99 to the dollar. Because the critical situation caused by labor agitation had affected the economy throughout the year and had culminated in a general strike, meetings for the purpose of organizing strikes were banned. Several Ministers, including the Minister of Finance, resigned in protest against these security measures. A new Finance Minister took over in November and buying and selling rates for the peso were established at 198 and 200 to the dollar. This meant a devaluation of about 100 per cent.

The main objectives of the devaluation were to do away with the difference between official and parallel exchange rates, to help exports, to encourage tourism, and to foster the inflow of foreign currency from Uruguayans abroad.

Other measures were also taken to improve the economy. Local credit was tightened and the interest on savings accounts was increased for the first time in 25 years. A heavy tax was imposed on dollars held by private

banks. A new import control policy was introduced on December 1, 1967.

Import Controls

Because of the shortage of foreign exchange and other difficulties, a general embargo on imports of all non-essential commodities into Uruguay was applied in July 1967. On December 1, 1967, certain products were exempted from the embargo. As this article was going to press, the embargo was relaxed for all imports except

knocked-down vehicles. The requirements for prior deposits have been eased. Further information is available from the Latin American Division, Department of Trade and Commerce, Ottawa, or the Commercial Division of the Canadian Embassy in Montevideo.

The measures taken during the latter part of 1967 appear to have brought about a return of confidence in the economic and financial policies of the Government. On October 31, 1967, the country's foreign exchange reserves were practically exhausted—they amounted to only \$1.4 million. After devaluation, reserves increased to \$68.4 million by December 30, 1967, as a result of larger exports and the purchase locally of \$40 million by the Central Bank. Renewed confidence in the peso was evident. To support the local currency, the Uruguayan authorities have begun negotiating for loans and credits with the IMF, private banks, and also with a number of Socialist countries, principally the U.S.S.R.

Trade with Canada

The political and economic situation in Uruguay looks better for 1968 than it was in 1967. As a result, prospects for greater exports of certain Canadian goods and services will improve but it is not likely that our overall sales will rise significantly. In 1966, our exports to Uruguay were valued at Cdn.\$2.4 million. The main products we sell to Uruguay are newsprint, aluminum, seed potatoes, tinplate and asbestos fibres—they constituted the bulk of our exports this year.

However, conditions are changing and it is the intention of the Uruguayan authorities to liberalize imports gradually as the foreign exchange position permits. In many cases, however, imports may be subject to heavy surcharges, perhaps as much as 30 per cent, which will limit the market. Changes in Uruguayan import controls are reported to the Department of Trade and Commerce as they occur and appear periodically in *Foreign Trade*. Canadian companies interested in the Uruguayan market should write to the Commercial Division of the Canadian Embassy in Montevideo for advice on whether their products can be imported into the country and what the sales possibilities are. ●

TABLE I
WHAT URUGUAY EXPORTS

Groups	1965	1966	1967
	Jan.-Oct.	Jan.-Oct.	Jan.-Oct.
		(U.S.\$'000)	
Wool in the grease	46,144	40,820	36,609
Wool, scoured or washed	5,699	7,564	5,699
Hides, skins and horsehair	10,792	14,178	10,678
Agricultural and dairy products	9,243	20,538	9,566
Live animals	836	1,116	541
Meat and byproducts	43,656	39,816	36,722
Minerals and products	602	1,990	1,643
Chemical products for industry	156	367	265
Textiles and byproducts	18,790	30,113	25,423
Sundries	1,170	3,293	1,993
Total	137,058	159,845	129,139

TABLE II
WHAT URUGUAY IMPORTS

Groups	1965	1966	1967
	Jan.-Oct.	Jan.-Oct.	Jan.-Oct.
		(U.S.\$'000)	
Groceries and foodstuffs	3,101	5,846	4,055
Live animals	410	236	146
Building materials	4,649	4,775	5,508
Motion pictures, music, radio and photographic equipment	1,795	1,594	1,294
Fuel and lubricants	22,103	27,560	22,487
Drugs and chemical products	4,899	5,540	5,732
Electrical equipment	2,009	1,005	2,873
General hardware	1,670	593	1,285
Jewels, clocks, watches, etc.	441	45	145
Toys, bazaar articles, etc.	309	63	197
Books, stationery, and office supplies	3,443	404	1,831
Machinery	15,287	9,549	18,751
Raw materials	50,045	59,641	56,753
Gold, coins and paper currency	311	221	1,228
Orthopaedic, optical, surgical and hygienic articles	1,153	561	1,184
Seeds, forage, plants and trees	2,162	2,533	1,850
Saddlery, harnesses, belts, footwear and leather byproducts	149	128	108
Dry goods and notions	210	16	109
Vehicles	16,409	5,333	16,934
Vegetables, unprocessed	1,096	1,316	2,322
Others	633	121	509
Total	132,314	126,990	145,301

Brazil

Recent devaluation may push up exports, depress imports in the short term, but emphasis on development makes this a good long-term market for Canadian raw materials and advanced industrial equipment.

J. E. LANCASTER, *Commercial Counsellor, Rio de Janeiro.*

BRAZIL had a good year in 1967 and the outlook for 1968 is encouraging. Nevertheless, basic economic problems remain. These relate to the need for monetary stabilization as well as for policies to induce economic growth—and the two may be incompatible. The Brazilian authorities, facing these circumstances, on December 29, 1967, devalued the national currency unit—the (new) cruzeiro—from NC 2.70 to NC 3.20 to the U.S.\$1.00. This follows in the

wake of the devaluation in February 1967 which was intended to stabilize the currency. These moves underline the continuing economic malaise resulting from inflation. It appears certain that until the authorities manage to contain inflation, the exchange rate will not be stabilized permanently.

The latest devaluation reflects the price disequilibrium which developed throughout the better part of 1967, with imports becoming steadily more competitive with domestic production.

With the trade liberalization measures introduced during the year, an imbalance in foreign trade returns developed, with expanding imports contrasted with declining exports. Foreign exchange reserves were adversely affected and eventually fell below an acceptable level. The outcome was the year-end devaluation.

Trade Deficit Rises

Brazil has nevertheless made progress in containing inflation, restricting the increase to 27/28 per cent during the year compared with 41 per cent in

The Brazilian Coffee Institute maintains a close watch on the quality of Brazil's largest export, coffee. Here the coffee beans are being checked both for uniformity and for quality by an expert in the Institute's laboratory.



1966. This achievement resulted from deflationary policies aided by better crops, which in turn lessened the pressure on food prices and hence on the cost of living. There were adverse circumstances as well, however, and the Federal Government deficit by the end of November amounted to NC 1.34 billion, much greater than anticipated. (The federal budget for 1968 is expansionist.) At the same time, the money supply increased 42 per cent during the first nine months of 1967 and domestic credit outstanding by 37 per cent. The balance-of-payments position deteriorated to a U.S.\$64 million deficit in the first nine months of the year compared with a surplus of U.S.\$89 million in the same period of 1966 and of U.S.\$365 million in the first nine months of 1965.

Brazil's gross national product during 1967 increased an estimated 5 per cent measured in real terms. This growth, however, must be set against the rapid rise in population. The Brazilian economy is thus forced to move fast to maintain a standing position. Illustrative of this is the fact that wages in real terms have not increased since 1962. To maintain the necessary forward movement, the economy requires a capital influx of at least U.S. \$600 million per year. It appears that this amount will be obtainable both for private and public account from international agencies and private investment financing.

Government Policies

Prospects for economic growth seem promising. Brazil has the advantage of a broad natural resource base and a large domestic market, even though in perspective only an estimated 30 per cent of the population enjoys reasonable purchasing power. Government policies are by and large directed to economic expansion. The present Costa e Silva regime which took office on March 15, 1967, has stated as its general policy objectives accelerating economic growth, monetary stabilization, and an external balance. During 1967 the emphasis in official economic policy shifted from expansion to the containment of inflation as circumstances dictated.

Production statistics for the first eleven months of 1967 compared with a similar period in 1966 indicate that

The Year in Brief—Brazil 1967

Gross National Product—Estimated up to November NC 58,926 billion or U.S.\$21.8 billion; estimated rate of increase over 1966—5 per cent.

Industrial Production—Steel ingots (Jan./Nov.)—estimated 2,034,000 metric tons; automotive vehicles (Jan./Nov.)—estimated 209,694 units; tractors (Jan./Nov.)—5,934 units; cement (Jan./Nov.)—estimated 5,835,000 metric tons; electric power (Jan./Nov.)—estimated 22,024 million kilowatts.

Agricultural Production—Coffee (Jan./Nov.)—crop estimate 1967/68, 25 million bags; sugar (Jan./Nov.)—crop estimate 1967/68, 4 million metric tons; corn (Jan./Nov.)—crop estimate 1966/67, 12.4 million metric tons; rice (Jan./Nov.)—crop estimate 1966/67, 5.6 million metric tons; dry beans (Jan./Nov.)—crop estimate 1966/67, 2.2 million metric tons; cotton.

Unemployment—Not known but probably rather large.

Income per Capita—Based on estimated GNP, U.S.\$258, but great disparity between under-developed north and industrializing south.

Foreign Aid—Estimated U.S.\$400-600 million range. Chief sources: U.S. AID, World Bank, IADB, Eximbank.

Foreign Exchange Reserves—Estimate November 1967—U.S.\$334 million, with decline of 27 per cent in year.

Total Exports—Estimated Jan.-Oct. 1967—U.S.\$1,377 million f.o.b.

Total Imports—Estimated Jan./Nov. 1967—U.S.\$1,220 million c.i.f.

Balance of Payments—Jan./Sept. (estimated)—U.S.\$64 million deficit in 1967; surplus of U.S.\$89 million in 1966 and U.S.\$363 million in 1965.

Canadian Exports to Brazil—Jan./Sept. 1967—\$17,721,633.

Canadian Imports from Brazil—Jan./Sept. 1967—\$23,244,188.

output of steel ingots was down slightly, crude petroleum up, motor vehicle production slightly larger, tractor production down, cement up and electric power consumption, particularly in the Rio and São Paulo areas, up. In agriculture, which employs 50 per cent of the working force, major crops such as coffee, rice and beans were larger, especially the coffee crop, and output of sugar and cotton smaller.

Trends for 1968

Early in the new year the economy was running at near capacity. The effects on business of the recent devaluation, however, have yet to be fully assessed. Government anti-inflationary policies of credit restriction (Resolutions No. 79 and 80 of the Central Bank) and the increase in

state taxes on circulation of merchandise from 15 to 18 per cent in the principal states, plus an increase in the federal excise tax, should tend to slow down business growth and industrial output. (The latter expanded less than expected in 1967.) With higher petroleum and gasoline prices following devaluation (an important factor in Brazil, where most haulage is by motor truck) and other price increases expected, the outlook for business becomes less clear.

Nevertheless, there are a number of favorable trends. Foreign loans and financing on a massive scale, according to published reports, are or will become available to Brazil, principally from the United States. Good to bumper crops are forecast, with resulting levelling of living costs and with more production for export. The

official policy of heavy investment in housing promises to circulate purchasing power throughout the economy. Government funds directed to the shipyards are not only stimulating employment and industrial activity but the merchant marine tonnage is also becoming important to the economy. The continuing reinvestment of earnings from established foreign-controlled industry indicates the foreign business community's confidence in Brazil's future. With more stable political and economic conditions, foreign investment in the country should rise.

Though the volume of imports should continue to expand because of market requirements, a temporary slowdown may well follow the recent devaluation. Conversely, exports in certain sectors will be stimulated. Crops, including corn and cotton, and domestic manufactures should benefit directly from the devaluation, but coffee, sold under quota, probably will not.

Coffee the Bellwether

Coffee remains the bellwether of the economy, accounting for 44 per cent of Brazil's foreign exchange earnings. During 1967 coffee exports, except for a brief flurry in September to meet export quotas, declined. Prices on the international market weakened, with quotations per bag falling from U.S.\$45 in 1966 to U.S.\$41. International and domestic demand, however, seems to be firming so that even with a larger 1967/68 crop of 22 million bags compared with 17.5 million last season, some drawing down of stocks built up over the years as a price-support measure under the International Coffee Agreement may be required. Greater coffee production is indicated with the ending of the tree-eradication program (primarily instituted as a price-support measure and to stimulate agricultural diversification) and the maintenance of a high Brazilian support price. Because Brazil has more or less retained its world quota under the ICA (or 38.02 per cent of the global fixed quota) coffee earnings should be maintained fairly well.

Brazil is rapidly expanding its sales of soluble (processed) coffee into key markets, including the United States and Canada. This development re-

volves around the purchase by Brazilian producers of cheap grades of coffee not licensed for export nor subject to the exchange tax on exports; this enables them to undercut soluble coffee producers in the coffee-importing countries. The latter are claiming that Brazil could not operate in this manner except for the umbrella provided by the ICA. Brazil's view is that developing nations should be permitted to use every natural advantage in expanding their secondary industry—and the problem remains unresolved. It is of interest to Canada because in the first five months of 1967 our imports of soluble coffee from Brazil nearly doubled over those for the same period in 1966. (Coffee accounts for more than 50 per cent of our total purchases from Brazil.)

Canadian Trade Prospects

Brazil's exports were down 5 per cent and imports up 15 per cent (particularly capital equipment and foodstuffs, such as wheat) in the period January to October 1967. With the recent devaluation, exports are expected to benefit initially and imports to falter before resuming their rise. These developments could influence Canadian sales to Brazil in the short term.

Although Canada and Brazil should have complementary economies, because of the development of secondary industry (frequently under the spur and guidance of U.S. capital investment) the economies are in fact competitive. The phenomenal growth of Brazil's secondary industry, particularly in the last decade, means that it can meet domestic demand for consumer goods and a wide range of capital equipment. It is Latin America's largest producer of automotive vehicles and of primary steel, and the city of São Paulo is recognized as Latin America's leading industrial center. Much of Brazil's secondary industry supplies products once imported. With a high tariff averaging 30 per cent or more, sales prospects for competitive Canadian goods are not too bright.

Nevertheless, Canada should be able to expand its share of the Brazilian market. As the extent and sophistication of Brazil's secondary industry increase, Canadian companies could supply selected industrial raw materials

and capital equipment of advanced or specialized design. Recent Canadian sales to Brazil included twin-engine aircraft for use in the outlying north and northeast regions and specialized electrical control equipment. To step up sales, particularly of capital equipment, Canadian exporters should realize that their capacity in this field is relatively unknown in Brazil and, most important, that some type of financing arrangement should be available. This is a result of the shortage and high cost of obtaining capital in Brazil, the limited foreign exchange reserves, and the competitive financing arrangements offered by other suppliers. Canada has developed machinery to help finance Canadian exports through the Export Credits Insurance Corporation and, in certain cases and for specific projects, the External Aid Office, Ottawa. Canadian exporters already selling to Brazil but experiencing difficulty in maintaining their position might consider partnership arrangements with Brazilian companies, or even arranging to manufacture their products in Brazil. The current economic and political climate suggests that now is the time to consider these positive measures.



Export Sales through New York

ARE YOU interested in selling abroad through New York? New York houses a large export community that specializes in buying for foreign governments and international corporations. The city also has export merchants who act as export commission agents or buy for their own account.

