

**JULY 20. 68**

# **FOREIGN TRADE**

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

**India: Record Crop Revives Business**

**Ceylon's Problems Persist**

**Pakistan Resumes Its Progress**

**Selling Seed Potatoes to South Africa**

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## IN THIS ISSUE

VOL. 130 NO. 2

**The heartening news that India**, so recently in the grip of famine, has gathered in a record harvest of cereals has been widely reported. Worden Evans, our Commercial Counsellor in New Delhi, in our leading article enlarges on what this has meant to that hungry country and on how it affects economic planning and the trade picture.

**Don't book your airline ticket for India yet** on the strength of this improvement, thinking there's business there for the asking. Check the import restrictions first. But if the Indians really need your product or services or can obtain it under loans or grant aid, start travelling. Read the article on page seven first for a good orientation.

**Bilingual Canadians should find doing business in Francophone Africa** a natural. It is for two engineering firms, one in Toronto and one in Montreal, which are collaborating on a first assignment in Dahomey, a survey of transportation needs. Our Assistant Editor talked to executives of the two firms and came up with an interesting article, aptly titled "Choosing the Surest Road."

**Our Commercial Counsellor in Pakistan** supplies a realistic yet hopeful account of progress there and an appraisal of the Third Plan, now half completed. He also reports on Afghanistan, which has its plan too—a far cry from the days of Kipling and the dangerous Khyber Pass.

**Canadian seed potatoes for South Africa?** For several years seed potato producers and government officials have been patiently cultivating this market, using a number of promotion methods. These should bear fruit shortly, but it's a complicated business, as the article on page 22 explains.

# FOREIGN TRADE

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O. MARY HILL, Editor  
MICHAEL A. JOHNSTON, Assistant Editor

Address correspondence to the Editor, "Foreign Trade", Department of  
Trade and Commerce, Wellington and Lyon Streets, Ottawa, Canada.

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## SUBSCRIPTIONS

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This picture contrasts the old and the new India, as Indian women wash their clothes against the background of the big Bokaro thermal power station in the Damodar Valley.

## India: Record Crop Revives Business

New emphasis on agriculture and record harvests have helped business recover from a recession. Need to conserve foreign exchange is holding down imports to essentials; Canadian exports are largely limited to those supplied under loans or grant aid.

A. WORDEN EVANS, *Commercial Counsellor, New Delhi.*

■ Increased economic activity has followed in the wake of a record harvest of foodgrains in the crop year 1967/68 which, at an estimated 97 million metric tons, is at least ten million tons above the previous all-time high. Although the sluggish business conditions caused by two successive years of drought have yet to be overcome, continuation of this trend in food production, combined with the impact of the recent budget geared to stimulate the economy, should lead to a rise in production indices about the end of this year.

There are, however, many basic problems to be overcome before there can be any real progress in raising the living standard of the average Indian. Crucial among these is the rapidly rising population, now well over 500 million and increasing at an estimated 12 million or more a year. The Indian Government has placed top priority on its family planning program and this has achieved some success. Also critical is the foreign exchange shortage which will continue to be a restraining factor, particularly as foreign development assistance could well fall short of what is required for maximum economic growth. In addition, there is a shortage of management for industries in the public sector, where the investment has been large. The Canadian businessman will find his opportunities limited to basic commodities and capital goods, particularly those imported under Canada's Development Assistance Program (see "The Canadian Businessman and Aid to India" in the March 30, 1968, issue of *Foreign Trade*). Imports of consumer goods will continue to be prohibited.

### Agriculture—a Breakthrough

India's new strategy of placing agriculture first in investment priorities appears to have been a success. Though favorable weather played a major role in the record harvest, there is no doubt that the farmer, spurred by attractive prices for his products, has rushed to make use of high-yielding seed varieties, fertilizers and pesticides where water supplies were assured and even sometimes where they were not. The Government is enlarging irrigation facilities rapidly and building fertilizer plants to try to replace the substantial imports of fer-

tilizers and save foreign exchange, but the rapidly growing demand indicates that it will be 1972 at least before import requirements begin to diminish. In addition, no success has so far been achieved in locating commercially exploitable deposits of potash in India. Research is being carried out on further high-yielding varieties of seeds, on tailoring them to Indian requirements, and on developing disease-resistant qualities. Facilities for the manufacture of pesticides are being expanded.

Government procurement prices to growers for the large quantities of grain required for a buffer stock have been set at generous levels to try to ensure the farmers' continued interest in high output. Finally, investment by individual farmers is encouraged by the little or no tax imposed on farm income. Cultivators at present pay no income tax, regardless of the size of their earnings. Provided the Government still pursues these policies and the family planning program has a more positive impact on population growth, India could be self-sufficient in food supplies in four to five years.

### Industry Gets a Bigger Base

Business is slowly recovering from a recession which, in addition to slowing the rate of rise in retail sales, particularly affected heavy engineering, textiles and the food processing industries. In other manufacturing, such as bicycles, passenger cars, radios, etc., demand has been growing and intermediate goods, particularly paced by business catering to the needs of agriculture, have turned in a highly satisfactory performance. The over-all index of industrial production in 1967/68 increased by only 1 to 2 per cent. This mildly favorable picture is clouded, however, by the unusually large inventories carried by many enterprises as wholesalers and retailers operate with minimum stocks.

