# foreign trade

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COVER . . . This man-made forest constitutes one section of the 900 thousand acres of exotic timber in New Zealand. Most of these stands were planted late in the 19th century; now are yielding about 233 million FBM of timber a year. (See story on page 2.)

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# New Zealand's Timber Industry

*With rapid development of her exotic forests, New Zealand may soon be meeting her own softwood demands and even exporting. But traditional softwood lumber purchases from Canada will probably continue.*

WELLINGTON—A National Forest Survey made recently in New Zealand revealed that the country's resources of indigenous softwoods amount to only 5,600 MFBM instead of the 40 thousand MFBM of the 1923 survey. At the present rate of cutting these softwoods will be exhausted in twenty years. To prevent this, it will be necessary to curtail drastically the production of indigenous timber and to substitute exotic softwoods. New Zealand has about 900 thousand acres of exotics, largely planted towards the end of the 19th century and several of these species grow faster here than in their native habitat. About 450 thousand acres of these are administered by the State.

In 1938 the annual cut of exotic softwoods was 42 MFBM and the cut of indigenous softwoods 265 MFBM. For the year ended March 31, 1952, 233 MFBM of exotics were cut, compared with 302 MFBM of indigenous softwoods. It is estimated that regeneration and new planting will allow potential annual production of exotics to be expanded to 800 MFBM. There seems little possibility of the New Zealand market absorbing more than 500 MFBM a year of all species for the next year or two and production will have to be adjusted to demand.

### Types of Wood Imported

New Zealand has to import mainly durable hardwoods and softwoods in large structural sizes and joinery timber. The hardwoods are supplied mainly by Australia and the softwoods by North America.

Imports during 1951 amounted to nearly 31 MFBM; of this Canada supplied approximately 13 MFBM and the United States 3 MFBM. Australia sent just over 14 MFBM of hardwoods, of which about one-third was sawn and the remainder railway sleepers, logs and poles. Small quantities of timber were brought in from South America, Africa, Europe, the Pacific Islands and the Baltic area. Japan supplied a good quantity of oak. North America and Australia are likely to continue to be the main source of New Zealand imports.

### Exports Depend on Quality

Exports of New Zealand timber during 1951 amounted to 21 MFBM, almost 7 MFBM greater than in 1950, despite the total cessation of shipping for five months because of a waterfront strike. (In 1949, exports were 24½ MFBM.) The five-month break in export shipments meant that, after years of effort, the trade in exotic softwoods with Australia was just

becoming established when supplies were discontinued. New Zealand supplies were replaced from other sources and stocks piled up. Because of credit restrictions imposed by Australia and the large stocks on hand, the New Zealand export trade received a severe setback.

The New Zealand Forest Service 1952 annual report states that, "for some years at least insignis pine sawmillers will face a buyer's market where competition will be keen both in Australia and New Zealand, and the maintenance of high standards of production, grading, and seasoning, will be prerequisite conditions to profitable and continued operation".

The prospect for trading in timber with South Africa is being explored and small trial shipments have already gone forward.

A fundamental requirement in the building up of New Zealand export trade in timber will be the strict application of grading rules to ensure that only timber of good quality is passed for export. The New Zealand exotic timber industry was developed under conditions of scarcity and a seller's market, and little attention was paid to quality.

With the return of a buyer's market, the weaknesses in the industry became apparent and will have to be corrected before progress can be made. The export of timber is controlled and a permit from the Customs Department is required before it may be shipped.

**Price Trends**

Prices for locally produced timber are controlled and are approximately half the import price. However, even under price control, abuses creep in and free market prices are frequently obtained, especially for indigenous timbers.

The expansion of the exotic softwoods industry has reached the stage where all home demands can be met with a surplus for export. Pinus insignis is the principal exotic species grown in New Zealand, but the production of timbers such as Douglas fir, European larch and Corsican pine is increasing. The three latter will become increasingly important as sawn timber and will, in time, help to make good the deficiencies resulting from the dwindling stocks of good quality indigenous timber.

**Price Controls**

The present policy of price control means that home-grown timber will be low in price compared with imported and more of the home-grown product will be used, even though the quality may not always be comparable.

Funds will probably be forthcoming to cover all essential imports for urgent commercial construction and major government works, including the housing program. However, applications for import licences will certainly be scrutinized carefully to make sure that the imports are essential. The trade in New Zealand is now surveying the situation with the object of concluding negotiations with government authorities for the issue of import licences for 1953.

Much goodwill exists between Canadian and New Zealand lumber interests and New Zealand will assuredly buy from Canada to the limit of the funds available.



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It appears that funds will be made available for the purchase of those kinds of timber which traditionally come from North America and Australia and which cannot be supplied from domestic sources. Although import licences are required, there is little difficulty in obtaining them for essential needs.

**The Outlook**

Present price control policy often forces the more valuable indigenous softwoods to be sold as cheaply as the less valuable exotics. It is thus defeating the principal end of national forest policy, the perpetuation of a small but nevertheless important supply of indigenous softwoods for special requirements. Not until the price of indigenous timber is allowed to rise will economics favour rather than retard the contraction of indigenous timber production.

Removing price control would mean that the price of indigenous timber would rise. The price of exotics, however, would tend to be so much lower that wood users would buy them in preference—even after taking into account the extra cost of treating them with preservatives to secure as good or better service as that which the indigenous provides. So far, the Government has not seen fit to change its price control policy, even though this policy affects forest administration adversely.

**Management Policy**

The policy governing the management of state forests is:

- To protect, conserve and, if possible, perpetuate the remaining indigenous forests of the Dominion;

- To create an exotic forest estate large enough and diverse enough to supply the timber and other forest produce needed if the forest industries are to meet the needs of New Zealand and provide an exportable surplus.

In the exotic forests, the aim is to have each district or geographical region self-supporting in the main lines of forest produce and to this end a comprehensive survey of timber requirements by districts is in progress.

Production of plywoods, pulp and pulp products and newsprint manufacture are being developed and should take care of most domestic requirements in time.

—Roy W. Blake
*Commercial Secretary (Agriculture) for Canada*

*See also "New Zealand's Logging Program" in "Foreign Trade" of January 31, and report on the lumber market in New Zealand in February 7 issue—Editor.*

## France

# Business Slump in '53?

PARIS—Towards the end of each half-year, the French Bureau of Statistics makes a survey of "business expectations". The results of the December 1952 survey, which asked for business prophecies for the first six months of 1953, have now been published. Chief among the findings were:

• *Industrial Production*—A decline of 3 per cent over the same period of 1952 is expected. This would mean an average index of production of 145 for the period (base 100 in 1938), or about 2 per cent lower than in the last three months of 1952.

• *Employment*—An increase in unemployment of about 150 thousand workers is expected. On February 1, 1953, workers receiving unemployment benefits totalled 69 thousand. The number actually without work was estimated at 200 thousand, about 3 per cent of the French labour force.

• *Exports*—A fall of about 8 per cent in French exports is feared. The hardest hit industries were those producing wood products, foodstuffs, china and glassware. The picture shaped up this way:

| | |
|---|---|
| Primary products ..... | slight increase |
| Metalworking industries ..... | steady |
| Chemical industry ..... | slight increase |
| Building materials (ceramics) | steady |
| Public works ..... | steady |
| Foodstuffs industries ..... | steady |
| Leather ..... | slight increase |
| Wood ..... | slight increase |
| Paper ..... | steady |

• *Wholesale Prices*—A decline of 3 per cent is probable, about one-half of the expected decline quoted at the time of the last survey. The wholesale price index actually fell by only 1·4 per cent during the last half of 1952.

• *Investment in Plant*—Although only 9 per cent of the firms questioned did not plan to extend their manufacturing facilities, the value of investments predicted was lower than that actually made in 1952. Difficulties in obtaining credit or loans to finance expansion were cited as the principal problem during 1953.

—J. H. Stone
*Assistant Commercial Secretary for Canada*

## United States

# Nuclear Research and Industry

*The application of atomic power to industrial uses is being pushed forward. Here is an account of what the U.S. is doing—and a glimpse of progress in other countries.*

WASHINGTON—The average reader is prone to imagine that the development of nuclear theory and practice in the United States is the tightly guarded purview of the Atomic Energy Commission and a few of its selected agents in industry and that, outside this impenetrable group, little has been divulged.

Since 1945 there have been two chief bars to public knowledge of details of nuclear progress and its application to non-military purposes.

- First there are the policy problems in security and the guaranteeing of atomic weapon needs, implying conservation of plutonium output for the military.

- Second, the McMahon Act, making atomic energy a government monopoly, and the Holding Companies and Anti-Trust Acts, which bar combinations of industrial organizations large enough to undertake these great tasks, have added to the difficulties of AEC's nominating firms to the atomic field.