You will find the names and services of these useful contacts in the third edition (1965-66) of *New York Buyers for Export*, copies of which are still available. To obtain a complimentary copy of this directory, write to: Editorial Division, Trade Publicity Branch, Department of Trade and Commerce, Wellington and Lyon Streets, Ottawa 4, Ontario. ●

Shipping Services from Canada to South America

	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
TO: ARGENTINA	<p>Grace Line <i>(C. Gardner Johnson Ltd., Vancouver)</i></p> <p>Westfal-Larsen Line <i>(Empire Shipping Co. Ltd., Vancouver)</i></p>	<p>Moore-McCormack Lines <i>(Moore-McCormack Lines (Conado) Ltd., Toronto)</i></p>	<p>Argentine Lines <i>(Shipping Limited, Montreal, Toronto)</i></p> <p>Brodin Line <i>(Montreal Shipping Co. Ltd., Montreal, Toronto, Saint John, Halifax)</i></p> <p>Columbus Line <i>(Kerr Steamships Ltd., Montreal, Toronto, Saint John, Halifax)</i></p> <p>Moore-McCormack Lines <i>(Moore-McCormack Lines (Canada) Ltd., Montreal, Toronto)</i></p> <p>Uruguayan Line <i>(B & K Shipping Agency, Montreal, Toronto)</i></p>
BOLIVIA	<p>Grace Line <i>With transshipment at Arica, Chile, or Matorani, Peru</i></p>		<p>Grancolombiana Line <i>(Furness Withy and Co. Ltd., Toronto, Halifax, Saint John; United Liners Agency Ltd., Montreal)</i> <i>With transshipment at Arica, Chile, or Matarani, Peru</i></p> <p>West Coast Line <i>(Saguenay Shipping Limited, Montreal, Halifax; A. O. Minshall Co. Ltd., Toronto, Hamilton)</i> <i>With transshipment at Arica, Chile, or Matorani, Peru</i></p>
BRAZIL	<p>Grace Line</p> <p>Westfal-Larsen Line</p>	<p>Moore-McCormack Lines</p>	<p>Brodin Line</p> <p>Columbus Line</p> <p>Lloyd Brasileiro Line <i>(The Robert Reford Co. Ltd., Montreal, Toronto, Hamilton)</i></p> <p>Netumar Line <i>(March Shipping Agency Ltd., Montreal, Toronto, Hamilton)</i></p> <p>Moore-McCormack Lines</p>
CHILE	<p>Grace Line</p> <p>Westfal-Larsen Line</p>		<p>West Coast Line</p>

Shipping Services from Canada to South America

	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
TO: COLOMBIA	Grace Line Westfal-Larsen Line Grancolombiana Line <i>(Balfour Guthrie (Canada) Ltd., Vancouver)</i>	Great Lakes Transcaribbean Line <i>(Protos Shipping Limited, Toronto)</i>	Great Lakes Transcaribbean Line <i>(Protos Shipping (Quebec) Limited, Montreal)</i> Grancolombiana Line West Coast Line
ECUADOR	Grace Line Grancolombiana Line Westfal-Larsen Line		Grancolombiana Line West Coast Line
PARAGUAY	<i>Via transshipment at Buenos Aires or Montevideo. See shipping services to Argentina and Uruguay</i>		<i>Via transshipment at Buenos Aires or Montevideo. See shipping services to Argentina and Uruguay</i>
PERU	Grace Line Grancolombiana Line Westfal-Larsen Line		Grancolombiana Line West Coast Line
URUGUAY	Grace Line Westfal-Larsen Line	Moore-McCormack Lines	Argentine Line Brodin Line Columbus Line Moore-McCormack Lines Uruguayan Line
VENEZUELA	Grace Line Fern-Ville Lines <i>(Dingwall Cotts and Co. Ltd., Vancouver)</i> "K" Line <i>(Johnson Walton Steamship Limited, Vancouver)</i>	Great Lakes Transcaribbean Line Saguenay Shipping Limited <i>(A. O. Minshall Co. Ltd., Toronto, Hamilton)</i>	Great Lakes Transcaribbean Line Saguenay Shipping Limited <i>(Saguenay Shipping Limited, Montreal, Halifax)</i> Royal Netherlands Steamship Co. <i>(Montreal Shipping Co. Ltd., Montreal, Toronto, Halifax)</i> Venezuelan Line <i>(Montreal Shipping Co. Ltd., Montreal, Toronto, Halifax)</i>

Colombia

Projects financed by foreign aid offer best chances for doing business in Colombia, where government is trying to diversify the economy.

G. D. VALENTINE,
Commercial Secretary, Bogotá.

COLOMBIA, situated on the northwest corner of the continent, is Canada's closest South American neighbor. It has often been compared to Canada geographically because it has about the same population, vast hydroelectric resources, access to two oceans, and large mineral deposits. It is also changing from an agricultural economy to an industrialized one, as Canada did earlier.

Despite these advantages, Colombia has become involved in one economic crisis after another, chiefly because of its dependence on one commodity—coffee, its need for imported raw materials, and the rapid population increase. Although it is still dependent upon coffee to a large degree (it contributes two-thirds of total export earnings and 10 per cent of the total gross national product and employs one out of every four Colombians) the country is quickly recovering from the most recent balance-of-payments crisis which developed in 1966.

Indeed, the Government has made considerable progress since the financial crisis which it inherited in the fall of 1966. The suspension of trading on the free foreign exchange market, the control by the central bank of all purchases and sales of foreign currency, and the reinstatement of prior import licences for all imports were among the many controls imposed to rectify an increasing balance-of-payments problem and rapidly increasing inflation. In response to the positive action taken by the Government, the International Monetary Fund gave Colombia a \$60 million standby credit and U.S. AID followed with a \$100 million loan to finance basic imports.

The result of these restrictions and loans was an improvement in the immediate financial situation. But even though there is a trend toward future economic stability, in the long run there are signs that the country may be merely on the upswing of an economic cycle. Earlier industrial expan-

sions have generated problems in the balance of payments which have necessitated austerity measures. These in turn have dampened business activity. Local businessmen, having experienced the cycle before, are expressing cautious optimism over the immediate economic prospects.

International Tenders Have Been Called

For

- 6 mva. 33/13.2 kv. three-phase transformers (7 units)
3 mva. 33/13.2 kv. three-phase transformers (3 units)

Closing date: March 11, 1968

- FM communications equipment
30 stationary units
4 portable units
8 mobile units plus spare parts

Closing date: April 11, 1968

Cost of tenders: not known

- Turbine (vertical shaft Francis)
Penstock, valves, gates, etc.
- Generator, transformer, circuit breakers, miscellaneous equipment for 50 mw. unit

Closing date: March 14, 1968

Cost of tenders: total cost of entire project estimated to be U.S.\$25 million but this includes other previously issued tenders as well as future tenders.

By

CHEC
Apartado Aéreo 83,
Manizales
—for the San Francisco project
—financing by IADB
—cost of documents Col. pesos
100 each

Empresa de Energia de Bogotá
Calle No. 13, 37-35 Of. 224
Bogotá
—for the Canoas plant
—financing by the World Bank
—cost of documents Col. pesos
1,000 each

The Government, however, is optimistic. The cyclical fluctuations and their resulting impact on the economy have been closely studied by Colombian authorities, who have realized that the cause is an inadequate export base in relation to import needs. A great deal of effort is thus being put into diversifying production by concentrating on the known capabilities of the country. Increasing emphasis is put on improving exports of minor products (other than coffee, petroleum and gold), and these efforts are meeting with some success. Minor exports in 1967 reached \$117 million, an increase of 22.4 per cent over 1966, and the forecast for 1968 is \$150 million.

In addition, with the assistance of the World Bank, the Inter-American Development Bank, and other sources

of international financing, some \$437 million is expected to be invested in public projects in 1968. These projects are primarily in power, communications, transportation, water and sewerage, agriculture, education and housing and it is in these areas that there are immediate opportunities for Canadian manufacturers and consulting firms.

International financing is looked upon as vital to Colombia and all such sources of funds are being approached by the Government, private and public investment groups and private enterprise. In June 1967 the Consultative Group on Development Assistance to Colombia organized by the World Bank met in Paris to consider some of the 72 specific projects submitted to them. Naturally not all of these will be approved and as of

December 31, 1967, only about six had received the financial backing required. These six amount to over \$100 million and are projects in which Canadian firms can participate, because all bidding must be international. Some of the tenders have already been issued and others will be in the near future. (See box feature.)

The interest on the part of the international financing organizations appears to show that Colombia's recent economic performance and future prospects justify external assistance, and further strengthen the widespread respect being shown to the Colombian President and his government.

Power Development

In the 36 years from 1930 to 1966 Colombia increased its power-generating facilities from 60,000 to 1.5 million kw. and planning is under way to triple this output by 1980. (In comparison, Canada produced about 33 million kw. in 1967.) Of this power, 64 per cent was hydroelectric and the remainder produced by thermal plants in the coastal areas, where topography rules out hydro installations and where natural reserves of oil, gas and coal supply the energy to operate the plants economically and efficiently. Colombia's potential hydroelectric output is estimated as high as 50 million kilowatts.

At the end of December 1967, the World Bank officially approved a loan of \$51 million for two electric power projects. An additional \$24 million is likely to be approved this year, with four more power projects in the running for late 1968 or early 1969.

Chief among these (for which some tenders were called in early January), is the interconnection project which will join the major distribution systems of Bogotá, Cali, Medellín and Manizales into a power grid permitting the transfer of 300,000 kw. from one point to any other point. The cost, estimated at \$26 million, is broken down as follows:

Transmission lines (332 miles)	\$15 million
Switchgear 220 kw.	4.2
Transformers	2.0
Compensation equipment	1.5
Communications equipment	0.9
Civil works	0.4
Engineering contingencies	2.0

A further \$25 million was approved for expansion of the Bogotá power

International Tenders Have Been Called

For

- 220 kv. 90 mva. transformers (6 units)
300 kva. auxiliary transformers (6 units)
Closing date: March 18, 1968
Cost of tender: approximately \$2 million
- 220-volt transmission line
535 km. of double circuit line
Closing date: April 15, 1968
Cost of tender: approximately \$15 million
- conductors, insulators, fittings and accessories for a 66 kv. transmission line
Closing date: April 3, 1968
Cost of tender: not known
- Construction of 50 km. highway from Ponedera to San Pedrito
Closing date: April 15, 1968
Cost of tender: approximately \$2.2 million

By

- Interconexión S.A.
Calle No. 13, 37-35
Bogotá
—for the Interconnection Project
—financing by the World Bank
—cost of documents Col. pesos 1,000 each
- Electraguas Cia.
Calle No. 13, 27-00 P. 3
Bogotá
—for Chinu project
—financing to be carried by the successful bidder over a period of five years.
—cost of documents Col. pesos 200
- Ministerio de Obras Públicas
División de Contratos
Oficina 317
Bogotá
—Northern Highway
—financing by National Road Fund
—cost of documents Col. pesos 3,000

Colombia—Year in Brief

Gross National Product—1965—U.S.\$3,604 million; 1966—U.S.\$3,798 million, or a 5.4 per cent increase.

Industrial Production—1965—P.11,662 million; 1966—P.12,535 million.

Agricultural Production—1965—P.17,843 million; 1966—P.18,803 million.

Per Capita Income—U.S.\$250.00.

Unemployment—At mid-year 1967, 16 per cent compared with 11 per cent in 1966 (in the city of Bogotá).

Foreign Aid—U.S.\$864.6 million. Chief sources: World Bank, Inter-American Development Bank, U.S. AID, Eximbank.

Foreign Exchange Reserves—As of December 2, 1967, U.S.\$153.0 million, compared with U.S.\$123.0 million as of December 3, 1966.

Total Exports—1965—U.S.\$539.1 million; 1966—U.S.\$507.6 million; 1967—U.S.\$329.7 million (January/August).

Total Imports—1965—U.S.\$453.5 million; 1966—U.S.\$674.3 million; 1967—U.S.\$345.6 million (January/August).

Balance of Trade—1965—U.S.\$85.6 million surplus; 1966—U.S.\$166.7 million deficit; 1967—U.S.\$15.9 million deficit (January/August).

Balance of Payments—1965—U.S.\$20.3 million (deficit); 1966—U.S.\$203.6 million (deficit).

Canadian Exports to Colombia—1965—Cdn.\$17.4 million; 1966—Cdn.\$25.4 million.

Canadian Imports from Colombia—1965—Cdn.\$16.8 million; 1966—Cdn.\$11.6 million.

supply and a 325 mw. thermal plant for the north coast is expected to be approved shortly.

Communications Improved

A Canadian firm is now installing a microwave system in Colombia. In addition, many more tenders will soon be called under a \$16 million loan recently approved by the World Bank to assist in installing a new high-capacity microwave system connecting the major cities in Colombia. Another major emphasis is improving the long distance telephone system. When this is finished, local telephone offices will be linked by direct dialing automatic equipment.

Additional tenders will be called during 1968 for the communications equipment needed for the electrical transmission lines being constructed. Even more equipment will be required in the future if the newly formed Andean Group goes ahead with its plan to integrate the various national systems of its members.

Transportation Difficult

Colombia's topography makes transportation one of the biggest problems the country faces in the attempt to

These young chicks, just arrived from Canada, will be used as breeders for the broiler industry being established in the country. Standing on the right is S. F. Pattee, the Assistant Commercial Secretary in Bogotá.



increase production and exports. As a result, there is a continuing effort to improve the rail, highway and air transport systems.

The railroad is generally considered to be both inefficient and obsolete, but the recent purchase of 60 diesel locomotives from Spain is the beginning of a planned \$54 million rehabilitation program. It also involves additional freight cars, track, communications system and maintenance equipment.

A further \$20 million is being sought for the expansion of the highway network, the purchase of maintenance equipment, and the improvement of existing roads; only about 7 per cent of the 22,000 miles of roads is paved. Another new proposal is a 304-mile road linking the north coast of Colombia with Venezuela and the Pan-American Highway. The road would cost \$20 million and is another illustration of the close links being forged between the members of the Andean Group.

Air transportation is constantly being modernized; it is highly developed already and is the most efficient method of moving both people and freight. There are over 400 airports in the country, seven of which can handle jet aircraft. Improvements in radar and other equipment are being proposed for late 1968 if financing is forthcoming.

A further dream of the Colombian people is the proposed waterway to connect the Caribbean with the Pacific along the isolated Choco Valley. Although the project is still in its infancy, the effects could be great, because it would mean access to previously untapped agricultural land and mineral resources of copper, lead, zinc and bauxite. In addition, it is estimated that the project could produce an additional three million kilowatts of hydroelectric power, double the present installed capacity. One estimate of the cost is a staggering \$750 million.

Agriculture Is Changing

The agricultural picture has changed in recent years in Colombia as the Government has recognized agriculture's vital role in economic development. Redistribution of land, improvement in irrigation and crop diversification, and the technical assist-

ance provided by foreign financing organizations are helping to raise the output of rice and cotton in the Cauca Valley and elsewhere. In addition, greater emphasis is being placed on cattle production to increase exports of meat. It is hoped to double the cattle population within the next ten years.