The recession has had its benefits as producers have trimmed staffs to bring about increased efficiency. Faced by competition for the first time, companies have tended to become more market-oriented. In a very few instances, manufacturers of consumer goods have sent salesmen to the villages, which offer a large reservoir of relatively untapped demand. Those who have done so have reaped a rich

TABLE I  
WHAT INDIA BUYS FROM CANADA

|  | 1963          | 1964          | 1965          | 1966           | 1967           |
|--|---------------|---------------|---------------|----------------|----------------|
|  | (Cdn.\$'000)  |               |               |                |                |
| Wheat (1)                                      | 1,500         | 8,500         | 15,357        | 67,344         | 72,763 (3)     |
| Asbestos (1)                                   | 4,185         | 2,939         | 2,229         | 2,954          | 3,054          |
| Sulphur, raw (t)                               | 583           | 102           | 1,389         | 2,623          | 12,633         |
| Wood pulp (mostly dissolving) (t)              | 3,046         | 3,461         | 1,222         | 1,413          | 239            |
| Newsprint (1)                                  | 3,907         | 3,727         | 3,731         | 5,579          | 4,186          |
| Plastic and synthetic rubber not shaped n.e.s. | 930           | 1,065         | 868           | 502            | 723            |
| Iron and steel (t)                             | 646           | 1,274         | 527           | 424            | 1,556          |
| Steel rails (2)                                | 7,824         | —             | —             | —              | —              |
| Aluminum (1)                                   | 3,673         | 4,698         | 6,144         | 5,216          | 7,940          |
| Copper (t)                                     | 8,503         | 260           | 19            | —              | 3,030          |
| Lead (1)                                       | 769           | 1,941         | 3,258         | 1,850          | 1,636          |
| Nickel (1)                                     | 1,834         | 1,021         | 1,510         | 432            | 2,164          |
| Zinc spelter (1)                               | 3,835         | 3,911         | 6,378         | 2,107          | 2,429          |
| Locomotives and parts (1)                      | 2             | 6,684         | 9             | 18             | 4,231          |
| Electrical machinery and parts (1)             | 5,045         | 4,540         | 5,273         | 7,339          | 5,076          |
| Chemical fertilizers (1)                       | —             | —             | 1,286         | 1,482          | 5,505          |
| Aircraft and parts (1)                         | 2,564         | 9,748         | 857           | 1,234          | 1,068          |
| Prefabricated building structures              | 1,702         | 1,295         | 726           | 746            | 9              |
| <b>Total of above</b>                          | <b>50,548</b> | <b>55,166</b> | <b>50,783</b> | <b>101,263</b> | <b>128,242</b> |
| <b>Total all items</b>                         | <b>53,900</b> | <b>64,042</b> | <b>58,453</b> | <b>107,738</b> | <b>140,226</b> |

(1) Shipments wholly or partly under Canadian Aid

(2) International tenders won by Canadian firms

(3) Includes wheat flour

TABLE II  
WHAT CANADA BUYS FROM INDIA

|   | 1963          | 1964          | 1965          | 1966          | 1967          |
|---|---------------|---------------|---------------|---------------|---------------|
|   | (Cdn.\$'000)  |               |               |               |               |
| Walnut, mostly shelled                    | 365           | 475           | 400           | 244           | 214           |
| Peanuts                                   | 514           | 680           | —             | —             | —             |
| Cashew nuts, shelled                      | 1,758         | 2,122         | 2,374         | 1,698         | 2,374         |
| Sugar (mostly raw)                        | 16,655        | —             | 3,493         | 2,938         | 3,278         |
| Pepper, unground                          | —             | 709           | 1,172         | 1,017         | 862           |
| Tea, black                                | 7,356         | 7,662         | 7,097         | 4,862         | 5,086         |
| Cotton textiles                           | 3,790         | 3,824         | 4,509         | 3,765         | 3,842         |
| Jute textiles                             | 16,581        | 15,078        | 18,144        | 19,904        | 20,622        |
| Carpets, woollen (mostly Oriental design) | 1,440         | 1,425         | 1,737         | 1,843         | 1,900         |
| Living animals (Rhesus monkeys)           | 83            | 39            | 10            | 7             | 5             |
| <b>Total of above</b>                     | <b>48,542</b> | <b>31,914</b> | <b>38,936</b> | <b>36,278</b> | <b>38,183</b> |
| <b>Total all items</b>                    | <b>52,664</b> | <b>36,121</b> | <b>42,424</b> | <b>40,093</b> | <b>42,774</b> |

reward. Many others are now studying how they can reach the consumers in the estimated 540,000 villages that dot the Indian landscape. The public sector, with about half the country's total investment, has encountered difficulties in obtaining management. A series of studies have been made of the way in which public companies should operate and the Government is considering ways of implementing the recommendations contained in these reports. This is a fruitful area for improvement and this improvement, if achieved, will have a favorable impact on the economy. No speedy solu-

tion can be expected because the problems are monumental.

### Import Policy Restrictive

Much more attention is being given to capacity for domestic manufacture and requests for import licences are being carefully scrutinized as domestic capabilities are becoming greater month by month. Where there is any doubt, the applicant for a licence is forced to advertise and prove that he cannot meet his requirements from a source in India. The price to be paid and even the delivery terms quoted have no part in this exercise unless it

## Doing Business in India

■ The Indian Government formulates its import policy annually and publishes it (usually in April) in the form of a *Red Book*, so known because of its red cover.

With the growth in domestic capacity and sometimes because of financial necessity, each successive *Red Book* lists fewer and fewer items that can be imported. It is not necessary to go through it to decide whether your goods can be imported into India: a check with the Commonwealth Division of the Department of Trade and Commerce, Ottawa, or our office will bring you this information.