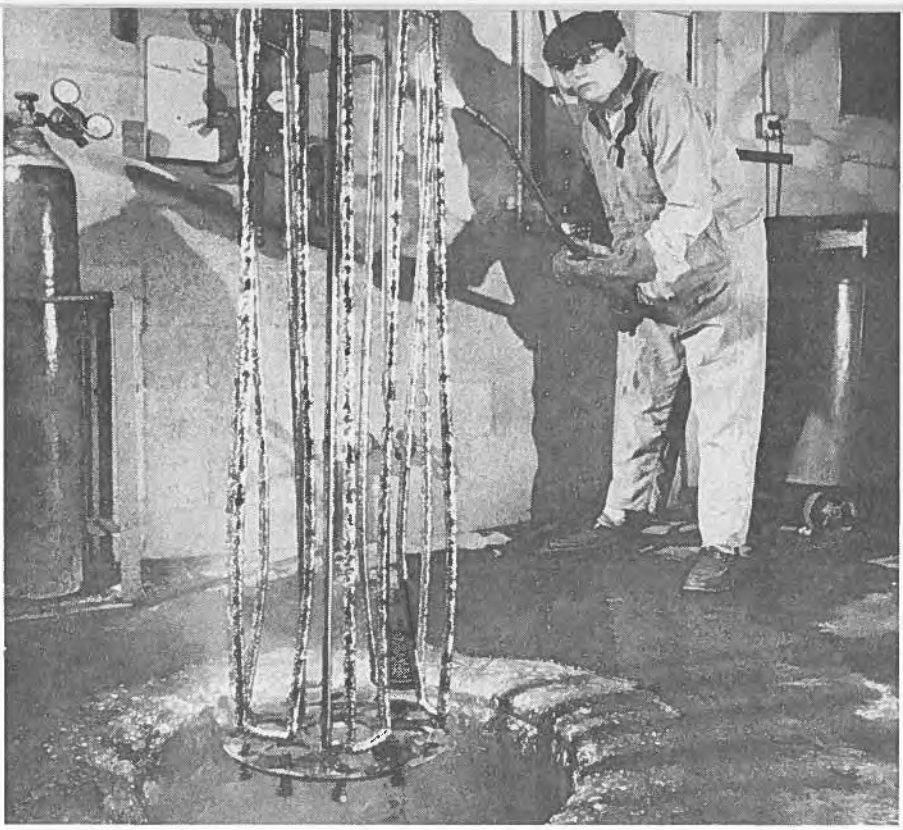
- A third obstacle has been the immense cost of nuclear power compared with hydro-power and the more economic fuels—coal, oil and gas. The apparent remoteness of atomic power for commercial use has tended to make some of these policy questions seem somewhat academic and long-range.

### Enlisting Industry's Aid

Operating problems—the availability of atomic fuels, accessibility of AEC classified research and data, health and safety in nuclear power plants, the problem of nuclear patents held by AEC, economic location of projected plants and the orderly marketing of the resultant energy—have also combined to cause delay.

The Korean War and knowledge of Soviet nuclear progress, however, have made the U.S. military atomic energy program still more urgent. In addition, the obvious risk of too-exclusive security on AEC's part now compels the enlisting of a growing number of U.S. industries to broaden research and hasten the development of applied nuclear physics and chemistry.

Accordingly last fall some of the veils were removed from the Experimental Breeding Reactor (EBR) at Idaho Falls, Idaho. This represented the first announcement of progress in the ultimate development from the



—Westinghouse Photo

*Long "hairpins" of zirconium bar being cleaned by the steam process at the Westinghouse Atomic Power Division plant. Slightly lighter than steel, highly resistant to corrosion and heat, this glistening metal plays a key role in the construction of nuclear reactors.*

single purpose, plutonium-producing atomic piles to a dual-purpose reactor producing not only plutonium but also electrical energy for industry.

**Breeding Reactor**

The Experimental Breeding Reactor, called EBR for short, although it was built primarily for the demonstration and study of breeding, is also producing electricity through conversion of its heat energy. But what does the term breeding mean? All the atoms of uranium, as they occur in nature, are not capable of undergoing the fission process to an appreciable extent. Only the isotope U-235 does this and this isotope is contained in uranium only in the proportion of one part in 140. The other isotope, however, U-238, can be bombarded with neutrons and transmuted to the element plutonium. Plutonium is a fissionable material and can be used as a fuel. This is the process which occurs in the Hanford production reactors. Recent advances in reactor technology seem to show that it is actually possible to produce more fuel than is burned and, at the same time, obtain useful energy. This process of producing more fuel than is burned is known as "breeding".

If the reader can visualize a conventional steampower plant that not only burns coal to ashes but also creates fuel in the process and, moreover, creates more fuel than it burns, he will realize the importance of the Experimental Breeding Reactor.

Current studies on the EBR are determining how much fuel can be produced in excess of the quantity burned. The technical information gained will be useful in the design of future reactors aimed at generating electricity at a competitive cost.

The EBR observes no new principle in electric power generation—pile heat is converted to electric energy through the usual steam turbine-generator process. The significance of EBR is that it has gone far towards a power reactor much nearer to competitive classification with fossil fuel steampower plants. EBR, in fact, was first used to supply electric power as far back as December 1951.

**Research Carried Forward**

That this breeder reactor is more than a laboratory curiosity and that the era of nuclear power for industry is now at hand is evidenced by the intense research and design work on commercial breeder reactors currently going forward. This research is being done by the AEC and the following five groups of large U.S. engineering and chemical corporations and public utilities: Commonwealth Edison and Public Service of Northern Illinois; Monsanto Chemical and Union Electric; Pacific Gas and Electric and Bechetel; Detroit-Edison and Dow Chemical, and a group of eleven electric and gas utilities, together with Nuclear Development Associates and Babcock & Wilcox.

In November 1952, one group announced that much of its preliminary design work might be completed within twelve months.

Over 5,000 U.S. engineering firms, contractors and laboratories have contributed to the application of AEC-developed theory in the building and operation of the giant U.S. atomic energy program.

Since December 1949, the AEC has made available for licensing, on a non-exclusive, royalty-free basis, over 500 patents issued to it. More than seventy firms have been granted licences to these patents. On those which appear to have a current utility and industrial demand, actual design and production is probably considerably advanced.

Among the many methods, devices, and new applications patented are:

monitor and control systems
torsion balances
safety pipettes and materials handling apparatus
neutron meters and density indicators
calibrating instruments
timing units and indicators and regulators
magnetic stopcocks and pumps
seals and valves and nozzles
circuit protectors, rectifiers and switches
radiation detectors and counters
magnetic, thermal, and nuclear measurement devices
pressure measurement devices
thickness and corrosion and ionization gauges
ion vacuum gauges
bearing test apparatus
latch mechanisms
sampling apparatus and containers
linear accelerators
fluorophotometers
mass spectrometers
filters, leak detectors and gas analyzers
pulse transformers, generators and amplifiers
electrostatic generators
pocket chamber electrometers
vessel tightness measuring apparatus
collimating shields
proportional counters

The recent announcement of successful electric power output from a pilot model of an homogenous reactor at Oak Ridge has spurred interest in the use of atomic energy plants in areas of high fuel costs. The Oak

Ridge pilot reactor was brought to its full design power of 1,000 kilowatts of heat output and then produced 150 kilowatts of electricity, enough to meet the needs of fifty average five-room dwellings. The Government of Puerto Rico, facing anticipated power shortages in its development program, has asked for establishment of one or more atomic pilot plants in the island.

The United States is not the sole market for nuclear methods, devices, instruments and materials. Most leading countries have nuclear research programs, some relatively far advanced. The following list of countries with projects under way will illustrate the potential market in the next ten years for nucleonic supplies:

**Progress in Europe**

- *The European Council for Nuclear Research*—comprising Belgium, Denmark, France, Germany, Italy, The Netherlands, Norway, Sweden, Switzerland and Yugoslavia—has three projects for erection near Geneva: 1. a large nuclear physics laboratory; 2. a 30-Bev cosmotron and 3. a 600-Mev synchrocyclotron. There is a movement for the joint building of a nuclear reactor as well.

- *Switzerland*—A heavy-water research reactor leading to nuclear power development is projected, to be built jointly by the three leading Swiss mechanical and electrical engineering companies.

- *Belgium*—a small graphite-uranium research reactor to be built in 1953, with plans for a larger power reactor in five or six years' time. Augmenting Belgium's position as the leading producer of uranium ore is the important nuclear and cosmic ray work carried on at the universities of Louvain, Liege, Brussels and Ghent.

- *France* is embarked on the first five-year phase of a 15-year effort to develop nuclear power for industry. Funds for the first phase, amounting to the equivalent of $108 million, were voted last year to construct two new primary reactors for plutonium production. The chronic power shortage in France will spur development in the second and third phases of pilot and commercial nuclear-power plants. France already has two experimental reactors, ZOE near Paris, and P-2 at Sarclay.

- *Germany*—although uranium was discovered by a German in 1789 and two Germans discovered fission in 1939, the Allied ban on atomic energy work in Germany is still in effect. On ratification of the contractual agreement and the EDC treaty, German nuclear work will be able to assume definite direction.

- *United Kingdom*—Harwell has the two graphite-uranium reactors, GLEEP and BEPO, and is building a low-power breeder reactor and designing a high-power breeder reactor. There are two comparatively large plutonium-producing reactors at Sellafield and a U-235 separation plant at Capenhurst. Of the $1·5 billion allotted to the Ministry of Supply since 1945, (which covers all weapon research, including nuclear research) it is variously estimated that perhaps one-quarter has gone to atomic energy.