Various funds have been requested to improve cattle herds, build roads in outlying agricultural areas, and construct concrete silos and other storage facilities for beans, corn, rice, wheat, and other grains. Corn treatment plants are also envisaged and in coming years there will undoubtedly be many more projects in irrigation, forestry, agricultural machinery and associated fields as the country struggles to meet an increasing demand for food for its population which is growing at the rate of 5.2 per cent a year.

Housing and Industry

With the rapidly increasing population, housing programs are constantly being put forward and a four year plan (1967-70) to build 130,000 houses is under way. It is estimated that over 1.3 million units will be needed between 1970-1985 to solve the housing problem at the present rate of population growth.

In the past six years the average increase in industrial production has been 6 per cent but with the larger amounts of electric power being developed and planned, this increase will be larger in the future—particularly if import controls on vital industrial products are lowered or removed.

Colombia's industries have the problems of a domestic market too

PRINCIPAL CANADIAN EXPORTS TO COLOMBIA

	1965	1966	Jan.-Sept. 1967
	(Cdn.\$'000)		
Newsprint	4,255	5,556	3,489
Plastic and synthetic rubber, not shaped	2,838	2,816	2,240
Asbestos milled fibers 4 & 5	1,151	1,992	1,510
Aircraft engines and parts	462	807	1,146
Sheet and strip steel, n.e.s.	2,613	5,045	1,113
Copper bars, rods and shapes, n.e.s.	414	870	528
Zinc blocks and slabs	56	75	394
Aluminum pigs, ingots, shot, slabs	990	2,090	389
Safety and sanitation equipment	.....	.....	383
Card punch sort tab computers & parts	131	18	235
Oats byproducts, n.e.s.	.....	68	193
Papermakers' felts	186	303	151
Copper pipe and tubing	94	144	125
Communication equipment	143	60	121
Components for communication equipment	7	10	89
Asbestos shorts 6 & 9	32	107	81
Industrial chemicals specialties & explosives	133	197	77
Oats	406	344	64

PRINCIPAL CANADIAN IMPORTS FROM COLOMBIA

	1965	1966	Jan.-Sept. 1967
	(Cdn. dollars)		
Coffee green	13,381,908	8,963,654	7,710,193
Corduroy, cotton	511,824	541,452	537,087
Cotton yarn over 20 and under 40	428,367	520,845	398,000
Raw cotton	554,805	.....	395,000
Lumber exotic species, n.e.s.	752,541	609,463	233,966
Cotton yarn single 20 and under	257,469	207,790	199,353
Shrimps, prawns fresh & frozen	51,477	39,009	184,000
Naphthienic acid	56,756	126,562	159,147
Cotton yarn plied, n.e.s.	61,633	158,591	122,746
Broad woven fabrics cotton unbl.	31,486	89,529	86,900

Source: DBS

small to call for large-scale production, high costs of production, and insufficient capital investment. Most manufacturing plants are small-scale, with only 4 per cent employing 100 or more workers. About 60 per cent of total production consists of consumer goods, with food, beverages and textiles in the forefront.

There has been a notable recent increase in the production of steel ingots, paper, chemical products and fertilizers. The abundance of oil in Colombia is leading to more facilities for refining and the resulting petrochemical and fertilizer industries are expanding rapidly—particularly with the increasing co-operation between Venezuela and Colombia, two leading members of the Andean Group.

The chemical industry has the most to offer in future industrial projects. The expansion of a soda plant on the Caribbean coast has been proposed at a total cost of \$25 million and financing arrangements are well advanced. A combined operation producing caprolactam and sulphate of ammonia has been announced and plants for the following products are being rumored for the next 10 years:

Plants	Capacity (tons/year)
Acetates (various)	7,900
Acids (various)	17,300
Alcohols	5,700
Sodium bicarbonate	800
Sodium cyanide	400
Ammonium chloride	900
Potassium chloride	25,000
Caffeine	200
Disinfectants	1,000
Tanning extracts	4,000
Ferromanganese	3,000
Ferrosilicon	2,000
Fungicides	500
Sodium hydrosulphite	2,000
Herbicides	3,000
Lactose	1,000
Lignin	3,000
Nitrates (various)	2,200
Oxides (various)	5,500
Sulphates (various)	10,000
Insecticides	10,000
Sodium tripolyphosphate	7,000

Colombia is unique in Latin America because it has several large cities rather than the one or two in most other South American countries. These cities, seven of which have a population of over 250,000, are all in need of improvements to existing water and sewerage installations. In

December 1967 the World Bank improved a loan of \$26 million to complete the first phase of expansion of the Bogotá water supply. These improvements will increase the present supply of 5.5 cubic meters per second to 8.5 and the over-all plan is to add an additional 3.5 cubic meters per second, if required, by 1973.

A further system is being proposed for Barrancahermeja and financing is expected to be announced soon. In the next three to five years, at least six other water supply and/or sewerage systems are being planned, to cost an estimated \$100 million.

Import Conditions

As long as rigid import controls continue, Canadian imports will remain below those of 1965-66. The Government has recently announced a slight increase in the amount of imports to be allowed into Colombia in 1968, particularly raw materials, and as a consequence traditional Canadian shipments of newsprint, plastic

and synthetic rubber, asbestos, tinplate, etc., should equal or better the 1967 figures.

There will be few opportunities for consumer goods, however, because the Government will continue to restrict imports of products that compete with local industries. This applies particularly to processed foods, textiles, electrical appliances, household articles of all kinds, clothing, and luxury goods.

Capital goods, in addition to those needed in large contracts as described earlier and particularly those which will assist industrialization, will find a good market, but extremely favorable financing arrangements will have to be offered to compete with British, French, German, Swiss and U.S. suppliers. An agent or representative is almost mandatory and those Canadian manufacturers of products which fit into any industrial category need only contact the Commercial Secretary at the Canadian Embassy in Bogotá to obtain assistance in marketing their products in Colombia. ●

Lebanon Issues Commercial Agency Law

A DECREE has been issued in Lebanon giving agents of manufacturers or companies the right in certain circumstances to claim compensation in the event of dismissal, and even if the agency contract is not renewed. This decree, which is the new Lebanese legislation concerning commercial representation, has been made to protect the agent who has been effective in promoting the company's sales and is considered the rightful owner of the profits resulting from his efforts. Here briefly are the details:

Article 1 defines the commercial representative as the agent who undertakes negotiations for buying, selling, servicing or other trade operations for his own account or on behalf of manufacturers or merchants. This applies also to the merchant who is selling directly the merchandise he has purchased, in accordance with a contract appointing him as agent or sole distributor.

Article 2 provides that any agency or representation arrangement must be in written form, whether for a limited or indefinite period, and may be confined to a sole representative. Such a contractual agreement may also include the agent's guarantee of the buyer's solvency, as well as a clause on the consignment of goods to be delivered to customers.

Article 3 outlines the methods of operation by the commercial representative. The latter remains totally independent in the management of his affairs and the organization of his trading activities. He can do business for his own account, can represent other companies without permission from his principals where their interests are not affected, and can choose his own distributors, sub-agents or employees.

Article 4 sets out that a commercial representation is considered to be for the mutual benefit of the contracting parties. Thus, an annulment of the contract by the manufacturer without legitimate reason entitles the agent to compensation for the damage caused to him and loss of earnings. At the same time, the agent is entitled to compensation in the event of non-renewal of the contract, if he has been successful in the marketing of the manufacturer's products, because by refusing to renew the contract, the manufacturer is depriving him of an income which in all fairness should continue, as it derives from his personal activity. The amount of indemnity the agent can claim from the manufacturer is estimated on the basis of loss sustained in Lebanon only. Lebanese courts are eligible to look into cases arising from such conflicts. ●

Ecuador

Exports and imports up in 1967, but Canadian sales declined slightly. Government trying to diversify agriculture, increase trade contacts.

S. F. PATTEE, *Assistant Commercial Secretary, Bogota.*

THE Ecuadorean economy has made progress in recovering from the balance-of-payments difficulties that marked the period January 1965-May 1966, during which the gold and foreign exchange reserves of the Central Bank fell from U.S.\$42.0 million to U.S.\$19.0 million. At the end of September 1967, they stood at U.S.\$55.9 million compared with U.S.\$35.1 million for September 1966.

The improvement in 1967 denotes a strong inflow of capital, because Ecuador's trade deficit was larger in the first seven months of the year than in the same period of 1966, despite a marked rise in exports. Imports, stimulated by a fear of higher duties on goods competing with local manufactures, rose from 1.7 billion sucres last year to 2.1 billion this year. Exports totalled 1.7 billion sucres, compared with 1.4 billion in the first seven months of 1966. Thus the trade deficit rose from 300 to 400 million sucres. Banana exports were up from 698.3 million sucres to 775.9 million, cocoa exports rose from 168 million to 295 million, and coffee exports from 239 million to 311 million.

Bananas Still Lead

Despite industrial progress, agriculture remains the basis of the economy, providing employment for more than half of the active population and accounting for one-third of the gross domestic product. Plantation crops, with the banana as the most important, provide the biggest share of the country's exports and this situation is likely to continue for some years.

It has been estimated by the Ministry of Industries and Trade that by 1970 the exportable surplus of bananas in the world, at ten million tons, will exceed demand by two million

tons. The prospect is particularly bleak for Ecuador and the Central American producers, which lack preferential access to major European markets. Things are made still more difficult for Ecuador by the fact that its share of the U.S. market has been falling. Although sales to some of the European countries have been rising, these markets may soon be closed to Ecuador because of France's proposals to the EEC Commission on banana imports into the Community and the prospect that West Germany

may have to end its duty-free import quota in 1968. There is every likelihood, therefore, that sales to West Germany, Belgium and Italy will be curtailed severely in the near future.

At the International Coffee Organization meeting held in December 1967 in London, Ecuador's basic export quota was increased to 750,000 bags (of sixty kilograms) from 553,639. Because coffee is Ecuador's second export after bananas, this will help to offset to some degree the weakening of banana exports.

Little headway is being made in meeting the urgent need for agri-

Ecuador's Economics

Gross National Product—U.S.\$1.08 billion in 1965; U.S.\$1.21 billion in 1966. Rate of increase in real terms about 5.6 per cent.

Industrial Production—1965—3,451 million sucres; 1966—4,032 million sucres.

Agricultural Production—1965—6,548 million sucres; 1966—7,006 sucres.

Unemployment—About 31 per cent of total population is employed.

Per Capita Income—U.S.\$180.00.

Foreign Exchange Reserves—U.S.\$55.9 million as of September 30, 1967 (September 30, 1966: U.S.\$35.1 million).

Foreign Aid—1961-1966—U.S.\$174.3 million (year 1966 only, U.S.\$54.7 million). Sources: Eximbank, U.S. AID, World Bank, Inter-American Development Bank, Britain.

Total Exports—1965—U.S.\$180.3 million; 1966—U.S.\$186.9 million.

Total Imports—1965—U.S.\$170.8 million; 1966—U.S.\$171.9 million.

Balance of Trade—1965—surplus of U.S.\$9.5 million; 1966—surplus of U.S.\$15.0 million.

Canadian Exports to Ecuador—1965—Cdn.\$4.7 million; 1966—Cdn.\$3.0 million.

Canadian Imports from Ecuador—1965—Cdn.\$8.5 million; 1966—Cdn.\$7.9 million.

cultural diversification, at least as far as the export trade is concerned. Combined exports of the principal crops—bananas, cacao and coffee—accounted for more than 80 per cent of all exports in 1966. However, cattle raising is being extended and may well provide a long-term substitute for any future decline in export earnings from bananas. Exports of rice were resumed last year and may now expand to recover some of their former importance; in 1948, rice was Ecuador's main export. Other commodities that may also have important sales abroad are oilseeds and pyrethrum.

Drive to the East

Faced with the possible loss of some of its traditional markets, Ecuador is looking more and more towards the East. The drive for trade with the Socialist countries, although not new, has taken a more concrete form in 1967 and is expected to be stepped up considerably in 1968.

An Ecuadorean trade mission recently toured Eastern Europe and, as a result of this mission, agreements were made with East Germany, Czechoslovakia, Bulgaria, Romania, Yugoslavia, Hungary and Poland, by which these countries will import agricultural products in exchange for industrial machinery.

Lines of credit will also be extended to Ecuador by some East European countries, although this has not yet been confirmed.

Oil Has Brighter Future

In early 1967, petroleum was found in the northeastern part of the country, near the Colombian border. The enthusiasm with which the strike was received is justified because this was the first discovery of oil east of the Andes.

In 1966, Ecuador imported U.S. \$16.2 million worth of crude petroleum, representing about 8,000 barrels per day; local production on the

Pacific coast is about 9,000 barrels a day. The discovery of oil on the northern border may well be a big step towards self-sufficiency. Four wells have already been drilled in that area and total output should reach some 6,000 barrels a day when they are in full operation.

The problem of getting the petroleum over the Andes to the sea has been solved by Colombia's offer to let Ecuador use the pipeline now being built between Putumayo and Tumaco on the Colombian side, where oil has also been found. Although information on the size of the reserves in that area is not made public, they seem to be large enough to justify the con-

WHAT CANADA SELLS TO ECUADOR

	1965	1966
	(Cdn.\$'000)	
Total	4,672	4,028
Wheat, except seed n.e.s.	2,361	1,550
Oat byproducts n.e.s.	59	50
Synthetic fibers and waste n.e.s.	2	19
Asbestos milled fibers, groups 4 and 5	103	79
Rubber fabricated materials	5	12
Newsprint paper	371	383
Writing and reproduction paper	146	188
Sanitary paper	17	13
Tallow, inedible	768	170
Inorganic chemicals	24	12
Laminated plastic materials	11	10
Aluminum fabricated materials	50	74
Copper pipe and tubing	6	16
Nuts, bolts, screws and washers	14	23
Asbestos brake linings and facings	36	31
Cranes, winches, hoists and parts	....	21
Rock drilling and related machinery	15	31
Combine reaper-threshers	6	23
Commercial communication equipment	2	15
Components for communication equipment	....	15
Electricity-measuring instruments and parts	12	10
Office machines and parts	9	11
Toilet paper, packaged	63	45

WHAT CANADA BUYS FROM ECUADOR

	1965	1966
	(Cdn.\$'000)	
Total	8,546	7,873
Shrimps and prawns, fresh or frozen	76	65
Bananas and plantains, fresh	7,538	7,376
Cocoa beans, not roasted	252	246
Coffee, green	487	150
Lumber, exotic species	6	12



—World Bank Photo

Bananas continue to be Ecuador's main export; here they are being gathered at a truck-loading point on a small plantation in Guayas Province for onward shipment.

struction of the pipeline, which will cost over U.S.\$50 million.

Trade with Canada

Canada's exports to Ecuador fell from \$4.67 million in 1965 to \$4.03 million in 1966, mainly as a result of smaller sales of wheat and tallow. Sales of wheat and tallow totalled \$3.13 million in 1965 and \$1.72 million in 1966, so the remainder of our exports increased from \$1.54 million to \$2.3 million, or 15 per cent. For the period January-July 1967, our sales of wheat remained about the same as the year before but our sales

of tallow practically disappeared: they were worth only \$11,000 for the seven-month period. All exports for that period totalled \$1.98 million.