Generally, India does not allow the import of consumer goods and luxury or "non-essential" items of any nature. Commodities allowed, broadly, are foodgrains and fertilizers, machinery and components, and raw materials to keep Indian industries going. This has been India's pattern of imports in recent years and the value is steady at about \$3 billion a year. But India's exports do not meet the import bill and there is a trade gap each year. To cover this, the Government has recourse to loans and aid from supplier countries like the United States, Britain and Canada, assistance from the World Bank, and bilateral rupee payment deals with countries that are willing to accept Indian currency, such as the Soviet Union. The United States and Britain remain India's most important trading partners, and Canada, Japan and the U.S.S.R. rank among the first ten.

Canada's sales to India have risen from \$37 million in 1960 to \$140 million last year. This increase, however, does not really reflect straight commercial shipments but rather the increasing amount of aid provided to India each year. Wheat, machinery and spare parts, industrial raw materials and chemical fertilizers bulk large.

Indian import policy also lays down that certain products can only be imported by certain types of entities. For instance, the import of foodgrains and fertilizers is a government monopoly, and products like mercury, raw wool, etc., can only be imported by the government-run state trading corporation. Machinery and most components and raw materials can only be imported by "actual

users" who receive import permits just sufficient to cover their established needs. Traders are allowed to import only a progressively declining number of products.

The Government and government-run agencies are the most important buyers in India and they are the bulk buyers. They usually purchase on the basis of public tenders for open or restricted competition. Open competition is allowed when the purchases are made with India's own funds or funds from international lending agencies like the World Bank. Restricted competition limits bids to firms in countries supplying aid or loans for specific purchases. For instance, tenders for purchases under Canadian aid are limited to Canadian sources of supply. This office constantly watches for tenders that permit Canadian participation and when these are released, advises the Department of Trade and Commerce in Ottawa immediately. It in turn notifies the appropriate Canadian suppliers.



The number of Indian companies permitted to import is growing rapidly but because they are spread all over India, it is difficult to keep track of their current and potential requirements. The Canadian firm will find the services of a good Indian agent invaluable because he makes it his business to keep in constant touch with these potential customers and canvass orders. Indeed, the usefulness of an agent cannot be over-rated as he not only contacts potential buyers but also watches for tenders and usually knows how to present acceptable bids. Rarely indeed does a Canadian supplier without an active Indian agent win tender business. Canadian firms wishing to sell in this market should therefore take steps to obtain representation.

The agent receives a commission on all business transacted and only

in rare instances gets a monthly retainer. The rate of commission is never disclosed to the customer except in bidding against tenders from government. The Government usually requires this disclosure so that it can pay the agent in Indian rupees and save on the net outflow of funds against each order.

In our experience, the following are the types of tenders, in the order of probability, which give Canadian firms opportunities to sell to this market: (1) tenders under Canadian loans; (2) tenders under funds from the World Bank or its affiliate, the International Development Agency; (3) tenders under India's own funds.

In quoting, be sure to give prices both f.o.b. or f.a.s. as well as c.i.f. India has its own merchant marine and insurance industry and prefers to use these to support local industry and to save on the expenditure of scarce foreign exchange. Prices may be quoted in Canadian or U.S. dollars or in sterling.

Terms of payment vary from buyer to buyer. When supplying to government account, the exporter has to accept the standard terms: 95 per cent on proof of dispatch and the remainder on receipt of goods in satisfactory condition by the consignee. With other customers you can negotiate terms and can even insist on letters of credit, especially when dealing with unknown buyers or to ensure that the customer has the necessary import licence to bring in what he has ordered. When quoting for supply under Canadian aid to India, show f.a.s. prices and ship only under instructions from the External Aid Office, Ottawa, which will settle your invoices directly. Please remember that India follows the metric system in all spheres, and that the normal electric supply is 440 volts, 50 cycles, three-phase a.c. for industries and 220 volts, 50 cycles one-phase a.c. for domestic use. Your goods should conform to these standards.

You can quote prices in Canadian or U.S. dollars, whichever is convenient to you. Don't forget to send your letters to India invariably by airmail; the rate is 25 cents per half-ounce. Surface mail takes several weeks to arrive from Canada, and this delay may mean that a tender arrives too late or you lose a sale.

can be shown that protracted delivery of the equipment would have economic consequences that would outweigh the expenditure of foreign exchange—for example, for an export industry or where considerable import substitution is involved.

Business should benefit from the better climate caused by the record harvest and budget, in which new taxation was light and significant cuts were made to try and revive the capital market and encourage greater exports. Government investment, however, was only marginally increased and this will not help the problem of unutilized capacity in the capital goods industries which depend on orders from the public sector for a large part of their volume. Another factor is the burden of controls. Although every effort is being made to remove or ease the effect of this system on industry, there is little room for manoeuvre. In addition, the foreign exchange shortage will become more critical as the recession passes and the need for imports grows. This situation will tend to place a growing restraint on the economy in the absence of adequate development assistance from abroad.

### Export Trade Stimulated

India's exports rose slightly in 1967/68 but fell far short of meeting import requirements of \$2.76 billion. In fact, at about \$1.6 billion, they were just below the figure for 1963/64.

Further steps to stimulate exports were taken in February of this year. A widespread revision of export duties was made, resulting in a slight reduction in the rate on tea and a drastic reduction on most jute goods (an important element, carpet backing, was excepted). The duty on coir was reduced and that on coir goods and hides and skins was eliminated. On snakeskins the duty was raised from 10 to 25 per cent. Foreign exchange is now available for business travel abroad and other foreign development expenses for recognized exporters. In addition, 133 per cent of marketing expenses can be charged on cost against taxable income. More important in the long run is a similar provision allowing a charge of 120 per cent for industries incurring expenditures in developing their supplies of



This is the Ashoka Hotel in New Delhi, built and operated by the Government. It offers the growing number of visitors to India top-quality accommodation and service.

agricultural raw materials. The net result of these measures is good but the stimulus given to export by a slack domestic market could disappear with the revival of domestic demand. Moreover it is difficult to achieve international competitiveness in a market closed to outside competitors by foreign exchange exigencies.