- *Italy*—Such applied nuclear physics as reactor technology and isotope separation seem to have received less attention than fundamental research, partly for lack of funds and postwar recovery problems. Italy has, however, among other achievements in the nuclear field, pilot plants

for heavy-water production, uranium extraction and production of metallic uranium and plans for a low-power uranium and heavy-water reactor at Milan.

• *Norway and The Netherlands*—The Norwegian-Dutch Atomic Energy Board operates the Joint Establishment for Nuclear Energy Research at Kjeller, Norway, which has a 300-KW heavy-water reactor brought in during 1951.

• *Sweden*—Sweden's first reactor, a heavy water-uranium research type, is to be ready by the end of 1953 or early in 1954. Meantime, considerable work has been done on the extraction of uranium from shale and the use of isotopes in industrial applications as well as in medicine and biology.

**Canada's Record**

The first nuclear reactor to operate outside the United States is the experimental low-power ZEEP reactor of the Chalk River, Ontario, project of Atomic Energy of Canada Limited. This reactor came into operation in 1945. Canada's second reactor, NRX, came into operation two years later. It is believed to be the most powerful natural uranium-heavy water reactor in the world. The high density of neutrons in this reactor has made it possible for Canada to make some radioactive isotopes with a higher specific activity (that is, giving off a greater amount of radiation per gram of material) than can be produced elsewhere. For that reason, Canadian-produced radioactive isotopes such as cobalt-60 (used in radiography and in the cobalt-60 beam therapy unit) have been in great demand in many countries. Canada is now building a third reactor, known as NRU, which will be even more powerful than NRX. Dr. C. J. Mackenzie, president of A.E.C.L., recently told a Parliamentary Committee that this reactor would cost more than the original estimate of $30 million. Canada's reactors all use heavy water as a moderator.

**Other Countries**

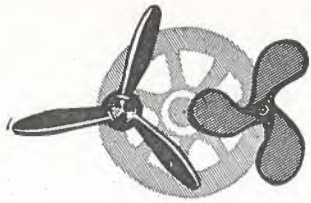
• *Mexico, Brazil, and Argentina*—Though they still have no reactors, these countries have extensive plans for training and development of techniques and materials leading to the eventual construction of power reactors, the utility of which in their economies is emphasized. Brazil and India are said to have useful reserves of thorium, also a breeder-reactor fuel.

• *India*—India's Atomic Energy Commission, organized in 1948, has plans for a research reactor, although funds for extended work are lacking at the moment.

• *Australia*—Australian scientists expect that Australia's first nuclear-power reactor will be built in South Australia before 1957.

With twelve reactors in operation (each with its large ancillary complex of separation-plants, research and testing laboratories, isotope production facilities and growing backgrounds of medical, biological and industrial applications) and with nine or more reactors in design or proposed for this decade, in addition to the vast U.S. effort, the new markets to which commercial and industrial application of nuclear research will give birth challenge the imagination.

—G. A. BROWNE
*Commercial Secretary for Canada*



# TRANSPORTATION NOTES

## BRAZIL

**Air Freight**—Merchandise freighted into Brazil by air since 1949 represented 0·01 per cent of the volume and 2 per cent of the value of this country's annual imports. In 1952, the average cost of air freight per kilo was Cr.$661, compared with Cr.$559 in 1951, Cr.$456 in 1950 and Cr.$645 in 1949—Rio de Janeiro, March 10.

## CANADA

**New Shipping Service to Canada**—Montreal-St. Lawrence Gulf-Newfoundland ports will have a new shipping service with the opening of the 1953 navigation season, provided by Montship Line Limited. General cargo will be carried on the route. Intermediate St. Lawrence River and St. Lawrence Gulf ports will be served as occasion and cargo demand. Goose Bay, Labrador, will be included as a port of call during the navigation season. The new service will be maintained by vessels capable of 10½ to 11-knots speed, and ranging from 2,000 to 2,800 tons capacity. Montreal Shipping Company Limited is the general agent.

## CHILE

**S.S. Service to Canada**—A new venture in West Coast shipping was begun by the Compania Chilena de Navegacion Interoceanica on February 25th, when their vessel, the S.S. *Almagro,* left Valparaiso with Vancouver as the final port of call.

The company plans a monthly service with four freighters. This means a continuous service by its own ships from Rio de Janeiro, Buenos Aires, Punta Arenas, Valparaiso and ports of Peru, Ecuador, Central America, the United States and Canada. All vessels will carry general cargo. Dodwell & Company have been appointed the Vancouver agent—Santiago, March 2.

## COLOMBIA

**Paris to Bogota**—Air France inaugurated its first commercial flight from Paris to Bogota in January, with stops in Caracas and Martinique. This service initially provides one flight every two weeks between the Colombian and French capitals. Air France is the first foreign carrier to operate out of Bogota—Bogota, March 4.

## ITALY

**Passenger Fleet Increased**—Italy's largest liner, the *Andrea Doria,* recently completed her maiden voyage to New York and is now on a winter cruise in the West Indies. This largest of Italian postwar ships was, to a great extent, prefabricated, is turbine driven, has a gross tonnage of 30 thousand tons, an overall length of 212·50 metres, and accommodation for 1,241 passengers and a crew of 580. Her rated speed is 25·3 knots, enabling a voyage from Naples to New York in seven days. A twin to the *Andrea Doria,* the *Colombo,* is already under construction in the Ansaldo shipbuilding yards in Genoa and will be on the same run in about two years—Rome, March 16.

## NEW ZEALAND

**Record Tonnage Handled**—During 1952 the port of Auckland handled a total of 3·4 million tons, an all-time record and 125 thousand tons more than was handled in the previous record year of 1944, at the peak of the flow of American war material—Wellington, March 9.

## NORWAY

**Great Lakes Service**—The Fjell Line shipowners, who pioneered direct sailings between Scandinavia and the Great Lakes, are expanding their fleet in preparation for the time when the St. Lawrence Seaway will permit larger ocean-going ships to enter the Lakes. Two new vessels of 7,300 tons deadweight are already in service and a third of similar tonnage is to come on berth in June. Three more liners of 8,500 tons deadweight have been contracted for and will be delivered in 1954-56—Oslo, March 19.

## PAKISTAN

**New Airline**—Pakistan International Airline (state-owned and operated) expects to begin operations early in 1954 when it receives three Super-Constellations, now on order. Flights will go from Karachi to London via two routes—Tehran-Beirut-Istanbul-Rome-London; and Karachi-Cairo-Rome-Paris or Frankfurt-London.

In Pakistan the airline will operate a non-stop flight from Dacca to Karachi, a very important development. Previously no Pakistani aircraft has been able to make a Dacca-Karachi flight non-stop—Karachi, March 6.

## WEST GERMANY

**Canadian East Coast-Western Europe**—A new cargo service between Rotterdam and Antwerp to Saint John, N.B., and eventually Halifax, has been inaugurated by K. I. A. Poseidon, of Hamburg, Germany. The first departure was from Antwerp on or about March 6th, with subsequent sailings every three weeks. The vessels to be operated on the run are: m.s. *Poseidon,* 5,936 gross tons; m.s. *Irmingard,* 2,465 gross tons; m.s. *Rhein,* 3,169 gross tons; m.s. *Ruhr,* 3,168 gross tons. All these vessels will carry general cargo. March Shipping Agency Limited will be the Canadian agent.

# The West German Chemical Industry

*This article, the first of two, discusses the post-war recovery of the industry and the present position of the great I. G. Farben organization.*

BONN—The demand for basic chemicals resulting from defence programs and increased industrial activity has greatly affected the recovery of the West German chemical industry. Stimulated by this demand, the German chemical production index (volume) (based on the 1936 monthly average=100) showed a peak of 161 in November 1951 and 162, 167 and 174 for September, October and November of 1952.* In fact the industry, despite the loss of machinery, equipment, patents and scientific laboratories, was in a position to achieve the production levels of 1936 even before February 1950, when the production index** first reached 102. It had the production facilities, and sales difficulties were mainly responsible for the relatively inactive position of the industry before that time. The rapid increase in production is the direct result of large foreign orders for chemical products and of domestic demand stemming from foreign orders placed with other West German basic industries.

### Place of Chemical Industry

Table I gives some indication of the contribution of the chemical industry to the economic recovery of the country. The index for the production of capital goods is higher than for chemical production. However, it must be remembered in judging these figures that the weight given to the chemical production figures is quite high and that therefore the industry has contributed substantially to the overall index. The chemical industry, when measured against other West German industries, comes third in output and fourth in number of employees.