Prospects for the Future

Although the short-term prospects for the Ecuadorean economy have been improving, a number of uncertainties cloud the longer-term outlook. In particular, the transition to constitutional rule and representative government has still to be completed. Until this process is finished, the political situation cannot be considered stable and the necessary steps to deal

with basic problems, such as promoting economic development, improving the standard of living in general, and incorporating more of the rural population into the money economy, may be delayed.

Slight reductions this year in the prior deposit requirements for some imports will help our exports, although there is a possibility of an increase in custom tariffs and the competition is stiff. Canadian exporters interested in exploring this market are invited to get in touch with the Commercial Secretary, Canadian Embassy, Apartado Aéreo 8582, Bogotá, Colombia. ●

The Andean Group: Progress in Co-operation

FOR CENTURIES, the Andes have been a divisive influence in South America, but on August 16, 1966, they became for the first time a unifying one. On that day the Presidents of Colombia, Chile and Venezuela and the representatives of the Presidents of Ecuador and Peru signed the Declaration of Bogota which created the new "Andean Group".

Although the Group is now 18 months old, it was of only minor significance until recently, when the stumbling-blocks being faced by the Latin American Free Trade Association proved to be insurmountable and the recent LAFTA Conference in Montevideo ended after seven weeks of discussions, without reaching agreement on how to implement the tariff cuts demanded by LAFTA's constitution.

Subregional planning, as contemplated by the five members of the Andean Group, (joined in August 1967 by Bolivia) may well be a useful adjunct to LAFTA's work. The six Andean countries are not attempting to form a bloc against the other South American countries or to replace LAFTA but rather are trying to attain more rapidly the goals established by the Association.

Basically, the group is calling for the economic integration of their countries by promoting and liberalizing interchange among them and by stimulating and orienting reciprocal trade. They have agreed to co-ordinate the policy of industrial development by permitting the establishment of new industries or the expansion of those in being, avoiding as much as possible a duplication of projects. This co-ordination will be concentrated mainly in the following industries:

basic metallurgy
non-metallic minerals
chemical and petrochemical, with special attention to fertilizers
wood, cellulose and paper
metal manufactures, especially parts for the automobile industry and capital goods
electrical and electronic
food processing

Though still an infant, the Group has taken some steps already that indicate a desire to succeed. An Andean Development Corporation was agreed upon in February which will have an initial capital of U.S. \$100 million, shared as follows: Venezuela, Colombia, Chile and Peru, \$22 million each, with Bolivia and Ecuador each contributing \$6 million. The headquarters of the Corporation will be in Caracas, Venezuela, and its objectives will be to promote multinational schemes for infrastructure and basic industrialization and to distribute investments proportionately within the area.

In September of 1967, the idea of integration took a more concrete form with an agreement signed between Colombia and Venezuela on the integration of the largest petrochemical plants in each country. The agreement represents a joint investment of more than U.S. \$125 million. By 1973 it is expected that Colombia and Venezuela, with the other members of the Group, will have formed a common market, at least for petrochemical products. An offshoot of the petrochemical association is the co-operation in fertilizer by-products and a recent statement fore-

casts that Barranquilla on the Caribbean coast of Colombia may soon become the fertilizer capital of South America. This could prove of great interest to Canadian potash producers, because Barranquilla is a port city with facilities for unloading bulk shipments of potash for mixing with other locally produced fertilizer ingredients.

Regional integration is also contemplated by Argentina, Brazil, Uruguay and Paraguay, especially in the steel industry, but co-ordination has not yet gone as far as it has in the Andean Group. It may even come too late, because Ecuador, Peru, Chile, Colombia and Venezuela are rapidly enlarging their steel facilities. If they are able to co-ordinate their activities as envisioned, their combined production could make them self-sufficient within the next seven to ten years. The expansion in the steel industry is coming at an appropriate time as ECLA estimates that Latin American demand will reach 18 million tons in 1970 and 28 million by 1975.

If all goes well, several years from now the different integrated groups, including the Central American Common Market, may succeed one day in getting together to form a completely integrated Latin American Common Market. If not, however, "the Long Six" could prove to be a most interesting development in the field of Latin American co-operation. Simon Bolivar almost made it in the late nineteenth century but since then the countries have been going their separate ways, with the only unifying factor the Spanish language.

—S. F. PATTEE

Assistant Commercial Secretary, Bogotá.

Peru

Canadian exporters should not allow present difficulties to obscure the good prospects the country offers in the longer term.

EDMOND E. PRICE,
Commercial Secretary, Lima.

AFTER six years of uninterrupted dynamic growth based on a strong and diversified export trade and substantial foreign investment, the Peruvian economy began to level off in mid-1967. Peru's record as one of Latin America's most stable and progressive

free enterprise economies will, in all likelihood, be maintained after domestic retrenchment throughout 1968 to cope with burgeoning inflation.

The cost-of-living index for Lima, where more than 80 per cent of Peru's secondary industry is located, has risen by 75 per cent so far in the 1960's. The 20 per cent increase in 1967 shows the cumulative effect of

four consecutive federal budget deficits; public expenditure has doubled since 1963 but revenue has lagged badly. In the last four years imports have risen 40 per cent to sustain the development of the local automotive, marine, mining, steel, hydroelectric and construction industries. Although exports have kept pace, the mining and petroleum industries have made sizable transfers of profits abroad which, coupled with heavy domestic borrowing by the Government, has forced Peru into international money markets for budgetary and public works capital. Peru's external debt has risen more than 50 per cent in the past two years.

Import Duties Increased

Since early 1967, there have been rumors in Lima of a pending devaluation, a step the Government was reluctant to take because of such a heavy foreign debt overhead. As a first move to dampen domestic demand and ease pressure on the Peruvian sol, the Government enacted a new arancel (customs tariff schedule) on June 1, 1967. This increased duties by 30 per cent on consumer goods and by 50 per cent on components for local assembly (cars, for example) and was designed to cut down the import of such items, which made up close to 40 per cent of the total. Later that month, about thirty of Peru's leading companies, mostly foreign-owned and in the mining, automotive and chemical fields, were denied access to the domestic credit market which remains tight.

The effect was dramatic. Many domestic industries which had purchased heavily abroad in the early months of 1967 in anticipation of such a move were caught with imported merchandise now costing up to twice its previous landed cost, at a time when domestic credit was difficult to obtain. By late August 1967,

Peru—the Year in Brief

Gross National Product: (U.S.\$ million) 1966—5,089, 1967—5,242*; percentage change 1965/66—12, 1966/67—3.

Industrial Production, including mining: (U.S.\$ million) 1966—863, 1967—932*; percentage change 1965/66—8, 1966/67—8.

Agricultural Production, including fishing: (U.S.\$ million) 1966—633; 1967—646*; percentage change 1965/66—2, 1966/67—2.

Population: (million) 1966—12, 1967—12.3; percentage change 1965/66—2.5; 1966/67—2.5.

Labor Force: (million) 1966—3.7, 1967—3.8; percentage change 1965/66—3, 1966/67—3.

National Income: (U.S.\$ million) 1966—4,306, 1967—5,167*; percentage change 1965/66—19, 1966/67—12.

External Debt: (U.S.\$ million) 1966—578, 1967—700*; percentage change 1965/66—35; 1966/67—21.

Foreign Exchange Reserves: (U.S.\$ million) 1966—152, 1967—103; percentage change 1965/66—minus 1, 1966/67—minus 32.

Total Exports f.o.b.: (U.S.\$ million) 1966—764, 1967—740*; percentage change 1965/66—15, 1966/67—minus 3.

Total Imports c.i.f.: (U.S.\$ million) 1966—817, 1967—810*; percentage change 1965/66—12, 1966/67—minus 1.

Balance of Trade: (U.S.\$ million) 1966—minus 53, 1967—minus 70; percentage change 1965/66—minus 17, 1966/67—minus 32.

Balance of Payments (official transactions): (U.S.\$ million) 1966—minus 22, 1967—minus 50; percentage change 1965/66—minus 260, 1966/67—minus 128.

Canadian Exports to Peru: (Cdn.\$ million) 1966—36.4, 1967—36*; percentage change 1965/66—66.

Canadian Imports from Peru: (Cdn.\$ million) 1966—3.5, 1967—2*; percentage change 1965/66—minus 61, 1966/67—minus 43.

* Estimate



Canada at the Lima Fair



One of Canada's major promotion efforts in the Peruvian market in 1967 was participation in the Fifth Pacific International Trade Fair in Lima. Displays by 45 Canadian companies were housed in the new Canadian pavilion (top), easily recognized by the huge maple leaf emblem. (Center) Greetings from Canada were conveyed to Peruvian business when Edmond E. Price, Canadian Commercial Secretary in Lima, (second from left) presented an album on Canada to officers of the Sociedad Nacional de Industrias. Miss Peru-Canada Friendship, wearing the Canadian tartan, also seems interested in the book. (Below) His Excellency F.-X. Houde, Canadian Ambassador to Peru (second from left) talks with one of the exhibitors, W. Wynn of Trench Electric, makers of heavy electrical equipment. On the right is D. R. Best, of the Department of Trade and Commerce in Ottawa, and on the left, Miss Peru-Canada Friendship, Anita Ortez.



the port of Callao was congested with some \$200 million worth of imported merchandise because importers were unwilling or unable to clear it.

Devaluation, Exchange Control

Business uncertainty and a political crisis in August led the Central Bank on September 1 to withdraw support for the sol at its previous rate of S/25.00 to the Canadian dollar. The Central Bank did not return to the market until October 9, by which time the rate was around S/36.00. On the day of its re-entry into the market (after a de facto 40 per cent devaluation) the Central Bank reintroduced the exchange certificate system to ensure that exchange earnings from exports which had been withheld by exporters in anticipation of devaluation came onto the market. Under this system, exporters must deliver 100 per cent of the f.o.b. sales value of a shipment to the Central Bank within thirty days (five days in the case of payment through an irrevocable letter of credit). They receive in return "certificate exchange" which can be sold for use in payment of registered imports or to make certain authorized remittances. If not used within five days, it is redeemable by the Central Bank at a discount. Importers are free to use either the certificate market or the free draft market.

Since devaluation, the cost of many domestic goods and services has risen 30 to 40 per cent which forced the Government to enact a 10 per cent general wage increase. In an effort to raise additional revenue, it imposed a 10 per cent export sales tax on all Peruvian exports from December 1967. The effect of this on the mining, sugar, coffee, cotton and fish meal industries, which traditionally account for some 90 per cent of Peruvian exports, has been to make many of the major producers postpone or cut back expansion and development programs.

Canadians Must Adapt

With the economic and political situation still in a state of flux and the Government preoccupied with continued inflation and other problems, the more than 400 present Canadian exporters to Peru may have to consolidate their position and adapt to the changed situation.

Canadian exports to Peru in the first eight months of 1967 suggest a total for the year of slightly less than the record \$36.4 million in 1966. The development in the past three years of an automotive assembly industry with twelve plants has been the principal catalyst which caused Canadian exports to Peru to quadruple between 1964 and 1967. However, higher prices and tightened credit have reduced activity by 70 per cent since September; Canadian automotive exports to Peru may reach \$15 million in 1967 (about 40 per cent of total exports) but the present complete shutdown of the local industry until March or April could well cut exports in this category by a further \$7 to \$8 million in 1968.

Canadian Consulting Services

Despite our vulnerability due to the large part automotive shipments play in our exports to Peru, Canadian business is expected to go on showing considerable interest in this market. Last year more than 200 Canadian businessmen registered with the Com-

mercial Division of the Canadian Embassy in Lima.

Peru has a resource-oriented economy, heavily dependent on export, and a topography which presents incredible difficulties in the development of transportation and telecommunication networks. Many of the problems are similar to those we have experienced in Canada. This has provided Canadian consulting firms with opportunities to sell their services to public and private entities throughout Peru in such diverse fields as the construction of steel hull fishing vessels; the erection of transmission lines; mining and milling installations; the construction of pulp and plywood mills; port installations; exploratory drilling, and irrigation schemes. Although competition from United States, European and domestic consultants is keen, the opportunities for the sale of Canadian consulting services remain good, particularly in concert with viable domestic organizations. The conclusion of a \$540,000 Canadian soft loan contract recently between the Inter-American Develop-

WHAT CANADA SELLS TO PERU

	1965	1966	8 mos. 1967
	(Cdn.\$'000)		
Autos, trucks and parts	8,750	20,965	13,518
Steel bloom, billets, castings, bars, sheet & strip	850	2,700	1,614
Newsprint	1,500	2,300	1,946
Aluminum ingot, bar, rod, plate & sheet	750	1,200	1,156
Wood pulp (bleached & unbleached sulphate)	1,100	850	1,356
Data processing equipment	250	600	651
Asbestos (group 4-9 grades)	450	500	491
Wheat, oatmeal & rolled oats	1,750	500	81
Malt	300	480	792
Synthetic fibers and waste	250	450	197
Powdered milk (mostly whole)	300	420	171
Tire fabrics, rubber coated	350	360	112
Mining and quarrying machinery & parts	300	350	173
Wire rope, insulated wire & cable	150	350	463
Aircraft engines and parts	200	300	549
Plastic and synthetic rubber	200	300	262
Rock drilling machinery and parts	200	200	156
Commercial communication equipment & parts	150	200	247
Electric washing machines & parts	150	160	121
Copper pipe, tubing, wire & cable	100	150	59
Pharmaceuticals	100	150	110
Ready-mixed paints (largely automotive)	—	150	4
Tires (mostly heavy duty truck)	—	140	5
Papermakers' felts	80	130	52
Ophthalmic lenses	60	100	75
Photographic film & plate	70	100	71
Nuts, bolts, screws & washers	150	100	54
Special industrial clothing	40	100	—
Miscellaneous	3,300	2,050	3,461
Total	21,850	36,355	27,947

ment Bank (on behalf of the External Aid Office) and the Peruvian government entity FINEPI for carrying out pre-investment feasibility studies is expected to add further impetus to this growing and increasingly important side of Canadian business with Peru.

Canadian Export Prospects

Consumer Goods—Peru's industrial promotion law accords substantial tariff and tax concessions for the establishment of domestic industry and has led to the development of well diversified secondary industry in Peru. As a result, the market for Canadian consumer goods has dwindled rapidly and is expected to be of only marginal interest in the years ahead. There will, however, still be opportunities for the sale of toys, tools, radio and television components, and builder's hardware.

Capital Equipment and Machinery—This category offers by far the best opportunity for further expansion and diversification of Canadian exports to Peru. The continued expansion of Peruvian mining of copper, lead, zinc, iron ore, tungsten and silver—most of the major operators are United States-based international organizations—will provide regular openings for the sale of mining and milling machinery and equipment, rock drilling machinery and parts, telecommunication equipment and hydroelectric plants. Most mining companies receive import duty concessions on capital equipment, and although procurement is usually channelled through head offices in cities like New York and San Francisco, our experience seems to show that it is increasingly necessary to have an agent in Peru to provide adequate follow-up and service.