### Trade with Canada

Canadian exports to India in 1967 rose to an all-time high of approximately \$140 million. As Table I shows, wheat accounted for more than half the volume because of heavy requirements to avert famine. The record crop will reduce this figure in 1968 but increased imports of fertilizers will offset this to some extent. Consumer goods are completely absent from the list because of import restrictions. Little change is expected in the composition of our exports to India in the foreseeable future.

Indian exports to Canada have varied little over the years. Table II shows jute textiles as the principal item, followed by tea, cotton textiles and sugar, in that order. Although the Indian economy is becoming steadily more sophisticated, the non-traditional items from India have as yet moved to Canada in very small volume.

Prospects for a muted revival of the Indian economy in 1968/69 are good, provided favorable weather leads to another good crop. Any such revival, however, will place the balance of payments under a severe strain. Although domestic capacities show a steady growth, the demand for basic raw materials and machinery components will increase and food imports will be heavy both to meet current consumption and to help establish a buffer stock. The foreign exchange shortage will be the crucial restraining factor and the extent of this will depend on the amount of foreign financial assistance. Domestic capabilities will be explored and developed to the utmost degree but this process will have only a minor effect during 1968/69.

Two basic problems have held back Indian development: one is agriculture and the other is population. Agriculture has made good progress but the next breakthrough will have to be in population control. The principal source of export opportunities will continue to be the Canadian Development Assistance Program and the international financing agencies such as the World Bank and the International Development Association. However, the commercial market, though limited, should not be ignored.

## India in Brief

**Area:** 1.26 million square miles.

**Population:** 511 million (1967); annual increase 10 to 12 million; 82 per cent rural, 18 per cent urban.

**Climate:** monsoon-tropical; south, warm to hot year round; north, dry hot summers, cool winters (November-February).

**Language:** English continues to be the language of government and business.

**Currency:** rupee; one rupee is approximately Cdn.\$0.143.

**Foreign exchange:** extreme shortage with rigid exchange control.

**Weights and measures:** metric system.

**Capital:** New Delhi.

**Chief cities:** Calcutta (population in million, 1961) 5.51, Bombay 4.15, Delhi 2.36, Madras 1.73, Hyderabad 1.25, Ahmedabad 1.21, Bangalore 1.21.

**Chief ports:** east coast—Calcutta, Madras, Vishakhapatnam; west coast—Bombay, Marmagao, Cochin.

**Economy:** national income (1966-67) Cdn.\$33.74 billion; per capita income Cdn.\$67.34. Centrally directed economy, still predominantly subsistence agriculture; rapidly growing industrial structure outstripping capacity to provide sufficient foreign exchange for imports of capital goods, components and industrial raw materials.

**Total Indian imports:** 1967—U.S.\$2,760 million; 1966—U.S.\$2,710 million.

**Chief imports:** (per cent) 1966—machinery 25, wheat 20, rice 4, non-ferrous metals 4, fertilizers 4, petroleum 3, transport equipment 3, raw cotton 3.

**Chief suppliers:** (per cent) 1966—United States 32, Britain 8, West Germany 8, U.S.S.R. 6, Japan 5, Canada 5.

**Volume of imports from Canada:** 1967—Cdn.\$140.23 million; 1966—Cdn.\$107.74 million.

**Chief imports from Canada:** (Cdn.\$million) 1967—wheat 72.76, sulphur 12.6, aluminum 7.9, chemical fertilizers 5.5, electrical machinery 5.0, locomotives and parts 4.2, newsprint paper 4.2, copper 3.0, zinc 2.4, nickel 2.1.

**Total Indian exports:** 1967—U.S.\$1,630 million; 1966—U.S.\$1,558 million.

**Chief exports:** (per cent) 1966—jute textiles 24, tea 14, cotton textiles 7, iron ore 7, leather 6, animal feeds 5, textile fibres 4.

**Chief markets:** (per cent) 1966—United States 20, Britain 19, U.S.S.R. 12, Japan 10, Canada 3, Australia 2.

**Value of Canadian purchases:** 1967—Cdn.\$42.77 million; 1966—Cdn.\$35.30 million.

**Chief Canadian purchases:** (Cdn.\$million) 1967—jute textiles 20.6, tea 5.1, cotton textiles 3.8, raw sugar 3.3, cashew nuts 2.3, woollen carpets 1.9.

**Import controls:** rigid import licensing system. Licences required for all imports. No prospects for import of consumer goods or non-essential items. Import licences restricted to essential capital goods, components, and industrial raw materials, and foodgrains on government account. For further information, consult the Office of Trade Relations, Department of Trade and Commerce, Ottawa.

**Foreign aid:** trade deficit financed by aid and loans from World Bank, United States, Canada and others.

**Trade relations:** India grants tariff preferences on a wide range of products to Britain and its colonies and Burma; otherwise customs duties are applied equally to products of all countries, including Canada.

**Prices:** quote in U.S. or Canadian dollars; when quoting against government tenders, show f.o.b. as well as c.i.f. prices and agent's commission (if any) separately.

**Usual credit terms:** depend on various factors.

**Samples:** import restricted if of commercial value.

**Visa:** not required.

**Inoculations:** smallpox, cholera, yellow fever.

**Correspondence:** airmail only; letters 25 cents per half ounce.

**For detailed information write to:**

Commonwealth Division  
Office of Trade Relations  
Department of Trade & Commerce  
Ottawa

or

Counsellor (Commercial)  
Office of the High Commissioner for Canada  
P.O. Box 11  
New Delhi 1, India

# Your Business Visit to India

India's imports are carefully regulated, but if the Indians need your product or services, go there and try personal selling.