**West German Index of Industrial Production**

(volume per working day)

1936=100

| | 1948 | 1949 | 1950 | 1951 | 1952 | | |
|---|---|---|---|---|---|---|---|
| | | Monthly Averages | | | Sept.* | Oct.* | Nov.* |
| Mining | 81 | 96 | 107 | 119 | 126 | 128 | 136 |
| Processing Industries | 58 | 86 | 112 | 135 | 151 | 158 | 168 |
| (a) Basic materials and producer goods industries thereof: | 57 | 84 | 108 | 127 | 139 | 142 | 144 |
| Chemical industries** | 70 | 96 | 126 | 151 | 162 | 157 | 174 |
| (b) Capital goods industries | 51 | 83 | 115 | 152 | 178 | 176 | 190 |
| (c) Consumer goods industries | 54 | 86 | 113 | 132 | 147 | 160 | 169 |
| Power | 112 | 136 | 155 | 182 | 202 | 210 | 218 |
| Building | ... | 88 | 110 | 129 | 164 | 157 | 153 |
| Overall Index | 63 | 90 | 114 | 136 | 153 | 158 | 167 |

* Preliminary figures.

** Excluding artificial fibres.

Source: Monthly report of the Bank Deutscher Laender, December 1952.

The role of chemical exports in the German trade revival should not be minimized. This recovery is to a large extent basically dependent upon Germany's ability to re-enter prewar markets and gain new postwar ones for her industrial products. Only by exporting can Germany obtain foreign exchange to purchase basic raw materials and food—excluding, of course, loans and other financial assistance from foreign governments and international agencies. Of the total value of West German exports in 1950, chemical exports constituted 12·9 per cent and in 1951, 14·5 per cent. These figures do not, however, sufficiently reflect the importance of the industry in the German export picture. Opinion is that those areas where German chemicals are able to obtain a foothold will, in all likelihood, continue to be good markets for these products if the present general foreign demand declines. The foreign demand for chemical products is considered much less elastic than that for consumer goods or luxury articles. At the same time, the chemical industry—which has been working at capacity except in certain specialized fields and where there are shortages of basic raw materials—has had a good response from foreign purchasers. Exporters believe that these foreign markets can absorb still larger quantities of German chemicals.

**Problems of Recovery**

Recovery has had its problems, not the least of which has been a lack of capital for reconstruction and, in some cases, the unfortunate investment of available capital. Some of the early investments in the pharmaceutical industry, for example, were based on the division of the country into American, British, French and Soviet zones. When the Western zones were combined, these expenditures proved abortive. The currency devaluation of September 1949 also influenced unfavourably those sections of the industry mainly dependent upon raw materials from hard currency areas and which sell their end products elsewhere.

As a result of the division of the country and the dismantling of many plants in the Soviet zone, shortages of basic materials became very apparent in the second half of 1950. The previous highly centralized control over the industry had caused factories to become highly integrated and interdependent. The resultant structural changes, though they were not felt during the period of relatively low production, showed up when those plants in the Western zones producing basic materials could no longer expand production to meet the increased requirements of secondary producers. About the same time, coal shortages curtailed power deliveries.

In some fields the industry was, because of Allied controls, unable to produce many basic chemicals considered to have a large wartime potential. Most of these restrictions have been relaxed and such products as chlorine, styrol, synthetic ammonia, synthetic rubber and others are now being turned out in quantity.

**I. G. Farben—Its Position**

The re-organization of the I. G. Farben combine by the Tripartite I. G. Farben Control Group is a major step in the final rehabilitation of the industry. No examination of the German chemical picture would be complete without an outline of the position of this organization when war broke out in 1939 and without reference to the fact that the successor companies still dominate the chemical industry.

It is estimated that, at the outbreak of the war, I. G. Farben controlled perhaps 85 per cent of the German chemical industry, and in its predominant position could exercise effective control over the whole of it. Its interests covered not only chemical production in the widest sense, including explosives, plastics of all kinds, and synthetic oil, but also extended to a considerable degree into mining. It had established commercial arrangements with the principal chemical firms of Italy, France, Norway, the United Kingdom and the United States. By an intensive development of export markets, particularly in the pharmaceutical field, it secured for Germany influence over an estimated 70 per cent of the world's export trade in chemicals. Germany proper was the world's largest exporter of chemicals before the war.

The principal products of I. G. Farben were the following:

Coal-tar dyes
Nitrogen fertilizers
Inorganic and organic chemicals
Organic intermediate products
Solvents
Synthetic rubber
Plastics ,including adhesives and synthetic paint
Rubber chemicals
Tanning materials and synthetic tanning materials
Mineral pigments
Light metals
Industrial gases
Synthetic jewels
Synthetic liquid fuel
Pharmaceutical products
Plant production media
Sera and vaccines
Photographic materials (particularly films, paper and plates)
Viscose rayon and staple fibre
Acetate rayon and staple fibre
Celluloid
Vulcanized fibre
Explosives of all kinds.

**Administration**

The administration of the combine was organized into groups according to the types of products manufactured and marketed. The head offices of the entire I. G. Farben organization were in Frankfurt and the headquarters of the dyestuffs, general chemicals, Buna rubber, plastics, and metal groups were in the same city. The pharmaceutical group, including synthetic pharmaceuticals, sera, vaccines, etc., had headquarters at Leverkusen and looked after the production and marketing of all products under the "Bayer" trademark. Nitrogen fertilizers and nitrogen compounds of technical application were handled by the Stickstoff Syndicate GmbH from Berlin. All photographic products were controlled from another Berlin office established under the name of I. G. Farben-industrie A.G.

The various types of synthetic fibres were handled by the Kunstseide Verkaufasbuero GmbH of Berlin, the Kupferkunstseide-Syndikat GmbH, Wuppertal-Oberbarmen, and the Cuprama-Spinnfaser GmbH, with administrative offices in Berlin in the same buildings as the photographic business. Synthetic oil and lubricants were controlled by the Deutsche Gasolin A.G., with offices in Berlin. The explosives group was administered from Troisdorf in the name of Dynamit A. G.

At the outbreak of the war the I. G. Farben organization gave direct employment to about 218 thousand workers, of whom approximately 19 thousand were employed in the various mining enterprises which it had acquired from time to time. In addition, a very large but undetermined number of persons were employed by subsidiary firms.

On May 23, 1952, the Official Gazette of the Allied High Commission announced that the twelve I. G. Farben companies in Western Germany would be re-organized, with due provision made for further re-organization if necessary. The new grouping is:

| NEW COMPANIES AND SUBSIDIARIES ESTABLISHED | FORMER ENTERPRISES |
|---|---|
| 1. Agfa Camerawerk A. G., Muenchen | Agfa Camerawerk, Muenchen |
| 2. Badische Anilin- und Sodafabrik A. G. Ludwigshafen am Rhein | Badische Anilin- und Sodafabrik Ludwigshafen am Rhein<br>Steedener Kalkwerke, Steeden |
| *Subsidiaries:* | |
| (a) Gewerkschaft des konsolidierten Steinkohlenbergwerkes, Breitenbach | Gewerkschaft des konsolidierten Steinkohlenbergwerkes, Breitenbach |
| (b) Steedener Kalkwerke, GmbH, Dehrn | Steedener Kalkwerke GmbH, Dehrn<br>Casella Farbwerke, Mainkur |
| 3. Casella Farbwerke A. G., Mainkur | Chemische Werke Huels GmbH. Marl |
| 4. Chemische Werke A. G., Marl | |
| *Subsidiary:* | |
| Westgas GmbH, Marl | Westgas GmbH, Marl |
| 5. Farbenfabriken Bayer A. G., Leverkusen | Farbenfabriken Bayer, Leverkusen<br>Elberfeld, Uerdinger, Dormagen |
| *Subsidiaries:* | |
| (a) Agfa A. G. fuer Photofabrikation, Leverkusen | Agfa Papier- und Filmfabrik, Leverkusen |
| (b) Fluss- und Schwerspatwerke Pforzheim Doeppenschmidt & Co., GmbH. | Fluss- und Schwerspatwerke, Pforzheim<br>Doepenschmidt & Co., GmbH. |
| (c) Flusspatwerke GmbH, Frankfurt | Flusspatwerke GmbH., Frankfurt |
| (d) Drugofa GmbH, Koeln | Drugofa GmbH, Koeln |
| 6. Farbwerke Hoechst A. G., vormals Meister<br>Lucius & Bruening<br>Frankfurt-Hoechst | Farbwerke Hoechst, vormals Meister<br>Lucius & Bruening<br>Frankfurt-Hoechst<br>Chemische Fabrik, Griesheim<br>Lech-Chemie Gersthofen<br>Naphtol-Chemie Offenbach |
| *Subsidiaries:* | |
| (a) Behringwerke A. G., Marburg | Behringwerke Marburg |
| (b) Knapsack-Griesheim A. G. fuer Stickstoffduenger und Autogentechnik, Knapsack bei Koeln | A. G. fuer Stickstoffduenger Knapsack bei Koeln<br>Griesheim-Autogen, Griesheim<br>Tegawerk Kassel<br>Nordwestdeutsche Sauerstoffwerke Duesseldorf<br>Suedwestdeutsche Sauerstoffwerke, Stuttgart |
| (c) Ingenieru-Buero Friedrich Uhde GmbH, Dortmund | Ingenierubuero Friedrich Uhde K. G. Dortmund |
| (d) Gebrueder Wandesleben GmbH, Stromberg | Gebrueder Wandesleben GmbH, Stromberg |