More than half of the country's 482,300 square miles is under forest but only within the last year has Peru shown that it is alive to the opportunities this vast resource provides. The all-weather road linking Lima with the central area of Pucallpa, the source of Peru's most promising hardwood species, should help to create new possibilities for the sale of Canadian logging skidders, portable sawmills, plywood machinery, logging tackle and chain saws. Until Peru becomes self-sufficient in softwood, there

will be a market for 35 to 40 million board feet of Douglas fir along the coast; although it has traditionally been supplied by the United States, Canadian competition has begun to make inroads into this steady business.

In the pulp and paper field, the construction of a second pulp mill by the Grace organization and plans for two more pulp mills in north and south Peru suggest greater opportunities for the sale of Canadian pulp and paper machinery suitable for the production of pulp from local bagasse and for use with imported chemical pulp.

Some time in 1968, the Lima-based *Compania Peruana de Telefonos Ltda.* will undertake a huge program to add 150,000 lines to the existing complement of 100,000. Also within the telecommunications field, the Peruvian Government through the *Ministerio de Fomento* will issue tenders for the procurement and erection of transmission lines in northern, central and southern Peru.

In the field of hydroelectric power generation, the Lima Light & Power Company (one of South America's most stable and well administered public utilities) has under way a program to increase the output of electricity in greater Lima by 10 per cent

a year over the next ten years. Public tenders from Lima Light & Power Company are sent regularly to the Department of Trade and Commerce in Ottawa and you may obtain copies from there. The company's current requirements include aluminum cable, wooden telegraph poles, and a central telecommunication dispatching centre.

Agricultural Products—Although it has a well diversified agriculture, Peru is heavily dependent on imports of powdered milk, dairy and beef cattle breeding stock, poultry breeding stock, flue-cured tobacco, and wheat. It is a price-conscious market. Canadian exporters who want to sell these products must set about it with vigor and imagination, supported by a program of missionary sales work and frequent personal visits.

Our conclusion is that despite the present uncertainty affecting economic development and a possible decrease of up to 30 per cent in the value of Canadian exports in 1968, Peru is still one of Canada's most promising markets in Latin America. Canadian knowhow, finance and products are welcomed in Peru, and it is up to the Canadian businessman to take advantage of the many opportunities which the country offers. ●

Trade Fair Notes for '68

● **Britain**—The combined Convention of the Men's Wear Association of Britain and the Men's Wear Exhibition has been rescheduled for October 7-11, 1968, Harrogate, northern England. The show was originally planned for September, but was changed at the request of the British clothing trade.

● **U.S.S.R.**—Two fairs of interest to Canadian businessmen thinking of exporting to the Soviet Union are the *International Exhibition, Municipal Services and Domestic Equipment*, to be held in Moscow, May 21 to June 4, 1968, and the *International Exhibition, Modern Machinery and Equipment of Fish and Sea Products, Catching and Processing*, scheduled for August 1968 in Leningrad.

Both these fairs are sponsored by the U.S.S.R. Chamber of Commerce, and Soviet economic and foreign trade organizations. Manufacturers interested

should contact: The Department of Foreign Exhibitions in the U.S.S.R., 6 Kuibyshev Street, Moscow K-3, U.S.S.R.

● **Yugoslavia**—Plans for 1968 trade fairs in Yugoslavia include three which could interest Canadian manufacturers, all scheduled for April 1968 in Zagreb. The annual *Zagreb International Spring Fair* exhibits a wide range of consumer goods and specialized displays in 11 pavilions. The *Second International Mining Fair* includes mining equipment, geological and geophysical prospecting services and equipment, and the *Fourth International Building Fair*, a biennial event, exhibits engineering and production equipment for the building trades and allied industries.

Information and application forms for each fair can be obtained from: The Organizer, Zagreb Fairs, Zagreb 27 Aleja Borisa Kidrica 2, Yugoslavia.

Bolivia

Oil is becoming a major export, lessening dependence on tin. Projects to exploit new mines, improve telecommunications may offer to Canadians opportunities to sell equipment and services.

EDMOND E. PRICE,
Commercial Secretary, Lima.

THE PUBLICITY surrounding the death of Ernesto Guevara last October in southeast Bolivia following months of guerilla activity in that area has tended to obscure the steady and encouraging economic growth under way in the country. Once referred to as the "beggar sitting on a King's throne", this little known part of South America gives evidence for the first time in its history of relative economic and political stability.

As COMIBOL (the government-owned tin mining entity which produces 70 per cent of Bolivia's tin) goes, so goes the Bolivian economy. After recording its first profit in 1966, COMIBOL is expected to lose money this year in the face of depressed world prices and high labor

costs. Any movement by the present government to reduce costs through further reduction of COMIBOL's work force (cut from 28,000 to 23,000 since 1966) could create some problems with the well-organized miners.

Bolivia's traditional reliance on tin, which accounts for up to 90 per cent of its exports, has made it vulnerable to price fluctuations in the international market. However, despite depressed tin prices and the devaluation of the British pound (Britain smelts 80 per cent of Bolivia's tin concentrate), the economy gave evidence of a newly developed resilience in 1967 through the rapid exploitation of the huge potential gas deposits in Santa Cruz Province. Thus last year Bolivia was able to export over 9 million barrels of crude oil by pipeline through Chile to the United States, and it is expected within the next few years to

ship substantial quantities into Argentina and Brazil, the latter through construction of a 1,200-mile pipeline from Santa Cruz to São Paulo.

Canada in This Market

Despite Bolivia's limited import market, supplied in major part by the United States (often with the help of soft loans), it does offer a wide variety of opportunities for Canadian exporters in the face of very limited domestic industry. Furthermore, no currency or quantitative restrictions apply, although competition is becoming increasingly stiff from Japanese and European suppliers.

Canada's major export to Bolivia is newsprint and we supply most of this country's import requirements. We also supply regular and growing quantities of wire and cable, rock drilling machinery, excavating and dredging equipment to the Bolivian tin industry and to other mining companies active in the exploration and development of iron ore, lead and zinc. The major hydroelectric utilities purchase regularly quantities of aluminum cable and generating equipment in Canada because this equipment is well known to these companies, particularly in La Paz and Cochabamba. Opportunities should also develop for the sale of fine chemicals, as Bolivia is establishing a pharmaceutical industry.

Of major interest to Canadian businessmen are expansion projects under way within the Bolivian mining industry. Construction of a national tin smelter in concert with German interests is going forward at Oruro. It is designed to have an ultimate capacity of 20,000 tons of tin a year, which can be compared with the 26,000 tons of tin concentrate now produced annually by Bolivian mines. In addition, a recent contract was

Bolivia in Brief

Gross National Product: (U.S.\$ million) 1966—661, 1967*—720.

Rate of Increase in GNP: (per cent) 1966—10, 1967*—9.

Per Capita Income: (U.S.\$ million) 1966—105, 1967—112.

External Debt: (U.S.\$ million) 1966—300, 1967—310.

Foreign Exchange Reserves: (U.S.\$ million) 1966—37, 1967—34.

Total Exports f.o.b.: (U.S.\$ million) 1966—133; 1967—140.

Total Imports c.i.f.: (U.S.\$ million) 1966—138; 1967—148.

Balance of Trade: (U.S.\$ million) 1966—minus 5; 1967—minus 8.

Balance of Payments: (U.S.\$ million) 1966—3; 1967—minus 9.

Canadian Exports: (Cdn.\$ million) 1966—2.1; 1967—2.7.

Canadian Imports: (Cdn.\$ million) 1966—0.2; 1967—0.1.

* Figures for 1967 are estimates.

concluded with the U.S. consortium of U.S. Steel and Phillips Brothers for exploitation of the Matilde deposit 100 miles north of La Paz. This project, under the supervision of a Canadian prime contractor, will within a few years produce up to 100,000 tons of lead and zinc concentrate a year; initially these will be shipped abroad for smelting. Lastly, the W. R. Grace Company in Bolivia has recently begun a tin-dredging operation.

To facilitate further Canadian participation in Bolivia's principal economic sector, a Canadian soft loan was made last year to the Corporacion Boliviano de Fomento (CBF) in the amount of Canadian \$1.6 million for the procurement of mining equipment and services to further the development of private mining.

In the field of communications, which in recent years has been a U.S. preserve through the infusion of massive soft loans for the construction of rural roads, the government-operated telecommunications entity known as ENTEL is contemplating the construction of a microwave system linking the cities of La Paz, Cochabamba, and Santa Cruz with an inter-American telecommunications network. This project, under study, offers opportunities for Canadian equipment suppliers and consulting engineers. In the same field, the government-owned airline known as Lloyd Aereo Boliviano (LAB) will shortly embark on a large re-equipment program preliminary to extending its domestic and international air services.

In the agricultural sector, which through dynamic development has made Bolivia self-sufficient in rice, sugar, maize and cotton within recent years, the UN Development Program and the Inter-American Development Bank have just underwritten programs for the development of low-cost housing and the supply of drinking water to rural communities.

Bolivia's isolation within the South American continent leads many Canadian businessmen to overlook this small yet steadily expanding economy, rich in potential for development in minerals, agricultural produce, oil and gas. It offers a variety of opportunities, particularly within these sectors. Don't let the altitude of La Paz frighten you: underfoot there could be opportunity for you. ●

Chile

Large investment in copper industry expected to increase exports; imports for development projects large. Best opportunities for Canadians in selling capital equipment and engineering services.

R. E. GRAVEL,
Commercial Counsellor, Santiago.

FOR CHILE, 1967 was a year of political adjustment in which economic growth continued, but at a slower rate than in the previous two years. Uncertainty in the industrial sector resulted from rapid and progressive changes in taxation, land reform, and the private-public partnerships in industrial development initiated by the Frei Administration. This uncertainty and adjustment resulted in fewer construction starts, smaller industrial sales, and inventory build-up.

As in most countries in the process of continuing industrialization, Chile lacks capital from savings in the private sector. To overcome this, the

Government is discussing legislation for a national salary increase and a related forced savings plan by which a portion of the increased wages will be paid to employees in national development bonds. If this program is approved, close to Cdn.\$90 million will be made available for new investment, to be divided equally between low-cost housing projects and the development of basic industry. The Government has singled out the petrochemical, automotive, pulp and paper, and copper industries for national development assistance.

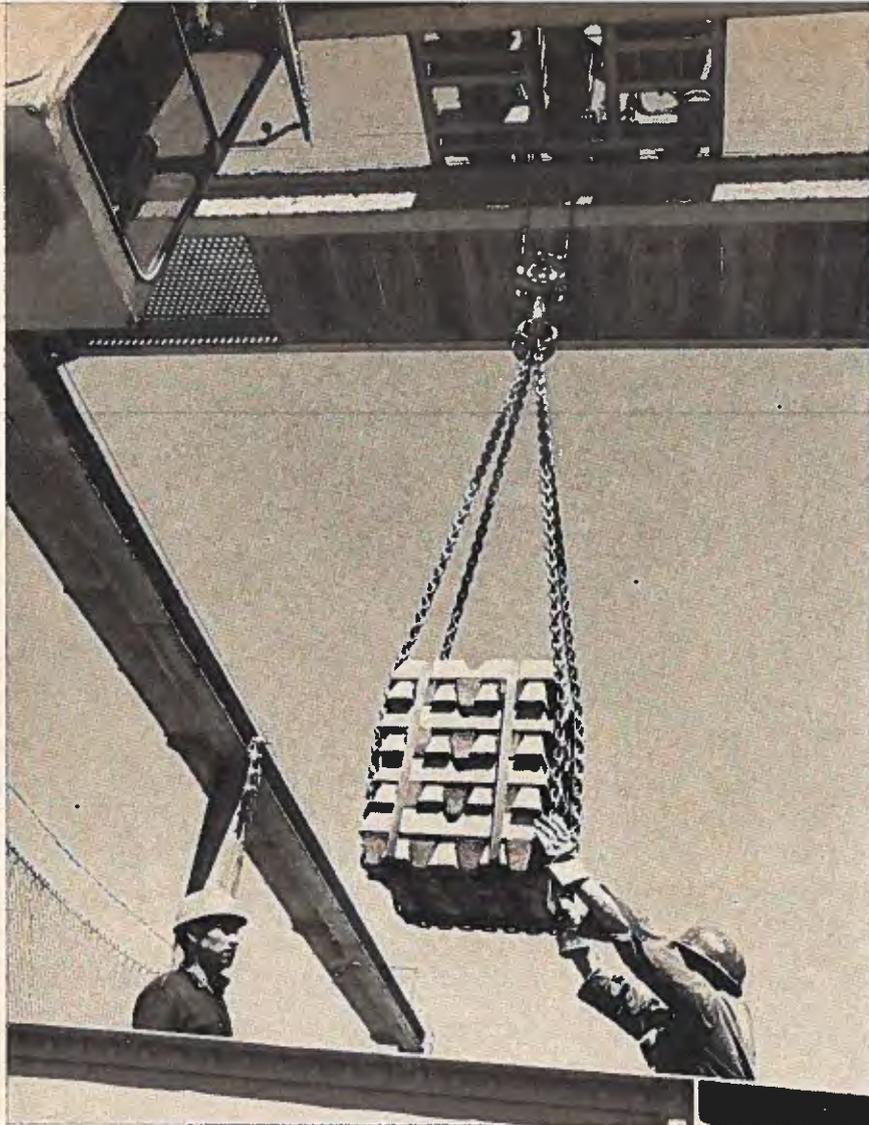
Small Payments Deficit

In spite of the good prices obtained for copper in world markets, there was a small deficit in the balance of payments resulting in part from heavy

new investment in the copper industry. When these investments pay off with increased copper exports towards the end of the 1960's, favorable balances similar to those in 1965 (U.S.\$79 million) and 1966 (U.S.\$122 million) should again be achieved.

More inflation also accompanied the increased investment and the small balance-of-payments deficit. The Government had tackled this inflationary problem and had established progressively diminishing inflation rate targets of 25 per cent, 17 per cent and 12 per cent for the years 1965, 1966 and 1967. Targets were met for 1965 and 1966, but inflation went up to almost 22 per cent last year.

As in previous years, expenditure of foreign exchange was watched closely and allocated mainly to essential prod-



—World Bank photo

Substantial investments are going into Chile's copper industry; as a result, production should more than double by 1971. In the photograph, copper ingots are being loaded at a foundry near Antofagasta, the largest port in northern Chile.

ucts not available from domestic sources. Some 45 per cent of total imports consisted of capital goods and spare parts for new industries and expansions. The increase (22 per cent over 1966 figures) in this category resulted from the large number of projects begun this year and will probably be considerably larger in 1968. Imports of agricultural products such as cattle, meat, wheat, sugar, coffee, tea and fats will probably continue to require substantial allocations of foreign exchange until production rises to the planned levels.

Chilean Industry

Chile's industrialization started in the 1930's as an indirect result of the invention of synthetic nitrates and the consequent loss of nitrate sales as the

major source of foreign exchange earnings. Since that time, the manufacturing sector has expanded considerably and it is now providing approximately 27 per cent of Chile's GNP. Some 53 per cent of traditional manufactures consist of non-durable and semi-durable consumer goods, 25 per cent of intermediate products, and 22 per cent of the metallic-mechanical industries producing durable consumer and capital goods. The greatest increase in production, sixfold from 1960-66, has been in fabricated copper. Durable goods production has also gone up remarkably—for example, output of domestic appliances has more than doubled since 1960. With the exception of foodstuffs, Chile is producing virtually all its own requirements of consumer goods.