T. V. SUBRAMANIAN, *Commercial Officer, New Delhi.*

■ The Canadian businessman setting out on a visit to India should have a fairly good idea of the prospects for his goods and services if he has been in touch with the Canadian Commercial Counsellor in New Delhi. General information on India is easy to obtain. The regular reader of *Foreign Trade* has already more than a basic knowledge of the market. He can get a bird's-eye view of current conditions from *India 1967*, which he may consult at the Indian High Commission in Ottawa or in major libraries in Canada. It can be ordered from the Business Manager, Publications Division, Government of India, Old Secretariat, P.O. Box 2011, New Delhi, price Rs. 6.50 plus postage (about Cdn.\$1.50 in all). The local travel agent may have a useful free pamphlet *India—Tourist Information*. If not, the Indian Government Tourist Office, 177-179 King Street (at University), Toronto, will gladly mail one.

## Plan Carefully

Before actually starting, you should discuss your program with the Commonwealth Division, Department of Trade and Commerce, Ottawa, or the Department's Regional Office in your area. If you have enough time, write to us in New Delhi, clearly outlining your project. Careful planning will save you time and money.

India's main problem is an unfavorable balance of trade and a shortage of foreign exchange. To ensure the best use of these scarce funds, the authorities exercise strict control and only release foreign exchange for essential purposes. Import licences are not available for luxury or consumer goods or for products and services which are available within the country. So it is important to make sure that the customer has the necessary foreign exchange authorization before you supply goods or contract for services. The Delhi office has up-to-date information on what can be imported. Check with us to see if your product is eligible.

## When to Come, What to Pack

The best way to assess the market is to visit it yourself. If you already have a definite business lead, we suggest you come and follow it up personally or arrange for someone to do so. Otherwise, don't make a special trip but merely reserve a few days for a stopover in India when you are visiting this part of the world.

The ideal time to come is winter—October to March—when the weather is pleasant. But that is also India's busy tourist season. India usually plays host to one or two large international conferences during this period and you might have difficulty obtaining rooms and airline seats. To avoid inconvenience, see that your travel agent confirms your bookings well ahead of your visit.

Winter in India is mild and the lowest temperature in Delhi is 43°F. Light woollen suits are quite comfortable but a topcoat will be heavy at times.

The leading hotels can provide secretarial service upon request so you won't have to bring along a typewriter. This means you can travel light, packing your suitcase with light clothing and personal sundries, a good supply of calling cards and a small quantity of samples and catalogues. If you think you will need more literature, you can mail a supply to us in advance and we will hold it for you. If you have a shaver or other electrical appliance, be sure to have a transformer for 220 volt 50-cycle a.c. current which is the normal domestic power supply here.

## Passports, Currency

Canadian citizens must have a passport but do not need a visa to visit India. Your travel agent can tell you what vaccinations and inoculations it would be wise to have. Some you must have to comply with health regulations (they have to be entered in your international vaccination certificate).

It is illegal to bring in or take out Indian currency. Apart from this, you can enter India with any amount of funds and leave with whatever you have not spent. To avoid difficulties when you leave India, declare your funds on arrival on the Currency Declaration Form which you can get at the Customs. Converting foreign currency into Indian rupees and vice versa is easy and can be done at authorized foreign exchange dealers or at the airport or docks. You will be given a receipt each time and these should be retained and shown on your departure from the country. The Canadian dollar at present purchases just under seven Indian rupees.

Officials at the Customs are courteous and efficient. Although they have to enforce strict regulations, there should be little delay in clearing your baggage. As a visitor you are allowed to bring in certain articles duty-free: 200 cigarettes (or 50 cigars or 250 grams of tobacco); one

bottle of wine and 250 c.c. of spirits;  $\frac{1}{4}$  liter toilet water; two still and one cine camera (8 mm. and 16 mm.); 25 rolls of film; 10 reels of cinematographic film; personal clothing and jewellery; medicines and perfumes; one pair binoculars; one portable musical instrument; one typewriter; one tape recorder; two watches; sporting equipment, and items specifically needed for your professional work.

As soon as you land, ask the Customs for a landing certificate and declare any special items you have on it. If you have high-value articles—camera, binoculars, tape recorder, radio and the like—you will have to give a written undertaking that you will take these with you when you leave India.

If you have brought in more than the permissible allowances, you may avoid paying duty by storing the excess goods in the Customs bonded warehouses.

Do not bring any dangerous drugs, live plants, gold coins, gold and silver bullion and silver coins—these are either prohibited or highly restricted. Penalties for violations are heavy.

### New Delhi First

The obvious choice to visit first is New Delhi, the capital. The Central Government in New Delhi directs the economy of the largest democracy in the world. It is there that you should seek answers to your questions on economic and business opportunities in India by talking to government officials and businessmen. Because of New Delhi's importance, most commercial firms have offices

there and their executives are always glad to talk with you. Also in Delhi is the headquarters of the Federation of Indian Chambers of Commerce and Industry, the leading organization of its kind in India, and the head and regional offices of other industrial and commercial organizations. Canada's only Trade Office in India is there and you are welcome to draw on its services any time. So, when you have been to New Delhi, it is quite possible that you will not have to go elsewhere unless the nature of the product or service you are selling makes it necessary to visit the big commercial and industrial centers.

The length of your stay in India will depend on the nature of your visit and the type of business you wish to transact. You might want to spend several weeks but for the first visit four days should be ample. This allows for interviews with government officials (who tend to be very busy in the winter with the rush of callers) and for unexpected public holidays. The way to make the best use of the time when these occur is to have in mind sightseeing trips in the city or to nearby places of interest like the Taj Mahal at Agra or Jaipur.