| NEW COMPANIES AND SUBSIDIARIES ESTABLISHED—*Conc.* | FORMER ENTERPRISES—*Conc.* |
|---|---|
| 7. Titangesellschaft mbH, Leverkusen | Titangesellschaft mbH, Leverkusen |
| 8. Duisburger Kupferhuette A. G., Duisburg | Duisburger Kupferhuette, Duisburg |
| *Subsidiaries:* | |
| (a) Klueser & Co., K. G., Wuppertal-Elberfeld | Klueser & Co., K. G., Wuppertal-Elberf |
| (b) Roheisen Verkaufsgesellschaft Duisburger Kupferhuette, Wuppertal-Elberfeld | Roheisen Verkaufsges, Duisburger Kupferhuette, Wuppertal-Elberfeld |
| 9. Kalle & Co. A. G., Wiesbaden-Biebrich | Kalle & Co., A. G., Wiesbaden-Biebrich |
| 10. Dr. Alexander Wacker Ges fuer elektrotechnische Industrie mbH., Muenchen | Dr. Alexander Wacker Ges. fuer elektrochemische Industrie mbH., Muenchen<br>Karbidverwertung Rostenbach<br>Salzwerk Stetten |
| *Subsidiaries:* | |
| (a) Alzwerke GmbH, Muenchen | Alzwerke GmbH., Muenchen |
| (b) Elektroschmelzwerk Kempten A. G., Kempten | Elektroschmelzwerk Kempten A. G., Kempten |
| 11. Dynamit A. G., Troisdorf | Dynamit A. G. Troisdorf, Schebusch, Wuergendorf<br>Nuernberg-Fuerther Industriewerk Pulverfabrik Adolsfurth |
| *Subsidiary:* | |
| Prof. Dr. Paul Mueller Stiftung GmbH, Troisdorf | Prof. Dr. Paul Mueller Stiftung GmbH, Troisdorf |
| 12. Wasag-Chemie A. G., Sythen | Wasag-Chemie A. G., Sythen |
| *Subsidiaries:* | |
| (a) I. F. Eisfeld GmbH, Kunigunde | I. F. Eisfeld GmbH, Kunigunde |
| (b) Zuenderwerke Ernst Bruen GmbH, Krefeld-Linn | Zuenderwerke Ernst Bruen GmbH, Krefeld-Linn |

—W. JONES
*Assistant Commercial Secretary for Canada*

*This review of the German chemical industry will be continued in our April 11 issue. Part II will take up production of sulphuric acid and other basic chemicals and give some details on Germany's foreign trade in chemicals—Editor.*

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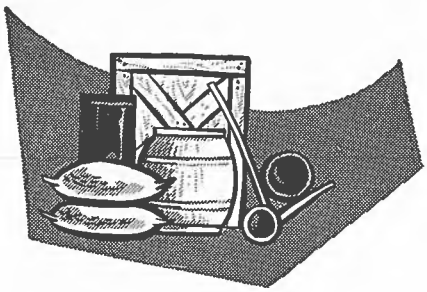
## Data for Exporters

*The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Denmark, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.*

*If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.*



# COMMODITY NOTES

## BELGIAN CONGO

**Synthetic Fuel**—The Belgian Congo will gasify its low-quality coal by the same method being used in South Africa. A heavy capital investment will be required and the operation will have to be a large-scale one. About 100 thousand tons a year of mineral oils, automotive benzine, diesel oil, etc., will be produced. It is expected that subsidiary industries will grow up around this development—Leopoldville, March 10.

## BRAZIL

**Coffee**—Brazilian coffee exports dropped about 500 thousand bags in 1952, according to the Brazilian Rural Society. Exports in 1951 amounted to 16,358,008 bags, as compared with 15,823,006 bags in 1952. The decline is attributed to smaller United States' imports—Rio de Janeiro, March 5.

## ISRAEL

**Lumber**—Information received from Israeli authorities has indicated that 36·8 million FBM of lumber was imported during 1952. Of this total, Canada supplied approximately 13 per cent—2·3 million FBM of East Coast lumber, mainly spruce, and 2·65 million FBM of West Coast lumber, mainly Douglas fir—Athens, March 18.

## ITALY

**Ball Bearings**—Four hundred million lire has been provided by banking circles to finance the construction of the first ball-bearing factory in the south of Italy. It should fill an urgent need—Rome, March 12.

## SWEDEN

**High-Frequency Set**—A Swedish firm is manufacturing a table model high frequency set for heat treatment in such operations as hard-soldering, hardening, tin-soldering, brazing, etc. This new set can be placed on the workbench and is easily movable. The specified high-frequency power is one kilowatt. The set has a built-in high frequency transformer which makes it possible to use the power in small doses and to maintain strong concentrations. The height of the set is 660 mm. and the depth 525 mm. With the set are supplied

an oscillator valve and four rectifier valves. The effective power is 2 kVA and the discharge of cooling water is one litre a minute—Stockholm, March 9.

## UNITED KINGDOM

**Tinplate**—Tinplate supplies are now freely available in the United Kingdom. Total output was 900 thousand tons in 1952 compared with 724 thousand tons in 1951. Domestic and export needs have been estimated at 835 thousand tons. On October 20, 1952, the control whereby all products could be packed in tins produced from highest quality cold reduced tinplate was lifted. The result has been that the demand for waster plates (tinplate not in perfect condition which sells at the same price) has declined and stocks have accumulated. South Wales stocks are reported to be as high as 50 thousand tons. Prices have been ranging from 72s. 6d. per box to 85s. per box, with an average of 75s. a box for cold reduced plate and 72s. 6d. per box for tinplate from the handmills. (About 20 boxes of tinplate equals one ton.) Against this the home trade price was 57s. 1½d. per box.

Because of the reduced demand, the Steel Company of Wales stopped production at all its tinplate handmills on March 2nd. Leaders in the industry expect, however, that demand will recover in a few months' time—Liverpool, March 20.

## UNITED STATES

**Broaching Machine**—The Lapointe Machine Tool Company, Hudson, Mass., has designed and built a new horizontal broaching machine. It will broach at a speed of more than 150 feet a minute and can be equipped with drives up to 200 h.p. for powerful, high-speed operation. The machine was originally developed for broaching of anchor slots in compressor rotor discs and turbine wheels for jet engines at cutting speeds below 50 feet per minute. It can also be adapted to the automobile industry because of its ability to operate at the higher speeds. Capable of strokes from 66 to 200 inches it is mainly electrically driven, although several of the ancillary fixtures are hydraulic. Through its own control panel, the machine can be operated at various speeds during the course of the stroke—Boston, March 25.

## WEST GERMANY

**Cutlery**—The Chamber of Trade and Commerce in Solingen (Ruhr) has announced a decrease in West Germany's 1952 exports of cutlery products. However, because of higher prices, the value of exports exceeded last year's. In a number of foreign markets price wars developed in the cutlery field and razor blades were particularly affected. Razor-blade producers offset the general falling-off in the European market by larger orders from South America. Though no decrease in trade with the Near East as a whole has been noticed, exports to Egypt have suffered from increased tariffs since the beginning of this year—Bonn, March 16.

# Japan's Foreign Trade in 1952

*Despite lower exports, Japan achieved a favourable balance of payments last year—but many problems and obstacles loom ahead.*

TOKYO—Japan's foreign trade, which increased every postwar year, slumped in 1952. Trade with Southeast Asian countries decreased in quantity and value, chiefly because of reduced textile exports. Year-end balances revealed that exports totalled $1,289 million, down 6·2 per cent from 1951. Imports decreased only 1·0 per cent compared with the previous year but, with a total value of $1,718 million, accounted for an adverse balance of visible trade of $429 million. One highlight was an increase in exports to the United States. This, and the funds spent in Japan by American forces, brought a favourable year-end balance of payments but few encouraging indications of increased trade for 1953.

**Foreign Trade Vital**

Because Japan lacks natural resources, trade is predicated upon the need for importing food and raw materials. A population of 85·5 million, increasing at the rate of 1·2 million a year, occupies an area two-fifths the size of British Columbia, but only 15 per cent of the land can be cultivated. China and Korea were at one time important markets and also suppliers of rice, iron ore, coking coal, soya beans, salt, hides, skins, oils, and fats. With these sources no longer available, Japan must import raw materials from elsewhere, primarily the United States, at higher landed prices. Imports of food last year were substantial, including 3·64 million tons of grain alone, 980 thousand tons each of rice and barley, and 1,680,000 tons of wheat. Imports of food grains in 1953 will be only slightly lower than last year.

**The Basic Weakness**

These large imports of food, coupled with an absolute dependence upon external sources for large quantities of such raw materials as cotton, rubber and wool, indicate basic weaknesses in Japan's economy. Industrial productivity after the end of the war steadily increased until the second quarter of 1951, when output levelled off about 40 per cent above the average production for 1934-36. However, the standard of living has not kept pace because of a population increase of 17 million. It is obvious that to feed and employ her population, Japan must secure her requirements and sell more in increasingly competitive world markets. To accomplish this there must be more efficient and larger domestic production. It remains to be seen whether exports and actual output can be appreciably increased.