Copper Mines Expanding

In 1967 copper production was up only marginally to 664,000 metric tons. However, copper production should more than double by 1971, a result of the substantial investments made during the past two years.

One of the major forces behind the greater investment in the copper industry has been a concerted government effort to enter into a mutually beneficial expansion program with major foreign investors in this industry. The chief production agreements have been made with Kennecott Copper Company and Anaconda Copper Company. Kennecott's major holding, the Braden Copper Co., will become a Chilean-incorporated company with 51 per cent government and 49 per cent Kennecott ownership. The Government's share will be acquired without direct purchases from Kennecott by an immediate expansion program in the existing copper property, with amortization over a 20-year period. By pooling investment resources, the Government will become a partner with Anaconda in the development of the Exotica copper property. Smaller programs have been initiated with other copper producers.

Forest Products

Chile's pulp and paper industry, one in which Canadian engineers and suppliers have recently been playing an important role, showed significant production and export increases in 1967. The two pulp and paper mills are functioning smoothly, are initiating expansion programs, and expect regular annual increases in production and exports. Provisional estimates place exports of pulp, newsprint and paper at U.S.\$23 million in 1967, up from \$17 million in 1966 and \$6.6 million in 1964. An export target of \$30 million has been set for 1968, which will make this industry a more important contributor to the balance of payments. By 1971 or 1972, \$18 million in cellulose exports will be earned by the new Industrias de Celulosa Arauco S.A., which was incorporated in August of last year.

Chile's lumber industry, which is attempting to put itself on a firm basis, has had difficulties which in part reflect the soft prices and reduced world demand experienced in 1967. Exports of lumber dropped to \$2.4

Economic Activity in Chile

Gross National Product—Growth rate, at market prices, 6.6 per cent in 1966; estimated 2.5 per cent in 1967 and estimated 5.0 per cent in 1968.

Consumer Prices—Increased 17.0 per cent in 1966 and 21.9 per cent in 1967.

Wages and Salaries—Increased 31.7 per cent in the 12 months ending July 1967.

Production—The latest figures for 1966-67 show that in the 12 months copper output was up by 9.7 per cent and iron ore up by 2.2 per cent. Petroleum output was down by 1.8 per cent, coal down by 8.7 per cent, and nitrate down by 18.4 per cent. Steel production rose by 14 per cent but cement production fell by 5.1 per cent. For manufacturing industries, the January/September average of the National Bureau of Statistics index was 171.6 in 1966 and 171.8 in 1967; the January/September average of the Manufacturers' Association index was 162.3 in 1966 and 165.0 in 1967.

Agriculture—Agricultural output rose 5.6 per cent in 1966 and 3.0 per cent in 1967.

Unemployment—In the Santiago area at mid-year, approximately 6 per cent of total labor force.

Industrial Sales—January/September index in 1965 was 153.1, in 1966 was 169.9, and in 1967 was 167.6.

Credit—During the first ten months of 1967, the value of bad cheques rose by 80 per cent and of protested drafts by 66 per cent.

Stock Market Index—The index on September 30 stood at 111 in 1965, at 96 in 1966 and at 89 in 1967 (December 31, 1965 = 100).

million in the first ten months of 1967, compared with \$3.6 million in the same period of 1966.

The lumber industry is receiving additional encouragement from CORFO, the Chilean Development Corporation, so that this industry may well provide a greater source of export dollars—as well as a potential market for Canadian designed and made sawmilling equipment.

International Aid Continues

To carry out its plan of rapid industrialization, Chile obtained and is continuing to receive ample financing, not only from international financing organizations but from individual governments as well. By far the largest supplier of credit to Chile was the Export-Import Bank which in the last five years financed projects to a total of U.S.\$756 million. In 1967 financing included (U.S.\$ million): copper mining expansion 240, steel mill expansion 25.0, passenger aircraft 18.4, wire, cable and pipe plant expansion 12.0, and steel pipe plant 2.5.

Inter-American Development Bank loans have amounted to approximately U.S.\$240 million since inception and have averaged about U.S.\$50 million per year. Financing in 1967 covered (U.S.\$ million): small industry sector 20.0, potable waterworks 20.0, education 10.7, petrochemical industry 6.5, and urban development 6.0. In the near future IADB assistance is expected for agriculture, port works and road construction. This multilateral financial assistance will provide further opportunities for Canadian businessmen.

Canada's Trade with Chile

The past year was a good one for Canadian exporters; total Canadian exports to Chile surpassed Cdn.\$11 million by August 31. This figure compares favorably with total exports to Chile of Cdn.\$12.3 million in 1966 and Cdn.\$10.5 million for 1965. The bulk of Canada's sales to Chile was composed of capital equipment for resource industries, engineering services, truck and bus chassis, telecom-

WHAT CANADA SELLS TO CHILE

	1966 (Cdn.\$'000)
Total Canadian exports	12,315.6
<i>of which</i>	
Trucks & chassis	2,659.9
Asbestos	1,478.7
Aluminum ingots, slabs, etc.	1,284.2
Aircraft	897.7
Wood pulp dissolving & special alpha	651.5
Aircraft engines & parts	474.4
Passenger automobiles & chassis	465.6
Papermakers' felts, textile	447.8
Plastic & synthetic rubber	361.5
Excavating, dredging equipment	238.9
Fire brick & similar shapes	228.6
Accounting machines	195.0
Parts & accessories for motor vehicles	165.4
Materials handling equipment	130.2
Mining & quarrying machinery	136.7
Machinery for pulp & paper industry	103.3

WHAT CANADA BUYS FROM CHILE

	1966 (Cdn.\$'000)
Total Canadian imports	1,890.8
<i>of which</i>	
Sodium nitrate	1,091.3
Fresh fruit	517.9
Onions	110.9
Iodine	68.1
Peas, dried	35.3
Fox skins	9.4
Dried vegetables n.e.s.	8.1
Seeds n.e.s.	7.8
Grape wines	7.8
Beeswax	7.2
Olives	4.9
Honey	3.4

Source: DBS

munications equipment, refrigeration equipment, cobalt therapy units, and automobile parts for the Acadian assembly operation in Arica.

On the basis of 1967 exports to Chile, the ambitious investment programs in the copper industry, and a concerted effort on the part of the Government to increase investment in many sectors of the economy, Canadian prospects appear promising. However, in the foreseeable future Canadian participation in Chile's trade will largely be limited to exports of capital goods. Multilateral aid funds will remain important sources of capital for the Canadian exporter and Canada's ability to compete in non-aid privately financed projects will depend in part on our willingness to offer competitive credit terms. ●

Venezuela

Industrial policy of government and LAFTA membership are altering pattern of Canadian exports but not the value of our sales.

J. D. BLACKWOOD,
Commercial Counsellor, Caracas.

VENEZUELA is unique in Latin America. Its location makes it part of three worlds—Latin America, North America and the Caribbean. Its oil wealth makes it the richest country south of the Rio Grande, with an annual per capita income reaching towards \$1,000. It has adopted many North American business practices and tastes. Despite active encouragement of local industry, Venezuela remains a major market for finished goods and its requirements for capital goods, raw materials and components are increasing. It is Canada's largest market in the Western Hemisphere with the exception of the United States.

In an optimistic year-end message, Venezuelan President Raúl Leoni announced that the GNP had advanced 6.5 per cent in 1967, spurred by an increase of 5.3 per cent in oil output. He added that foreign exchange reserves amounted to U.S.\$862 million. Other economic highlights of 1967 according to the President were: finalization of plans for a Bs.697 million extension to the government-owned steel plant, which will include a flat

products mill, agreement to install an iron ore pelletizing plant, the commencement of aluminum production, and the completion of the Orinoco River Delta land reclamation project.

Economy Still Stronger

In 1967 the economy recovered from a slump, following agreements with the oil industry. Money supply expanded and the already strong foreign exchange position improved. The national budget for 1968 is, as usual, balanced and slightly larger than last year with revenues of Bs. 8,965 million. About 37 per cent will be devoted to investment and Bs.2,200 million will go to education, health and social welfare. The military's

share of the budget is approximately 10 per cent.

A recently completed study reports that 70 per cent of the republic's 1.4 million families have a monthly income of under \$150 and only 3.7 per cent exceed \$750. Unemployment is estimated by the Government as 7.7 per cent of the labor force of 2.8 million. The population is estimated at 9.3 million and Caracas, the capital, had over 2 million people in 1967, its 400th anniversary.

Oil Tells the Tale

The Middle East crisis provided an impetus to the Venezuelan oil industry and the daily average increased in 1967 by 5 per cent over the

Canada's trade with Venezuela is carried on under a *Modus Vivendi* which the two countries sign each year, and which grants reciprocal most-favored-nation treatment. Here Mr. J. D. Blackwood, the *Chargé d'Affaires* and Commercial Counsellor, signs for Canada. On the left is Venezuela's Foreign Minister.



previous year, reaching a daily average of 3,540,325 barrels. Exports reached a daily average of 3,367,633 barrels—an increase of 6.4 per cent over 1966. Internal oil consumption also increased, mainly because of greater demand for gasoline. The government-owned company, Venezuelan Petroleum Corporation (CVP), increased its share of the domestic market by 8,165 barrels a day or 14.4 per cent; this represented progress towards the Government's goal of securing for CVP one third of the domestic market.

Following the Middle East crisis, virtually all of Venezuela's traditional markets imported more Venezuelan petroleum and petroleum products than in the previous year. The United States was the exception, although it was still the largest market, taking an average of 1,357,000 barrels a day or 40 per cent of total exports, somewhat less than in 1966. On the other hand, sales to Canada increased by 29 per cent to reach 384,000 barrels a day, or 11.5 per cent of total exports. The Central American and Caribbean area, in which 40 per cent of sales go to Puerto Rico, increased its purchases by 5 per cent to 360,000 barrels a day. South America's purchases amounted to 337,000 barrels a day, 3.4 per cent over last year's figure. European Common Market countries increased their take by 67,000 barrels a day to reach 277,000. Britain's imports, however, decreased by 8,000 barrels a day to 221,000 barrels.

During 1967, the settlement of tax problems effective January of that year, plus increased exports, resulted in the Venezuelan treasury participating in oil industry profits to a total of 5,387 million bolivars—a 10.3 per cent increase over the previous year. The Venezuelan petroleum industry thus contributed more than 60 per cent of total government revenues.

New York City's regulations requiring the use of low-sulphur fuel oils and the possibility of similar steps being taken in other high-consumption areas will affect the oil industry. The two major producers, Creole (Jersey Standard) and Shell are planning desulphurization installations.

Although the industry is long past its days of rapid growth, the Government is optimistic that further small increases in exports can be achieved.

Venezuela in Brief

Gross National Product—At market prices, 37 billion bolivares (U.S.\$8.2 billion) in 1966; 39.5 billion (U.S.\$8.8 billion) in 1967. The rate of increase in 1967 was 5 per cent in real terms, 6.5 per cent at market prices.

Oil Production—In 1966, 3.37 million barrels a day; in 1967, 3.54 million barrels a day. The increase in 1967 was 5.1 per cent.

Agricultural Production—In 1966, agricultural production was valued at U.S.\$561 million and it increased 6.5 per cent in 1967.

Manufacturing Production—In 1966, manufacturing production was valued at U.S.\$1 billion. Output was up in 1967.

Foreign Exchange—Foreign exchange reserves in 1966 totalled U.S.\$770 million; in 1967 U.S.\$867 million.

Total Exports—In 1966, the total value of exports was U.S.\$2.7 billion; in 1967 U.S.\$3 billion.

Total Imports—In 1966, total imports were worth U.S.\$1.2 billion; in 1967, U.S.\$1.25 billion.

Balance of Trade—There was a favorable balance of trade in 1966 of U.S.\$1.7 billion and in 1967, U.S.\$1.75 billion.

Balance of Payments—There was a balance-of-payments surplus in both 1966 and 1967.

Canadian Exports to Venezuela—In 1966, Cdn.\$76 million; for the first nine months of 1967, Cdn.\$67 million.

Canadian Imports from Venezuela—In 1966, Cdn.\$215 million; for the first nine months of 1967, Cdn.\$194 million.

Figures for 1967 are estimates.

Iron Ore Pelletizing to Begin

Iron ore production amounted to 17 million tons, down slightly from 1966. Lengthy negotiations were completed on December 1, 1967, enabling Orinoco Mining Company (a U.S. Steel subsidiary) to go ahead with a million-ton-per-year pelletizing plant. It will be fuelled by natural gas supplied through CVP from Mobil's field in Eastern Venezuela. A 200-kilometer 20-inch pipeline will be required.

The Minister of Mines and Hydrocarbons announced at year's end the discovery of a 200-million-ton iron ore deposit near Guri in the Guayana region of eastern Venezuela.

Industrialization Policy

Venezuela's industrial policy is based on these four main points:

- Continuing efforts towards import substitution.

- Completion of complementation agreements with other Latin American countries in order to specialize in industrial fields in which Venezuela can have a comparative advantage.

- Developing industries based on two major raw material resources, petrochemicals and metals.

- Development of local industries based on Venezuelan resources, including agriculture and raw materials.

This policy, backed by restrictive import licensing or tariffs, will, it is expected, continue to alter the pattern of Canadian exports. For example, in 1968 local production of washing machines is expected to begin and imports almost certainly will be prohibited. Local manufacture or assembly has been mostly concentrated in foodstuffs and beverages, textiles and apparel, housewares, standard appliances and automobiles. Sears, the

major retail chain, estimates that 80 per cent of its sales are products made in Venezuela. Experience shows that Venezuela's industrialization has benefited Canadian exporters of raw and semi-finished products such as wheat, copper strip, tinplate, zinc metal and others. This policy also offers interesting investment and manufacturing opportunities. As the economy becomes more diversified, Venezuela's imports become both more essential and more sophisticated, and the trade pattern is constantly changing.

On September 1, 1966, Venezuela formally became a member of the Latin American Free Trade Area. Subsequent negotiations with other members have proved difficult and as yet few significant concessions have been made. Venezuela is now committed to economic integration within LAFTA and also within the Andean Group, comprising the Pacific Coast countries and Bolivia. Its main commercial treaty is with the United States and this agreement is currently being renegotiated to harmonize it

with the country's LAFTA obligations. In fact, the U.S.-Venezuela treaty has largely been eroded as both sides have imposed restrictions. The United States has set import quotas on oil and, in turn, Venezuela has invoked the emergency clause to protect industries and agriculture in order to provide employment. Trade with Canada is conducted under a Modus Vivendi signed annually, which grants reciprocal most-favored-nation treatment.

Canadian Exports Set Record

Exports of Canadian goods to Venezuela will set a new record in 1967, as they have every year since 1961. Venezuela is Canada's largest market in Latin America and if automotive shipments continue at high levels, it could join the \$100-million-market club. It has become the second largest buyer of Canadian automotive products, with shipments amounting to \$32.2 million in 1966. In 1966 Venezuela was Canada's 13th largest market and we were number three supplier to Venezuela, following the United States and West Germany. Excluding the Netherlands Antilles, with two large oil refineries, Canada is Venezuela's second largest market.