### Language, Hotels, Food

A Canadian need have no worry about language because English continues to be used for communication at all levels. Just speak slowly and clearly and avoid idioms, colloquialisms, and subtle jokes. Incidentally, in India there are 15 languages officially recognized as major ones and each state has its own.

Hotel accommodation won't be a problem to the prudent visitor who has booked in advance. The major cities have good Western-style hotels; New Delhi itself has six (two of them state-owned) with over 1,000 rooms and suites. The cost a day is about \$8 for a single room, \$15 for a double room. These operate under the European Plan—guests are charged for the room only and are free to eat anywhere they choose. Direct tipping is often discouraged. Many hotels add a 10 to 12 per cent service charge to their bills and then tipping is entirely voluntary.

India offers a variety of dishes but some may be too spicy for Canadian taste. If you don't want to take chances, stick to Western-style food which all hotels have on their menu. A very good meal will cost about \$5, not including drinks.

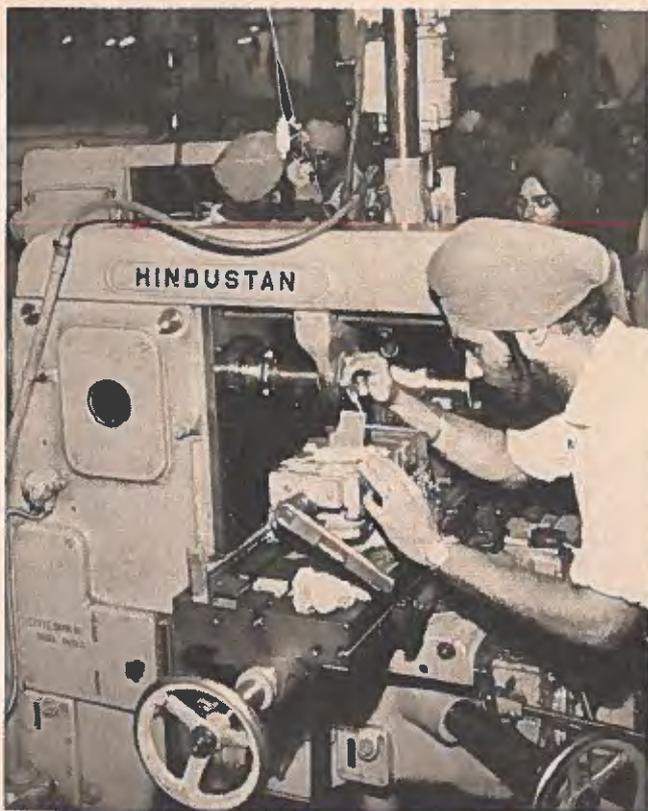
You will find drinks expensive and this is where the stock you have brought will be useful. India follows a policy of partial prohibition—some areas are entirely dry, some wet, and the others fall anywhere between the two extremes. In New Delhi there is partial prohibition; there are no bars except in the leading hotels and liquor shops are closed on Tuesdays and Fridays and the first day of each month. Unless you have an All India Liquor Permit from the local Tourist Office, you will be unable to buy any liquor in the dry areas and may even be committing a crime if you drink.

### Moving About

For transportation in cities there are taxicabs. In Delhi you can recognize them easily. The black-and-yellow cars have meters, and others of assorted colors and makes with DLY and DLZ number plates don't have meters but charge



Calcutta ranks as India's largest city, with a population that exceeds five and a half million and a busy port. This picture shows the heart of the bustling business section of Calcutta.



High priority is given to imports of essential raw materials and equipment to help in the industrial advance. This technician is working in a small plant on one of the industrial estates.

according to a set tariff. The fares are reasonable and it is not customary to tip the drivers.

For getting around India, air transport is recommended. Inland air transport is the monopoly of the state-owned Indian Airlines which has in its fleet Caravelle jets, Viscounts, Fokker Friendships, Skymasters and even some Dakotas. Advance booking is wise as sometimes seats are taken up several days ahead.

### A Day in Delhi

The best way to start the day is to call at our office, which is only a short distance from the leading city hotels. We open at 8.30 a.m., an hour or more before Indian government offices and most commercial houses begin their day. This gives you plenty of time to discuss business with us, to plan your program for the day and to pick up mail.

You can then begin your visits with Indian officials and businessmen. Plan for four calls a day which is probably the maximum you can accomplish satisfactorily. Generally Indian officials won't accept invitations to lunch or dinner from visiting businessmen but you can have business executives as your guests if you wish. When inviting them, be sure to find out whether your guests are vegetarians and/or teetotallers—there is nothing impolite in asking. This prevents embarrassment later at the table.

If you are invited out, you may wonder about manners. In the cities, this won't be a problem as most hosts are familiar with Western customs and adopt them easily. You greet your host (or guest) with the usual "Good evening", and shake hands with men. When you leave, "Goodbye" is adequate. Gifts to the host or hostess are not obligatory.

### Entertainment

While in New Delhi, you might like to know what entertainment an Indian city provides. The theatres, particularly in the tourist season, put on a variety of Indian and Western classical ballets, dances and music from which you may choose. There are cinemas too but, except for Indian films, those being shown may be ones you have already seen. There are no night clubs in India but leading hotels have floor shows, cabarets and ballroom dancing. If you love sports, you may be able to see an international cricket or tennis match, field hockey or soccer.

### Shopping

If you like shopping, there are several good stores where you can buy typically Indian souvenirs such as toys, curios, copper and brass work, and ivory carvings. One very popular store is the Cottage Industries Emporium in downtown New Delhi. Generally, there are no restrictions on taking your purchases with you when you leave India. For antiques a century or more old, you need the permission of the Director General of Archaeological Survey, New Delhi.