The following table reveals the pattern of Japan's commodity trade in the exchange of industrial manufactures for foodstuffs and raw materials. In the years 1934-36 manufactures represented 80·7 per cent of

the country's exports and 71·6 per cent of imports consisted of foodstuffs and raw materials. This trend was intensified after the war. Today about 90 per cent of all exports are manufactured products, and foodstuffs and raw materials account for 86 per cent of imports. All ten of Japan's most important imports are raw materials; silk is the only raw material exported in quantity.

**Imports of Japan 1952**

By settlement currency and main commodity groups
(millions of dollars)

| Commodity group | Sterling Area | Open Account Area | U.S. Dollar Area | Total |
|---|---|---|---|---|
| Fibre and textiles | 286·2 | 27·2 | 248·5 | 561·9 |
| Grains and food | 60·3 | 97·7 | 390·8 | 548·9 |
| Metallic minerals and metal products | 46·0 | 20·9 | 72·0 | 139·0 |
| Coal, non-metallic mineral products | 31·3 | 6·7 | 65·9 | 103·9 |
| Petroleum, oils, fats, waxes | 30·9 | 7·5 | 52·9 | 91·3 |
| Machinery | 9·9 | 11·5 | 42·5 | 63·8 |
| Others | 67·9 | 59·4 | 82·4 | 209·7 |
| Total | 532·5 | 230·9 | 955·0 | 1,718·4 |

**Exports of Japan 1952**

By settlement currency and main commodity groups
(millions of dollars)

| Commodity group | Sterling Area | Open Account Area | U.S. Dollar Area | Total |
|---|---|---|---|---|
| Fibres and textiles | 282·5 | 91·9 | 103·1 | 477·5 |
| Grains and food | 29·7 | 17·9 | 51·6 | 99·2 |
| Metallic minerals and metal products | 178·6 | 100·2 | 82·7 | 361·5 |
| Coal, non-metallic mineral products | 26·5 | 11·5 | 22·5 | 60·6 |
| Petroleum, oils, fats, waxes | ·4 | ·8 | 7·9 | 9·2 |
| Machinery | 40·9 | 38·6 | 60·4 | 140·0 |
| Others | 37·9 | 36·0 | 67·5 | 141·4 |
| Total | 596·5 | 296·9 | 395·7 | 1,289·2 |

Source: Foreign Exchange Statistics, December 1952, Bank of Japan.

**Exports Decline**

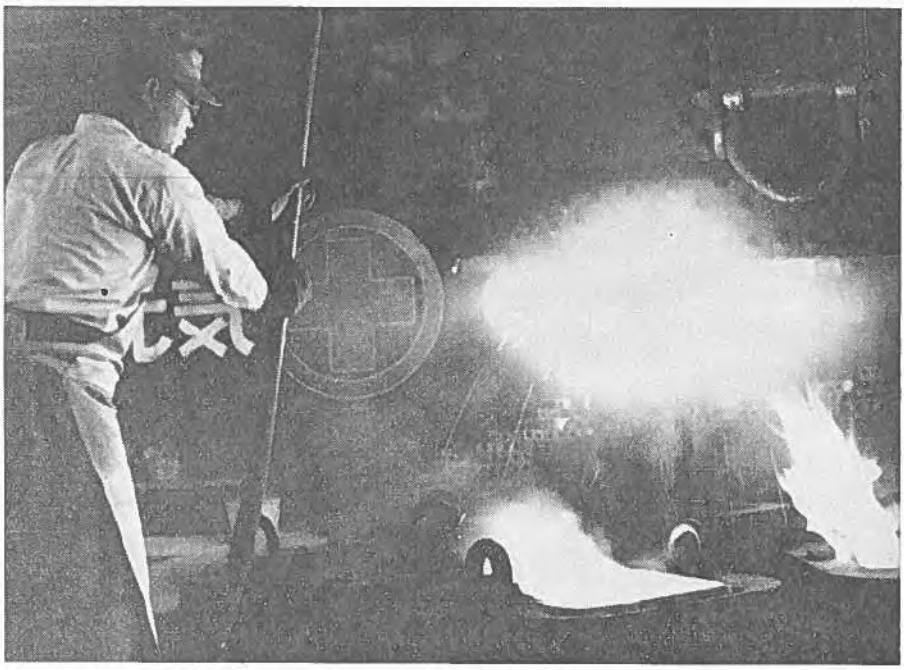
Detailed commodity statistics are not available, but it is possible to show the declining trend in exports by the following monthly totals for 1952.

**Monthly Exports**

(millions of dollars)

| | | | | | |
|---|---|---|---|---|---|
| January | $129·6 | May | $115·0 | September | $ 88·7 |
| February | 108·6 | June | 88·4 | October | 100·8 |
| March | 152·8 | July | 89·6 | November | 87·6 |
| April | 116·0 | August | 92·2 | December | 84·4 |
| | 507·0 | | 385·4 | | 361·5 |

Japan did not benefit from the Korean War trade boom until December 1951, when exports totalled $165·8 million for the month, double those of January of the same year. However, last year's international trade recession, particularly in Southeast Asia, set Japanese exports back to the level of the first quarter of 1951.



*Hot steel is poured from the ladle into moulds at the Yawata Iron Works in Fukuoka. Sales of steel to the U.S. at high prices in 1952 helped to boost Japan's dollar earnings.*

Commodity trade with the United Kingdom is not large relatively but sterling area and other countries in Southeast Asia form Japan's logical and most important market. Confronted with increased import restrictions, Japan suffered a reverse in a drive to develop these countries into substantial markets and sources of raw materials. Textile sales have fallen drastically. Exports of artificial fibres, heavy chemicals, and machinery are encouraging stiff European competition and, in some instances, high tariffs and import restrictions designed to protect local industry. Textiles—which at one time accounted for over one-half of all Japanese exports—collapsed last year to slightly over 20 per cent of the total. In January, cotton mills were operating at only 70 per cent of capacity.

**Exports to U.S. Increased**

Exports would have been lower had it not been for the steel strike in the United States. Sales of steel to the U.S. at high prices helped to increase merchandise exports for dollars to a record $493 million, an advance of $65 million over 1951. Exports of raw silk were up only 1,800 bales, or 2·6 per cent. However, these brought inflated prices to swell to $44 million the amount realized for this commodity. Sales of ships helped to boost the total, but increases in shipments of canned fish and other foods to the United States will continue only under threat of high import tariffs being imposed.

In spite of decreased merchandise exports and an increase in volume of imports (slightly less in value) the year saw a favourable balance of payments achieved. The Japanese economy, warmed by the conflagration

in Korea, garnered foreign exchange receipts amounting to $2,284 million. Payments totalled $2,061 million, leaving a balance of $223 million. Sums received for transportation, insurance, and other items of invisible export are not unimportant, but Japan's international payments balance primarily stemmed from the income from special procurement orders, other defence expenditures of U.S. agencies, and the millions of dollars spent by members of the forces. Special procurement contracts in 1952 amounted to $286 million, down $74 million from contracts let in 1951. Individual spending and labour expenses of American forces are an estimated $430 to $450 million.

Foreign exchange earnings of this type are perhaps transitory but there are numbers of Tokyo businessmen who look forward to participating eventually in the business of rehabilitating Korea. Unfortunately the favourable balance of payments was earned by transactions in the first six months of the year. Japanese payments to sterling countries fell far behind imports in the last half of 1952, reversing the trend apparent since 1946. A deficit in balance of payments appeared in July for the first time in 12 months and was repeated each month, with the exception of October, until the end of the year.

**Imports in 1953**

Because Japan's foreign exchange holdings decreased from an equivalent of $1,170 million in July last to $965 in mid-January, it is probable that imports will be further restricted in the 1953-54 fiscal year to husband this exchange to pay for vital imports. A reduction in imports will tend to increase domestic prices, already above international levels. Furthermore, the 1953 budget is generally considered inflationary, pointing to serious difficulties for Japanese exporters. Excluding food grains altogether, it is a difficult task to single out from among many raw materials those which could be imported in lesser quantities. It is logical to assume that manufacturers for export will receive special consideration and more particularly those who can prove that their goods are being well received in overseas markets.

—R. F. RENWICK
*Assistant Commercial Secretary for Canada*

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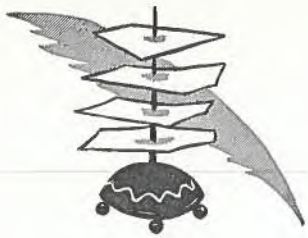
## Transportation

*The Transportation and Communications Division of the Department of Trade and Commerce will be glad to supply shippers and others interested with information on water, rail, air and road transport services to and from Canada.*

*The Division has compiled a list of the principal Canadian trade routes and of the steamship companies maintaining services on them. To obtain this list and any further help with international transportation problems, write to the Director, Transportation and Communications Division, Department of Trade and Commerce, Ottawa.*



# GENERAL NOTES

## BELGIAN CONGO

**Production Costs High**—High costs are making it difficult for some factories in the Congo to cater to local requirements. Because of the high costs of transporting equipment and assembling it, investments in factories in the Congo often cost half as much again as in Europe. European personnel get up to five times as much as they do in Europe. Native labour has become much more expensive, largely because of recent government measures to improve their standard of living. It is even claimed that the cost of producing goods in the Congo for the local market is now nearly as high as in Belgium—Leopoldville, March 4.