The table shows major Canadian exports to Venezuela. Although Venezuela's industrial policy stresses import substitution, DBS records over 500 items as exported from Canada. Opportunities are most promising for sophisticated products—such as electronics, electric power generation and transmission equipment, construction machinery, industrial machinery and process equipment, agricultural machinery, fishing and sports equipment, marine recreation items and educational equipment.

Looking Ahead

This year promises to be a good one for Venezuela. It has no exchange restrictions, a steady exchange rate, a relatively open market free of restrictions, an ambitious development program and political stability. Ask the Commercial Division of the Canadian Embassy, Apartado del Este 11452, Caracas, Venezuela, to do a preliminary market survey for you—and hopefully you can join the lengthy and growing list of Canadian exporters to this rich market. ●

CANADIAN—VENEZUELAN TRADE

Year	Canadian Exports	Canadian Imports (Cdn.\$'000)	Balance in Favour of Venezuela
1960	35,345	195,189	159,844
1961	34,978	216,640	181,662
1962	42,328	224,275	181,947
1963	46,328	243,816	197,488
1964	64,075	270,621	206,546
1965	73,045	254,670	181,625
1966	75,958	215,058	139,100
1967*	67,322	193,966	126,644

*First 9 months

Source: DBS

CHIEF CANADIAN EXPORTS TO VENEZUELA

	1964	1965	1966	Jan.-Sept. 1967
	(Cdn.\$'000)			
Whole milk powder	7,368	9,114	2,325	1,741
Skim milk powder	521	1,074	778	745
Oats	411	350	275	405
Wheat	20,764	15,562	8,700	8,940
Malt	604	535	635	1,040
Seed potatoes	1,126	1,469	963	858
Oats byproducts	718	582	292	559
Asbestos fibers and shorts	657	696	787	491
Sulphur	388	947	.....	.....
Wood pulp	806	1,297	1,303	1,719
Newsprint	2,788	4,155	6,258	3,436
Bond & writing paper	734	1,234	788	529
Plastic & synthetic rubber	2,058	748	1,796	1,870
Sheet & strip steel	4,470	3,323	3,322	3,236
Aluminum	665	1,224	1,176	1,262
Copper	2,000	1,735	1,470	1,235
Zinc	.....	80	100	238
Autos & chassis	5,329	16,435	24,420	21,857
Trucks & chassis	12	19	5,808	7,663
Motor vehicle parts	1,444	1,039	2,029	1,245
Washing machines	502	534	640	274
Card punch equipment	597	473	638	179
Others	10,113	10,500	11,554	7,800
Total exports	64,075	73,045	75,958	67,322

Source: DBS

Surinam

Canadians should explore this growing market for imported foodstuffs, mining machinery and equipment for developing forest industries.

K. G. RAMSAY,
*Commercial Counsellor,
Port-of-Spain.*

NESTLING BETWEEN Guyana and French Guiana on the long sloping shoulder of South America is Surinam, a semi-autonomous state under the Dutch Crown. The population is made up of many races—Creole, Indian, European, African, Chinese and Javanese—and has a relatively high standard of living. Although there is some talk of independence, it does not appear to be an issue with far-reaching economic implications.

Timber and Bauxite

The dense tropical vegetation provides trees suitable for veneer. This is by no means a new industry in Surinam. Up-country bush negroes, the descendants of slaves who fled from the plantations and settled in the forests, have been cutting these trees and bringing them down river to the sawmills for a hundred years. The Bruynzeel lumber mill, now employing 1,100 men on a two-shift operation, exported wood to a value of Cdn.\$4.5 million in 1966, most of it to Holland. The increasing world demand for wood will encourage expansion of the industry in Surinam and mean opportunities for the aggressive Canadian manufacturer of logging and lumbering machinery and equipment. He should be aware that all imports into Surinam come under the same tariff, regardless of the country of origin. Dutch manufacturers enjoy no tariff advantage.

The rich bauxite deposits developed by Alcoa earned about Cdn.\$71 million in 1966. Much of this came from the Brokopondo bauxite/hydroelectric complex near Afobaka, 40 miles from

Paramaribo. There is a potential new development at Kabalebo, 160 miles from Paramaribo in a remote area on the border of Guyana, where the power potential is said to be in the neighborhood of 150 megawatts. The big stumbling block is how to get the aluminum (a smelter would be part of the operation) out to seaboard.

Jungle Thrills for Tourists

Surinam cannot offer white beaches and clear, blue waters but it can offer exciting, romantic and safe jungle adventure. The tourist, after a few days idling on the white beaches of Barbados or Tobago, might like to include in his package tour a visit to jungle country. Certainly this is the direction that thoughts are taking in Surinam today. There are plans afoot for hotel construction, road improvement, opening inland waterways, developing jungle stop-off points and providing air-conditioned buses—in fact everything designed to coddle the tourist. The one first-class hotel in Paramaribo, the Torarica, had 91 per cent occupancy in an off-season month in 1967. As a result, plans were approved in December to build an 81-bed extension to the hotel. A number of package circular tours of Latin America fly in from Belem in Brazil and make Paramaribo the last stop of the tour. Many of these are scheduled for the coming season.

Market for Foodstuffs

The standard of living of the population is relatively high. The streets are clean, the traffic orderly, and the different races live in the harmony of mutual respect. The stores are well stocked with imported goods, including some Canadian foodstuffs.

Surinam's imports of food in 1966 amounted to Cdn.\$7.3 million in

total. Meat accounted for \$1.5 million, dairy products for \$747,000, fish for \$862,000, cereals for \$2.6 million, and fruit and vegetables for \$1.6 million. Canada supplied food worth Cdn.\$460,000. Aggressive salesmanship might well push up the value of Canadian sales. Canadian canned goods can be seen on the shelves of the stores but there is room for more. There is a demand for Canadian wheat in lots of 800 tons three times a year; shipping of part cargoes remains a problem, however. There were many inquiries for heavy beef navels that can survive transshipment and do not need reefer space. There is also considerable interest in hake and pollock. As for vegetables, although inquiries were received for potatoes and onions, it seems unlikely that Canadian potatoes and onions could compete successfully with imports from Europe.

The main problem facing Canadian exporters interested in developing opportunities in Surinam is access. At the moment, wherever transshipment is involved, perishables are practically ruled out except for shipments by air. Canadian apples are still remembered with pleasure by Surinamers but importers will not touch them until they can be assured of reefer space all the way.

As soon as he sees the smartly uniformed and courteous Customs officials and the road signs, the new arrival in Surinam knows that he is in a corner of Holland. Indeed, the special welcome that Canadians have always received in Holland since World War II is just as evident in Surinam. It seems a pity that so few visit this delightful country. Pleasure and business might be combined and Canada's Cdn.\$1.8 million share of this Cdn.-\$97-million market increased. ●

Import and Exchange Regulations in South America

The following paragraphs summarize import and exchange regulations affecting shipments to South America. Canadian exporters who require more detailed information or advice on documentation should get in touch with the Latin American Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa.

Argentina

Import Licences—Import licences are not required but the import of many goods is prohibited. For certain commodities, a prior deposit of 40 per cent of the c.i.f. value is required at the time of making the Customs entry. This deposit is held without interest for 180 days or until the goods clear Customs.

Foreign Exchange—Exchange is made available through authorized banks; remittances abroad are subject to the approval of and to control by the Central Bank. Payment for imports of capital goods exceeding U.S.\$10,000 should be not more than 5 per cent of the f.o.b. value upon signature of the contract, not more than 10 per cent plus freight, consular fees and insurance upon the receipt of shipping documents, and the balance by instalments.

Tariff Features—Argentina is a member of GATT. Imports from Canada receive most-favored-nation treatment. Preferential treatment is extended to certain imports from member countries of the Latin American Free Trade Association. In addition to ad valorem duties levied on the c.i.f. value, imports are subject to a statistical tax of 1.5 per cent on dutiable imports or 0.3 per cent on duty-free imports and to a tax of 4 per cent of the ocean freight charges. Tariff classification is based on the Brussels tariff nomenclature.

Bolivia

Import Licences—Import licences are required only for a short list of items which includes certain foodstuffs and other consumer goods, some chemicals, petroleum and petroleum products, earthmoving equipment and tractors.

Foreign Exchange—There are no restrictions on foreign exchange.

Tariff Features—Imports from Canada receive most-favored-nation treatment. Preferential treatment is granted to certain imports from member countries of the Latin American Free Trade Association. Imports are subject to specific duty, ad valorem duty and an

additional ad valorem duty. The ad valorem duty and the additional ad valorem duty are assessed on the c.i.f. value. Tariff classification is based on the Brussels tariff nomenclature.

Brazil

Import Licences—The licence is now called the "Guia de Importacao" and all goods are now classified in the General Category. (The Special Category has been abolished.)

Foreign Exchange—Exchange is available through authorized banks at a rate set by the Central Bank.

Tariff Features—Imports from Canada receive most-favored-nation treatment. Brazil is a member of GATT. Preferential treatment is given to certain imports from member countries of the Latin American Free Trade Association. In addition to duties, imports are subject to a port improvement tax of 1 per cent of the c.i.f. value and a tax of 10 per cent of the ocean freight charges. Tariff classification is based on the Brussels nomenclature.

Colombia

Import Licences—All permitted imports require an import licence and registration with the Central Bank. A deposit is made on certain items at the time of registration. A copy of the importer's registration certificate must be presented to the Colombian Consul with the other export documents.

Foreign Exchange—The commercial bank must apply to the Central Bank to obtain an exchange certificate for the importer.

Tariff Features—Imports from Canada receive most-favored-nation treatment and certain imports from member countries of the Latin American Free Trade Association receive preferential treatment. Most duties are ad valorem, based on the c.i.f. value, port of entry. Tariff classification is based on Brussels tariff nomenclature.

Ecuador

Import Licences—Import licences are required for all imports except those not exceeding U.S.\$100.

Foreign Exchange—Exchange is purchased at an official rate.

Tariff Features—Imports from Canada receive most-favored-nation treatment. Certain imports from member

countries of the Latin American Free Trade Association receive preferential treatment. Imports are subject to both specific duty and ad valorem duty. Ad valorem duty is assessed on the c.i.f. value, port of entry. Essential imports (List 1) are subject to an exchange tax of 10 per cent of the c.i.f. value, a deposit of 35 per cent of c.i.f. value, and a prior deposit of 10 per cent of the duties. Less essential imports (List 2) are subject to an exchange tax of 20 per cent of the c.i.f. value, a special tax of 10 or 15 per cent of the c.i.f. value (on selected items), a deposit of 50, 70 or 100 per cent of c.i.f. value, and a deposit of 45 per cent of the duties. Deposits and exchange taxes are payable on imports not financed through the free exchange market. Prior deposits on duties and other taxes are not affected by the kind of exchange market used for transactions.

Paraguay

Import Licences—Import licences are not required. A small list of items is prohibited.

Foreign Exchange—Exchange is freely available through authorized banks. Imports are subject to a foreign exchange surcharge of up to 32 per cent of the c.i.f. value.

Tariff Features—Imports from Canada receive most-favored-nation treatment. Certain imports from member countries of the Latin American Free Trade Association receive preferential treatment. Copies of the Paraguayan Customs Tariff are not available. In addition to duties, imports are subject to taxes of up to 44 per cent of the c.i.f. value.

Peru

Import Licences—Import licences are not required except for pharmaceutical products which are subject to a special authorization.

Foreign Exchange—Importers can expect to receive U.S. dollars for exchange certificates within three days or less.

Tariff Features—Imports from Canada receive most-favored-nation treatment. Peru is a member of GATT. Certain imports from member countries of the Latin American Free Trade Association receive preferential treatment. Imports are subject to both specific and ad valorem duties. In addition to duties, most imports are subject to a tax of 4 per cent of the ocean freight charges, and a 1.5 per cent surtax on all general tariff items. Tariff classification is based on the Brussels tariff nomenclature.

Uruguay

Import Licences—The importer must file an import declaration with the Banco de la Republica.

Foreign Exchange—Exchange is obtainable from authorized banks.

Tariff Features—Imports from Canada receive most-favored-nation treatment. Uruguay is a member of GATT. Certain imports from member countries of the Latin American Free Trade Association receive preferential treatment. Ad valorem duties are assessed on an official value or on the c.i.f. value when no official value is set. In addition to the duty, all items are subject to surcharges ranging from 30 to 300 per cent of the c.i.f. value; for many items an "average c.i.f. value" is set and for these products the surcharge is assessed on the higher value. The official value (aforo) for duty is expressed in pesos; the "average c.i.f. value" is expressed in U.S. dollars. In addition to duty and import surcharge, imports are subject to an import tax of 15 per cent of the c.i.f. value; (this tax is only 8 per cent for raw materials for industry and 1½ per cent for a short list of items which includes fertilizers, books and crop seeds). Imports are also subject to deposits of up to 400 per cent of the c.i.f. value. Deposits are held for eight months.

The general embargo on imports has now been almost completely removed. As part of the program of relaxing import restrictions, those prior deposits ranging up to 60 per cent of the c.i.f. value of imports have been eliminated for the period January 1 to March 31, 1968, on imports up to a certain value. Certain capital goods as well as goods imported for public organizations are also exempt from prior deposits. Prior deposits are still required on commodities at present subject to surcharges of 150 per cent or more; automobiles, trucks, pickups and chassis for such vehicles are still subject to 400 per cent prior deposit, except in certain cases.

Venezuela

Import Licences—A number of items require a prior import licence from the Ministry of Development or the Ministry of Agriculture.

Foreign Exchange—Exchange is available through commercial banks at the fixed rate of 4.50 bolivars to the U.S. dollar.

Tariff Features—Venezuela is a member of the Latin American Free Trade Association. Imports from Canada receive most-favored-nation treatment. Duties are specific, levied in bolivars on the gross weight in kilograms. Additional ad valorem duty ranging up to 100 per cent of the f.o.b. value applies to some items, notably those with gold or silver content. In addition to duties, imports are subject to a tax of 2 to 3½ per cent of the f.o.b. value. Tariff classification is based on the SITC nomenclature.

foreign tariffs and trade regulations



Germany

OBTAINING CUSTOMS RULINGS IN GERMANY

—The West German Customs Tariff uses the clear-cut Brussels nomenclature, so that the German importer in most instances can obtain a fairly reliable indication of customs classification merely by examining the tariff. With new or complicated products, however, there may be doubts about proper classification. A good and inexpensive way to determine how West German customs officials would classify the goods is to make a sample shipment. Even with this method, however, there may be exceptional cases where the customs rulings will be changed at a later date when they are reviewed by customs supervisors. If this should happen, the German importer will be subject to payment of further duties, perhaps several months after the goods have been imported.

To remove this hazard and to assist businessmen who have special reasons for requiring a definitive customs ruling before their goods enter Germany, the West German Customs is prepared to issue binding customs rulings. A Canadian exporter applying for a binding ruling is strongly advised to work through a competent agent or other representative in Germany who is familiar with the language and regulations. The agent or representative must have written authority from his principals establishing that he has been given full power of attorney for the purpose of obtaining a binding customs ruling, and clearly indicating the product for which a ruling is sought. The power of attorney must be in the German language.