### Sightseeing

If you are able to set aside a few days for sightseeing, you can be sure of some memorable visits. The Indian Government Tourist Office in Toronto or your travel agent will give you an idea of the things to see but you will be amazed at the color and variety in this land of half a billion people speaking 2,000 different languages.

There are many religions in India, among them Hinduism (84 per cent), Islam (11 per cent), Christianity, Sikhism, Buddhism, and Jainism. Each religion has its distinctive place of worship and you will find temples, mosques, churches and shrines dotted all over the country, some of them many centuries old.

Should you have a taste for archaeology, you can see ruins from the 4,500-year-old Harappa civilization. If you are interested in architecture, there are examples of the Greek, Muslim and British periods, and modern buildings constructed with the very latest techniques.

When business takes you to South India, you can admire the famous granite temples and their sculpture. If you have spare time in Bombay, you can go to the cave temples of Ajanta and Ellora and see frescoes that date back to the second century B.C. The Himalayas are unsurpassed for their beauty. There are wild animals in well-kept sanctuaries or you can go big game hunting (you need an official permit). The variety that India offers the tourist is almost endless.



# Ceylon's Problems Persist

Low world prices for its exports and heavy imports of foodstuffs have depleted exchange reserves, made import restrictions necessary. These measures have curtailed Canada's sales to Ceylon.

MARGARET CATLEY, *Third Secretary,  
Office of the High Commissioner for Canada, Colombo.*

■ Ceylon is a lush tropical island with an area comparable to that of New Brunswick (25,332 square miles). The population is nearing 12 million and is increasing at the rate of 2½ per cent a year. It enjoys a variety of climatic conditions suitable for cultivation of almost all agricultural products because of changes in altitude moving from the coastal plain into the high mountains of the interior. Colombo, the capital city, is a centuries-old port and the country is situated on the traditional trade routes of the world. Yet Ceylon has many economic problems.

## Export Prices Low

Ceylon's economy improved only slightly last year. Gross external assets during the year stood at Rs.448.9 million\* compared with 317.6 million the previous year. This increase, however, was not sufficient to make any appreciable improvement in the economic situation.

Ceylon's economy remains primarily agricultural. Over 90 per cent of its foreign exchange earnings continue to be derived from exports of tea, rubber and coconut. However, because prices for these commodities continue to fall although production has risen, over-all profits continue to decline. The situation is aggravated by rapidly rising freight and shipping rates. The result has been severe cutbacks in Ceylon's earnings.

Because of the fast growing population and the reluctance of farmers to diversify crops, more than half of Ceylon's foreign exchange earnings are being spent on imports of essen-

tial foodstuffs. Compared with other developing countries in this part of the world, Ceylon still has a comparatively high standard of living. This situation will not prevail much longer unless the economic ills are cured.

Heavy subsidies paid on rice and the increasing expenditures on free education have added to the problems. All these factors have resulted in a depletion of foreign exchange reserves and increased borrowing from the World Bank and from aid-giving countries.

## Import Control

Imports into Ceylon are still stringently controlled for balance-of-pay-

ments reasons, with imports of "luxury" and non-essential consumer goods virtually prohibited. The Ceylonese Government recently introduced a Foreign Exchange Entitlement Certificate Scheme. Under the scheme, foreign exchange certificates are issued to those who surrender foreign exchange against exports of certain goods, services and specific inward remittances. The new policy has resulted in widespread changes in the licensing arrangements for imports. The ultimate effect on Canadian exports to Ceylon is not yet clear. Further details are obtainable from the Commonwealth Division, Department of Trade and Commerce.

## Agricultural Development

To cut down the foreign exchange expenditure on imports of rice and other foodstuffs, the Government has embarked on a country-wide food production campaign. The World Bank mission which recently carried out a survey on Ceylon's economy has estimated that the annual food import bill could be reduced from Rs. 825 million in 1965 to Rs.435 million



These Ceylonese women are harvesting paddy rice, one of the country's important crops.

\* One Canadian dollar=Rs.5.46

in 1977 as a result of the efforts now being made to become self-sufficient in the production of rice and other commodities. The report states that the performance of domestic agriculture during 1967 was encouraging and adds that the impressive gains achieved in the production of rice and subsidiary foodstuffs reflect three factors:

1. incentives provided by government policies
2. the responsiveness of the farmer to such incentives
3. the soundness of the policies and programs of the Ministry of Agriculture.

It is too early to see the results of this policy but they are sure to be felt in the next two or three years.

### Trade Figures Down

The following statistics covering the years 1966 and 1967 provide an interesting comparison of Ceylon's balance of trade and show the effect of restricting non-essential imports:

|         | 1966              | 1967    |
|---------|-------------------|---------|
|         | (Rs. in millions) |         |
| Exports | 1,675.9           | 1,630.8 |
| Imports | 2,028.2           | 1,738.3 |

The value of Ceylon's imports from Commonwealth countries declined from Rs.739.8 million in 1966 to Rs.623.3 million in 1967; those from other countries declined from Rs. 1,288.3 million in 1966 to Rs.1,115.0 million in 1967. Ceylon's exports to Commonwealth countries in 1966 totalled Rs.682.0 million as against Rs.745.3 million in 1967. Exports to other countries declined from Rs. 992.1 million in 1966 to Rs.883.4 million in 1967. The losses in exports were mainly the result of the fall in world prices for Ceylon's products and to a certain extent the devaluation of the rupee by 20 per cent at the time when Britain devalued the pound.