## BRAZIL

**Exports Fall**—From January to November 1952, Brazil exported 3,723,144 tons of merchandise, valued at Cr.$23,777,863,000, a decrease of 16·6 per cent in volume and 20·1 per cent in value from the same period in 1951. Of the four principal export items, coffee dropped 1·9 per cent in volume and 0·1 per cent in value; cocoa dropped 45·7 per cent in volume and 46 per cent in value; cotton 80·5 per cent in volume and 83·3 per cent in value, and exports of pinewood, 38·6 per cent in volume and 31·4 per cent in value—Rio de Janeiro, March 9.

## CEYLON

**Elephant Farming**—The long-standing importance of the elephant in Ceylon's economy is shown in a recent press statement that serious consideration is being given to the breeding of elephants in captivity and the eventual establishment of a large elephant farm. Ceylon's elephant population is believed to have depreciated seriously during recent years. Today it amounts to little more than 2,000, most of them living wild in the jungle. The decline from a figure which must at one time have been very much higher is ascribed to forest depletion and extended colonization. The elephant's high value in forest operations and for similar work makes this project one of wide interest and substantial practical value—Colombo, March 2.

## FINLAND

**New Paper Mill**—A new paper mill with a capacity of 70 thousand tons a year is to be constructed at Jamsa, Finland, it is reported. The machinery for this plant has already been purchased in the United States—Stockholm, March 3.

## JAMAICA

**Switching of Securities**—Regulations have been relaxed by the Jamaica Finance Board to permit residents of Jamaica to switch dollar securities between Canada and the United States. Previously it was possible only to switch securities within the country in which they were held. This relaxation has been dictated by considerations following the abolition of exchange controls in Canada. The concession does not apply to residents of the United Kingdom, nor does it permit the conversion of sterling into dollars for the purchase of new securities —Kingston, March 17.

## NEW ZEALAND

**Exchange Surplus**—In February, New Zealand had a favourable balance in overseas exchange of more than £6½ million, compared with a deficit of approximately the same amount in January of last year. Imports during the month decreased and exports increased—Wellington, March 9.

## PAKISTAN

**Foreign Capital Welcome**—The following item appeared in a recent official government publication and may interest Canadian businessmen:

"Pakistan would welcome foreign capital seeking investment from a purely industrial and economic objective and not claiming any special privileges. Participation of nationals of Pakistan must, however, be ensured, both in the administrative and technical services manning the industry, and training facilities should be provided to Pakistan nationals by concerns that wish to establish themselves in Pakistan. Where trading facilities, rather than establishment of an industry, are desired by foreign firms, subsidiaries should be registered in Pakistan. Subject to these conditions, foreign capital will be welcomed, so long as opportunities for participation in indigenous capital are provided and monopolies avoided. The Pakistan Government consider that in the national interest, nationals of Pakistan should ordinarily be given the option to subscribe at least 51 per cent of all classes of share capital and debentures in industries."—Karachi, March 6.

## UNITED KINGDOM

**Monopolies Investigated**—The Monopolies and Restrictive Practices Commission is inquiring into the supply and export of certain electrical and allied machinery and plant and of pneumatic tires. Investigations are also being made into several semi-manufactures of copper and copper-based alloys, woven fabric printing processes, and timber. Another and more general question being probed is the effect of discriminatory arrangements between traders. Suggestions and requests made to the Board of Trade for examination by the Commission in 1952 include: garage equipment, asbestos roofing, sanitary earthenware, cattle hides, baths, building construction, electric street-lighting equipment, glass containers, Scotch whisky and steel window frames—London, March 23.

# British Cars and Their Markets

*This fast-growing industry has made strenuous efforts to develop overseas markets, with creditable results. Future sales are hard to predict; competition from German and French makers will probably increase.*

LONDON—One of the fastest growing industries in the United Kingdom since the war has been the manufacture of motor vehicles. Between 1938 and 1952 motor car production increased by 30 per cent, commercial vehicles by 150 per cent, and agricultural tractors by over 1,000 per cent. The capacity of the industry today is greater than even these impressive figures suggest because 1952 output was below that of 1951.

The number of passenger cars (including taxis) produced in the United Kingdom in 1952 was 448 thousand, a decline of 25 thousand compared with 1951. This fall was almost entirely the result of shortages of certain basic materials, particularly body sheet. However, the situation improved toward the end of the year, which suggests that raw materials will not be a problem in 1953. The output of commercial vehicles, at 242,372 for the year, was 17 thousand lower than in 1951. Agricultural tractor production fell to 122,800 from 137,415.

### Developing Exports

At the war's end it was recognized that motor vehicles offered one of the most promising fields for United Kingdom exports and strenuous efforts have since been made to develop overseas markets. Government regulations restricted the number of cars which could be sold at home so that makers had to develop export business or cut back on production. Agency arrangements abroad were strengthened and designs modified to conform more to overseas tastes. The results have been good. In every postwar year the United Kingdom has been either the largest or second largest world exporter of motor vehicles. In 1952, cars accounted for almost 13 per cent by value of all British exports. Three out of every four cars made in the country were exported compared with three out of every one hundred and twenty in the United States.

### Export Volume Drops

United Kingdom motor vehicle shipments, at 543 thousand, were 75 thousand less than in 1951, although the higher prices brought in a greater cash return. Passenger car sales dipped to 309,800 from 368,737 and commercial vehicles from 137 thousand to 128 thousand. The decline was due partly to production difficulties at home and partly to import restrictions imposed by overseas countries.

The growth of British motor vehicle exports owes something to discriminatory import controls in certain important markets. Australia, for example, in prewar days imported 38 per cent of her motor vehicle

requirements from the United Kingdom and 30 per cent from Canada. In 1952, largely because of restrictions on dollar imports, the United Kingdom's share of the Australian market rose to 78 per cent and Canada's declined to 12 per cent. Australia has long been the principal outlet for English cars although the 1952 sales at 88,143 were only 53 per cent of those in 1951.

**Sales in Dollar Markets**

Sales to Canada have been principally of passenger cars. Before the war the number of English models sold in Canada was trifling and seldom reached as many as a thousand in any one year. By taking advantage of the postwar shortage and by increased attention to the market, United Kingdom car manufacturers succeeded in building up their Canadian sales to 76 thousand vehicles in 1950. That year they accounted for one out of every three new cars registered in Canada. Unfortunately this sales volume has not been held, and for 1951 and 1952 the figures were 27 thousand and 21 thousand respectively. More cars were sold to the U.S. in 1952 than to Canada. New Zealand, which took 26 thousand cars, was the third most important outlet.

The future of British cars in dollar markets is hard to predict. The average British car is underpowered in relation to current North American tastes but it is, generally speaking, economical to operate and easy to park, which make it attractive—especially to the two-car buyer. The swing of public taste cannot be forecast, but the current interest in sports models should be helpful to United Kingdom makers, a number of whom have been active in this field for many years. A purchase tax of 66⅔ per cent on new cars sold on the home market helps to divert cars to export, but it tends to restrict overall output and often reduces the advantages of full production schedules.

The expectation is that import restrictions in overseas countries will not be as harmful to the sale of British cars in 1953 as they were in 1952. Better supplies of steel and other materials are also a favourable factor. On the other hand, competition from German and French makers may be expected to increase, particularly in the small types.

—R. P. BOWER
*Commercial Counsellor for Canada*

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**Index to FOREIGN TRADE**

We should like to notify our readers that the index for the July-December 1952 issues of *Foreign Trade,* which is now being distributed, is the last printed index that we shall supply. In future the index will be mimeographed and will be sent only to libraries, universities, etc., and to those subscribers who request it. This notice is for the information of readers who make a practice of binding their copies of the magazine. The Information Branch, Department of Trade and Commerce, will be glad to supply additional copies of the present Index.

# TRADE AND TARIFF REGULATIONS

## BELGIUM

**Sales Tax on Imports Increased**—The transmission (or sales) tax applicable on imports into Belgium of a number of manufactured and semi-manufactured products has been increased effective March 16, 1953, according to a Belgian decree published on March 14. The increases range from 1 to 5 per cent of the duty-paid value, though the majority of increases are between 2 and 3 per cent.

The basic sales tax amounts to 4½ per cent in most cases, although the rates vary on a number of articles. It is applicable on both imports and on goods produced in Belgium. The increases, however, apply only to imports. They are thus ostensibly intended to equalize the Belgian tax load on locally-made products which are often taxed successively as raw materials and on further stages of production.

The following among the goods on which the tax has been increased may be of interest to Canadian exporters, the rates of increase being shown in parentheses: patent leather, synthetic fibre fabrics, elastic fabrics, nylon stockings, textile bags for packing, iron stoves non-electric, aluminum powder, harvesting and threshing machines (2 per cent); rolled oats, rubber hose, rubber footwear, refrigerators, freight automobiles and certain automobile parts (3 per cent); needles and dolls (4 per cent); rubber belting and paper bags (5 per cent)—Brussels, March 14.