For each product to be classified there should be a separate application in German on the official form provided, together with three samples. If because of the nature or value of the product it is impossible to provide samples, three photographs and detailed description in German may be provided in lieu of these. Utmost care should be exercised in the preparation of German-language versions of the product description because translation mistakes may result in erroneous rulings for which the customs appraisers do not accept responsibility. The application should state through which port the goods are to be imported because binding customs rulings are valid normally for only one particular port of entry. If more than one port of entry is to be used, additional samples, photographs, descriptions, etc., should be supplied with the application. All

charges including postage are borne by the applicant who may be requested to make down payments. The fees payable vary with the product but are generally moderate. For example, for most chemical products requiring a lab test the fee would be under Cdn. \$25.00.

Applications for binding rulings should be filed with the competent "Oberfinanzdirektion", or regional subdivision of the Ministry of Finance. There are five of these regional offices in Germany—at Berlin, Frankfurt, Hamburg, Cologne, and Munich, and each specializes in a particular range of commodities. It is advisable that the application be filed with the office which is most likely to be competent to deal with the particular product. The length of time required for obtaining a ruling varies with the product but is usually less than eight weeks. Companies in possession of a binding ruling have the special benefit of protection against an increase of duty on their product for three months after any increase of the German tariff rate in question.

—R. R. PARLOUR,

Commercial Counselor, Bad Godesberg.

Indonesia

IMPORT OF LUXURIES RESTRICTED—The Indonesian Government announced at the end of January new restrictions on the import of luxury goods in a new austerity move. This includes the complete banning of automobiles with a value of over U.S. \$2,000, 21-inch television sets, expensive radios and record players, etc. The heavy surcharge on imports of other luxury items introduced last November will remain in force. However, lower duties were announced at the same time on essential goods such as rice, flour, medicine, insecticides, asphalt, etc. The exchange rate for the calculation of duties has been raised from rupiahs 130 to 240 per U.S. dollar.

Pakistan

IMPORT LICENSING POLICY—The Government of Pakistan has announced an import policy for the period January-June 1968. The policy attempts the maximum liberalization within the restraints of the declining foreign exchange position. As in the past, the Pakistan licensing program comprises five categories: free list, licensable list, cash-cum-bonus list, bonus list,

and prohibited items. The licensable list, which allows conversion of foreign exchange at the official rate of Rs 4.76 to the U.S. dollar, has been reduced from 83 to 25 items. All imports under the licensable list will be subject to the availability of foreign exchange and on a first-come-first-served basis. Forty-four items previously on the licensable list have been transferred to the cash-cum-bonus list, under which the importer must buy half of his foreign exchange through bonus vouchers (which results in an exchange rate of some Rs 9 to the U.S. dollar). This list now contains 73 items and it is expected that two-thirds of total imports in the January-June licensing period will fall under this category.

Approved importers can import 100 per cent of rated capacity requirements compared with 50 per cent last year at the cash-cum-bonus rate of Rs 9 to the dollar. The bonus list (which costs the Pakistan importer approximately Rs 13 to the dollar) remains at some 230 items, and licences for items in this category will be issued freely. Export subsidies are to continue in force. Exporters receive entitlements to import at an official exchange rate up to 30 per cent of the f.o.b. value of their exports.

For full details contact Commonwealth Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa 4, Ontario.

United States

DUTIES ON AMERICAN COMPONENTS OF CANADIAN PRODUCTS—Manufacturers who export products wholly or in part of U.S.-origin components may have the U.S. value for duty reduced by the cost of such components. This is provided for by U.S. tariff item 807.00. In order to qualify for this exemption for U.S. manufactured components, three conditions must be met.

1. The components must be exported from the United States ready for assembly without further fabrication.
2. The components must not lose their physical identity in such articles by change in form, shape or otherwise.
3. The components must not be advanced in value or improved in condition abroad except by being assembled and except by operations incidental to the assembly process, such as cleaning, lubricating and painting. (Welding, fitting and certain other assembly operations may also qualify.)

More detailed information on tariff item 807.00 and the procedures that must be followed can be obtained from any District Office of U.S. Customs or by writing to the U.S. Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa.

MARCH 2, 1968

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.

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

K. R. Higham, Assistant Trade Commissioner in Liverpool, will visit Hull March 20-21.

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

Canary Islands—F. M. Mulkern, Assistant Commercial Secretary in Madrid, Spain, will visit the Canary Islands March 17-22.

Central America—J. S. A. Sotvedt, 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.

Cyprus—M. A. Brault, Assistant Commercial Secretary in Tel Aviv, Israel, will visit Cyprus March 6-13.

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

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

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

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 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.

Index to "Foreign Trade"

The index to Volume 128 of Foreign Trade, July-December 1967, numbers 1 to 13 inclusive, is now available. If you would like a copy, please write to: The Editor, Foreign Trade, Trade Publicity Branch, Department of Trade and Commerce, Ottawa.

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 16			at February 16	
Algeria Dinar	.2209	4.52	Denmark Krone	.1459	6.81
Argentina Peso (free)	.0031	322.58	Dominican Republic Peso	1.088	.92
Australia Dollar	1.223	.8163	Ecuador Sucre (official) (free)	.0604 .0541	16.50 18.45
Austria Schilling	.0420	23.98	El Salvador Colon	.4350	2.30
Bahamas Dollar	1.066	.9364	Fiji Pound	2.498	.40
Belgium and Luxembourg Franc	.0219	46.25	Finland Markka	.2589	3.86
Bermuda Pound	2.622	.38	France, Monaco, etc.³ Franc	.2209	4.52
Bolivia Peso	.0914	10.92	Franco-African Republics⁴ Franc	.0044	227.79
Brazil Cruzeiro (official free)	.3393	2.95	French Pacific⁵ Franc	.0122	82.64
Britain Pound	2.622	.38	Germany D Mark	.2718	3.68
British Honduras Dollar	.6555	1.53	Ghana New Cedi	1.066	.94
Burma Kyat	.2284	4.20	Greece Drachma	.0363	27.86
Ceylon Rupee	.1827	5.47	Guatemala Quetzal	1.088	.92
Chile Escudo (bank rate) (free)	.1811 .1560	5.52 6.41	Guyana Dollar	.5438	1.83
China, Republic of New Taiwan Dollar (official)	.027	37.04	Haiti Gourde	.2175	4.60
Colombia Peso (fixed)	.067	14.95	Honduras Lempira	.5438	1.83
Congo, Republic of¹ Franc	.0072	139.50	Hong Kong Dollar	.1794	5.56
Costa Rica Colon	.1642	6.09	Hungary Forint (official)	.0921	10.86
Cuba² Peso	.....	.....	Iceland Krona (official)	.0191	52.91
Czechoslovakia Koruna	.1510	6.62	India 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
	at February 16			at February 16	
Indonesia ⁶ Rupiah	.....	.....	Peru Sol (free)	.0254	39.37
Iran Rial	.0144	70.42	Philippines Peso (free)	.2779	3.60
Iraq Dinar	3.045	.33	Poland Zloty (fixed basic rate)	.2719	3.68
Ireland Pound	2.622	.38	Portugal & Colonies ⁷ Escudo	.0378	26.33
Israel Pound	.3107	3.22	Saudi Arabia Riyal	.2066	4.84
Italy Lira	.0017	581.86	Sierra Leone Leone	1.523	.66
Japan Yen	.0030	333.33	South Africa Rand	1.523	.66
Kenya Shilling	.1526	6.55	Spain & Dependencies Peseta	.0156	64.25
Lebanon Pound (free)	.3371	2.97	Sweden Krona	.2105	4.75
Malaysia Dollar	.3553	2.81	Switzerland Franc	.2501	4.00
Mexico Peso	.0870	11.47	Syria Pound (free)	.2847	3.51
Morocco Dirham	.2149	4.65	Thailand Baht (free)	.0527	18.90
Netherlands Florin	.3014	3.32	Tunisia Dinar	2.072	.48
Netherlands Antilles Florin	.5767	1.73	Turkey Lira	.1208	8.28
New Zealand Dollar	1.227	.81	United Arab Republic Pound (official)	2.501	.40
Nicaragua Cordoba	.1554	6.42	United States Dollar	1.088	.92
Nigeria Pound	3.051	.33	Uruguay Peso (free)	.0055	185.18
Norway Krone	.1523	6.57	Venezuela Bolivar (official free)	.2423	4.12
Pakistan Rupee	.2284	4.38	West Indies Dollar ⁸	.5438	1.84
Panama Balboa	1.088	.93	Pound ⁹	2.622	.38
Paraguay Guarani (free)	.0087	116.28	Yugoslavia Dinar (official)	.0870	11.47

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

ARGENTINA

Area

Approximately one million square miles.

Climate

Because the country is some 2,150 miles in length from north to south, there is considerable variation in climate. The temperature in Buenos Aires in July (winter) ranges from 42°F to 57°F and in January (summer) from 63°F to 85°F, with a recorded high of 110°F. Humidity in Buenos Aires averages 76 per cent and precipitation is 39 inches, distributed evenly throughout the year. Centigrade scale is used.

Population

In 1960, the population was 20 million.

	<i>Males</i>	<i>Females</i>
35 and over	37.1 per cent	37.4 per cent
25 to 34	15.5 " "	15.4 " "
15 to 24	16.3 " "	16.3 " "

Households

In 1963 there were 4.6 million private residential dwellings.

Income

In 1967, GNP was 4,132 billion pesos (U.S.\$12.8 billion at the new rate of exchange). Per capita income was U.S.\$542 and the average hourly wage about U.S.\$0.50.

Motor Vehicles

In 1966 there were 806,000 passenger cars, 555,000 commercial vehicles and 469 motorcycles and scooters.

Telephones

62 per thousand persons.

Radio and Television

There are four million households with radio and about two million with television (approximately 90 television sets per thousand persons). Radio and television broadcasting (625 lines and 25 frames) are both publicly and privately owned. There are 27 television transmitting stations, three of them owned by the Government, and three repeaters.

Water Supply

Safe to drink. Buenos Aires water from the river has a total mineral content of 150 to 250 mg./lt. and hardness of 60 to 70 mg./lt. as calcium carbonate.

Electric Power

50-cycle, 220 volts a.c. single-phase for domestic and commercial use, and three-phase 380-440 volts for industry. Voltage may vary by 15 to 20 per cent. A grounding conductor is not required in the electrical cord attached to an appliance. National capacity in 1966 was 5,400 mw. of which, 3,800 mw. was publicly owned, 1,600 mw. privately owned. The total number of customers in 1966 was 4.2 million.

Coal

Consumption in 1966 was 1.1 million metric tons. Production in 1965 totalled 374,000 metric tons and reserves are put at about 500 million tons. Most of the coal is bituminous.

Gas

Both natural gas and LPG are available. The production of natural gas in 1966 was six billion cubic meters and reserves were estimated at 212 billion cubic meters. There has been a marked increase in consumption in recent years—28 per cent in 1965 and 11.6 per cent in 1966.

Petroleum

All refined products are available. Production of petroleum in 1967 was 18.2 million cubic meters. Reserves are estimated at 440 million cubic meters.

Weights and Measures

Metric.

Screw Thread

Metric, Whitworth and North American SAE are all used, right hand.

Standards

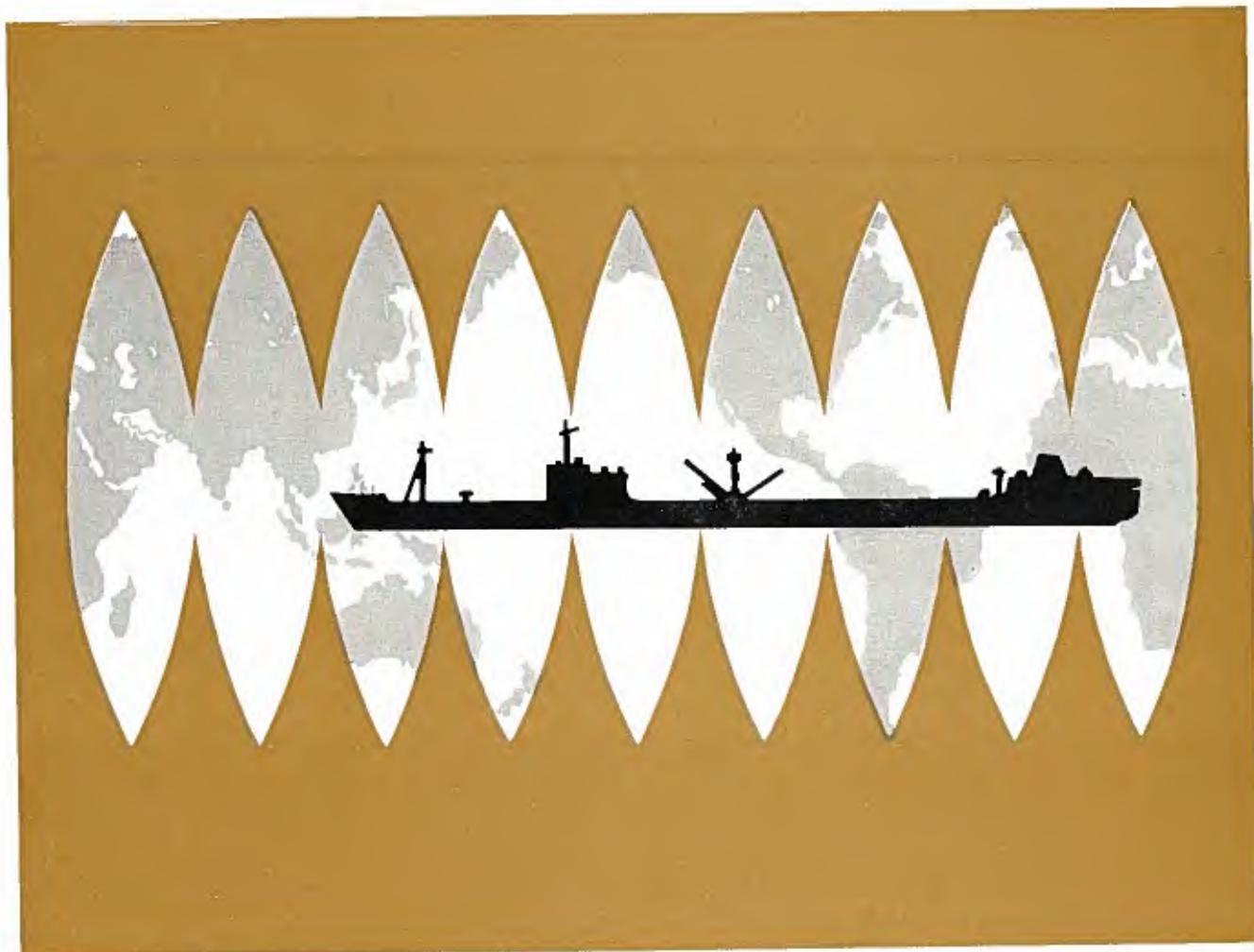
Official approval is mandatory for gas appliances and is recommended for electrical and other fuel appliances. The address of the approvals organization for gas is: Gas del Estado, Alsina 1169, Buenos Aires. The other standards organization is: Instituto Argentino de Racionalizacion de Materiales (IRAM), Chile 1192, Buenos Aires.





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