*Exporters may obtain information as to the tax increases on individual goods from the Foreign Tariffs Division, Department of Trade and Commerce, Ottawa—Editor.*

## CANADA

**Non-Ferrous Metals Controls Lifted**—The Minister of Trade and Commerce announced on March 20, 1953, a relaxation in export controls on shipments to the United States of non-ferrous metals, except nickel and nickel-bearing materials, effective immediately. The metals released from export permit control are: aluminum, antimony, bismuth, brass and bronze, cadmium, cobalt, copper, lead, molybdenum, tin, tungsten and zinc. The relaxation order affects their ores, concentrates, scrap and fabricated forms, as well as ingot metal.

These materials may now be shipped either way across the United States-Canadian border. Both countries retain export controls on shipments of these non-ferrous metals to off-shore destinations.

This action is in keeping with the Government's policy of removing trade restrictions as soon as the supply position permits. The purpose of the remaining control is to prevent strategic materials from reaching Communist countries and to prevent back-door exports

from the United States. Export licences will probably be granted readily, however, if there is adequate assurance that the exports are intended for consumption in friendly countries—Ottawa, March 30.

## INDONESIA

**Foreign Exchange Regulations Revised**—Indonesia has revised its system of surcharges on foreign exchange required for imports, effective January 22, 1953, by introducing a new category of goods subject to a surcharge of 33⅓ per cent of their value. Most of the goods in this category were not subject to a surcharge before this change. Various revisions have also been made in the existing categories. As a result of these changes, imports into Indonesia now fall into the following categories, showing goods in each category which may be of interest to Canadian exporters:

- Category A—essential goods for which foreign exchange is available at the basic rate of 11.40 rupiahs to one United States dollar: wheat flour; certain cotton fabrics; rubber tires; newsprint; gas engines; certain kinds of machinery including textile machines; certain accessories for motor cars; crude aluminum, copper, nickel and zinc; and pharmaceutical specialties considered essential.

- Category B I (new)—goods subject to a surcharge of 33⅓ per cent on the basic rate of exchange, resulting in an effective rate of 15·20 rupiahs to one United States dollar: skimmed milk powder; linseed oil; canvas; wrapping paper; builders' hardware, plain; needles; jeeps, trucks and buses; accumulators; small domestic radios; and certain chemicals.

- Category B II—less essential goods subject to a surcharge of 100 per cent on the basic rate of exchange, resulting in an effective rate of 22.80 rupiahs to one United States dollar: canned fish; evaporated milk; rolled oats; passenger automobiles up to a c.i.f. value of US$2,100; typewriters; pharmaceutical specialties not considered essential; and fountain pens and propelling pencils not combined with precious metals.

- Category C—semi-luxury goods subject to a surcharge of 200 per cent on the basic rate of exchange, resulting in an effective rate of 34.20 rupiahs to one United States dollar: passenger automobiles of a c.i.f. value of more than $2,100 and up to $2,400; console, furniture-type and automobile radios; and electric refrigerators.

- Category D—luxury goods for which foreign exchange will not be made available: domestic air conditioning apparatus; articles of precious metals including fountain pens with the holder or cap entirely of such metals; and passenger automobiles valued at more than $2,400.

An advance notice of this revision was published in *Foreign Trade* of March 7. As pointed out in the notice, Indonesians importing goods from the dollar area must purchase, in addition to the

exchange at the rates shown above, dollar certificates equal to the full amount of the exchange required. The present cost of dollar certificates is 0.25 rupiah per United States dollar—Singapore, March 11.

*Exporters may obtain information on the classification of individual goods under the above categories from the Foreign Tariffs Division, Department of Trade and Commerce, Ottawa—Editor.*

## UNITED STATES

**Tariff Classification of Ontario Spruce Lumber**—The United States Bureau of Customs has placed the following notice in the Federal Register of March 20, 1953:

"Notice of Prospective Classification

"It appears probable that white spruce lumber obtained from trees grown in the Canadian Province of Ontario is not entitled to the exemption from the import tax provided for in section 3424(a), Internal Revenue Code, as heretofore has been the case under an established and uniform practice.

"Pursuant to Customs Regulations of 1943, notice is hereby given that the existing uniform practice of classifying such merchandise free of the import tax is under review in the Bureau of Customs.

"Consideration will be given to any relevant data, views, or arguments pertaining to the correct tariff classification of this merchandise which are submitted in writing to the Bureau of Customs, Washington 25, D.C. To assure consideration, such communications must be received in the Bureau not later than 30 days from the date of publication of this notice. No hearings will be held."

*According to United States law, "Western white spruce" and "Engelmann spruce" lumber are exempt from the import tax. All other spruce lumber is subject to the import tax of 75 cents per 1,000 FBM—Editor.*

**Import Controls on Dairy Products**—The United States Department of Agriculture has announced an embargo on imports of dried whole milk, dried buttermilk, and dried cream, effective April 1, 1953.

This embargo replaces import quotas that have been in effect for the period terminating March 31, 1953, on the above products.

Existing controls on other commodities and products remain unchanged. These include embargoes on non-fat dried milk solids, butter, high-fat malted milk compounds; flaxseed, linseed oil, peanuts, peanut oil, and rice; individually licensed imports of brewers' rice; and import quotas on cheddar cheese, blue mold cheese, and certain other cheese.

All the above action was taken under authority of Section 104 of the Defense Production Act—Washington, March 25.

## UNITED STATES

**Tariff Classification of Mustard Seeds**—The United States Bureau of Customs has ruled that, *mustard seeds of the type chiefly used for propagation of plants producing vegetable greens* are classifiable as "other garden and field seeds, not specially provided for", under tariff paragraph 764 at the rate of 1½ cents per pound, rather than as "spice seeds (whole mustard seeds)" under tariff paragraph 781, at the rate of ⅞ cent per pound.

This ruling will be applied to such or similar merchandise when entered 90 days from the date of publication of this decision in a forthcoming issue of the weekly *Treasury Decisions*—Washington, March 21.

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## TRADE COMMISSIONERS ON TOUR

TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

**M. T. Stewart,** Commercial Counsellor for Canada in Mexico City, began the first part of his Canadian tour in Victoria, April 3-4. His itinerary will be:

Vancouver—April 6-10
Edmonton—April 13
Calgary—April 16
Winnipeg—April 20

Businessmen may get in touch with Mr. Stewart through the Department of Trade and Commerce, 355 Burrard Street, in Vancouver, and the Chambers of Commerce in Edmonton, Calgary and Winnipeg.

# Foreign Exchange Rates

*The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.*

Conversions into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

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

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

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

For conversion to United States dollar equivalents multiply by 1·01846.

| *Country* | *Unit* | *Type of Exchange* | *Canadian dollar equiv. March 26* | *Notes (See below)* |
|---|---|---|---|---|
| Argentina | Peso | Preferential buying | ·1309 | |
| | | Basic buying | ·1964 | (1) |
| | | Preferential selling | ·1964 | |
| | | Basic selling | ·1309 | |
| | | Free | ·0707 | |
| Austria | Schilling | | ·04596 | |
| Australia | Pound | | 2·2120 | |
| Belgium-Luxembourg & Belgian Dependencies | Franc | | ·01964 | |
| Bolivia | Boliviano | Official | ·01636 | tax 5% (1) |
| | | Differential | ·00977 | tax 3% (2) |
| British West Indies | Dollar | | ·5760 | (3) |
| | Pound | | 2·7650 | (4) |
| | Dollar | Brit. Honduras | ·6912 | |
| Brazil | Cruzeiro | Official | ·05307 | tax 8% (2) |
| | | Free | ·02080 | |
| Burma | Kyat | | ·2074 | |
| Ceylon | Rupee | | ·2074 | |
| Chile | Peso | Official | ·03162 | (1) |
| | | Commercial | ·01635 | |
| | | Free | ·00892 | |
| Colombia | Peso | Basic | ·3927 | tax 3% (2) |
| | | Coffee buying | ·4250 | |
| Costa Rica | Colon | Official | ·1753 | (5) |
| | | Free | ·1471 | *Feb. 16 |
| Cuba | Peso | | ·9819 | tax 2% |
| Czechoslovakia | Koruna | | ·01964 | |
| Denmark | Krone | | ·1422 | |
| Dominican Republic | Peso | | ·9819 | |
| Ecuador | Sucre | Official | ·06546 | (6) |
| | | Free | ·05682 | |
| Egypt | Pound | | 2·8195 | |
| Fiji | Pound | | 2·4910 | |
| Finland | Markka | | ·00427 | |
| France | Franc | | ·00281 | |
| French Africa | Franc | | ·00561 | |
| French Pacific | Franc | | ·01544 | |
| Germany | D Mark | | ·2338 | |
| Greece | Drachma | | ·000065 | |
| Guatemala | Quetzal | | ·9819 | |
| Haiti | Gourde | | ·1964 | |
| Honduras | Lempira | | ·4909 | |
| Hong Kong | Dollar | Free | ·1635 | *March 13 |
| Iceland | Krona | Official | ·06029 | |
| | | Special buying | ·04636 | |
| | | Special selling | ·03767 | |
| India | Rupee | | ·2074 | |
| Indonesia | Rupiah | Basic | ·08613 | (7) |
| | | Dollar certificate | ·00204 | *Feb. 16 |

* Latest available quotation date.