### Industrialization

One of the main drawbacks to industrial development in Ceylon is the lack of mineral resources, particularly fuel. Ceylon has no coal or oil and power production depends on either imported fuel or capital-consuming hydroelectric facilities. The Govern-

**TABLE I**  
**CANADA'S TRADE WITH CEYLON**

| Year | Ceylon's Exports to Canada | Canada's Exports to Ceylon<br>(in million rupees) | Balance in favor of Ceylon |
|------|----------------------------|---|----------------------------|
| 1963 | 69.1                       | 13.5  | 55.6                       |
| 1964 | 60.9                       | 7.9   | 53.0                       |
| 1965 | 64.2                       | 8.1   | 56.1                       |
| 1966 | 47.1                       | 22.0  | 25.1                       |
| 1967 | 53.1                       | 16.1  | 37.0                       |

Note: Canadian exports include commodities such as wheat flour and airport equipment, etc., under Colombo Plan aid.

**TABLE II**  
**WHAT CANADA SELLS TO CEYLON**

| Commodity                   | 1966        | 1967    |
|-----------------------------|-------------|---------|
|                             | (in Cdn.\$) |         |
| Fish, canned                | 21,637      | 14,000  |
| Malt                        | 9,395       | 15,140  |
| Asbestos fiber              | 1,002,382   | 793,125 |
| Wood pulp                   | —           | 120,877 |
| Newsprint                   | 233,813     | 219,588 |
| Chemicals                   | 8,996       | 17,306  |
| Potassium chloride, muriate | 134,370     | —       |
| Plastic resins, etc.        | 58,304      | 63,883  |
| Motor vehicles and parts    | 46,697      | 25,548  |
| Marine engines and parts    | 51,222      | 33,240  |
| Spark plugs                 | 34,854      | 23,082  |
| Files and rasps             | 71,645      | 75,644  |
| Biological products         | 46,016      | 47,178  |
| Ophthalmic lenses           | 8,960       | 8,828   |

Source: DBS.

ment, however, has been encouraging industrial development designed to diversify its economy, help support a growing population, and ease its dependence on imports which have continually drained the country's foreign exchange earnings. The public sector in the industrial field includes corporations producing cement, ceramics, plywood, footwear, paper, vegetable oil, chlorine and caustic soda, sugar, cotton yarn, mineral sands, salt, rubber tires and tubes, hardware and cotton textiles. In addition, corporations have been established to operate a steel rolling and wire-drawing mill and also look after the development of fisheries. Private investment is encouraged by certain tax concessions, tariff protection and import licensing restrictions. Private industries are now engaged in the manufacture (in some cases with foreign assistance) of a large range of consumer goods, such as textiles, confectionery, biscuits, readymade garments, paints, footwear,

electric bulbs, batteries, cosmetics, cycle tires, wire and cable, asbestos sheets, plastic utility goods, aluminum utensils, refrigerators, radios, ceiling fans, sewing machines and similar items.

So far the Government has nationalized the bus services, life insurance and the oil business. Despite clamor for the nationalization of foreign-owned banks and estates, so far nothing has been done.

With the idea of eventually giving the monopoly of export and import trade to Ceylonese, the Government continues to encourage and assist registered Ceylonese traders in every way possible.

### Canada-Ceylon Trade

Although Canada has been one of Ceylon's best customers for a long time, our commercial exports to the Ceylonese have remained comparatively small. For purposes of comparison the figures in Table I, extracted

from the Ceylon Customs Returns for the past five years, are useful. Table II gives Canada's main commercial exports to Ceylon during the past two years.

The balance of trade continues to be heavily in favor of Ceylon and because of the current import restrictions, this is likely to continue until there is some relaxation and importers are allowed to get their requirements from sources they prefer. Canada has been at some disadvantage as a result of the heavy freight charges for the shipment of goods to this market. This has made it extremely difficult for Canadians to compete with other exporters who are nearer to Ceylon.

When Ceylon's present economic difficulties are ironed out and if the demand and prices for its three principal exports—tea, rubber and coconut products—improve in coming years, the rate of development and pace of business could pick up. With increased incentives for local production and the financing of new development projects, Ceylon will require more capital goods and raw materials and Canadian manufacturers and exporters should bear this in mind.

Ceylon's imports of non-essential consumer goods will remain small as a result of the tariffs levied to protect local industries and the restrictions

imposed on imports of similar goods. Prospects for Canadian exports will depend to some extent on the future policies of the Ceylonese Government and also the ability to compete with other and often better established suppliers to this market. This is a buyer's market and competition is keen.

Government departments are the largest purchasers of equipment, etc., and Canadian firms should try to bid competitively against world-wide tender calls for some of their requirements. There are also opportunities in consulting engineering and construction works on some of the proposed irrigation developments likely to be undertaken in coming years.

## Pakistan Resumes Its Progress

**Renewed emphasis on agriculture, a rise in export earnings, some industrial advance have marked last twelve months. Canadian and multilateral aid projects offer best opportunities for our exporters.**

*W. J. JENKINS, Commercial Counsellor, Islamabad.*

■ The barometer is rising. A year ago Pakistan was concerned about the aftermath of its war with India, the dropoff in aid receipts, and the drought for two years running. The task was a bookkeeper's nightmare—to find a balance between shrinking foreign exchange reserves, increasing defence requirements, and the need for mammoth imports of foodgrains. But the balance was found, the needs were met, the crisis passed, and the economy resumed its upward path.

The GNP rose by at least 7 per cent during 1967/68 and growth may have exceeded 8 per cent. The best performer was agriculture. The annual agricultural expansion during the Second Five Year Plan, 1960-65, was only 3.4 per cent, largely because the Plan favored industrial development at agriculture's expense. But two years' drought at the beginning of the Third Plan brought home to the planners how much ignoring agricul-

ture could cost. With the experience of having to spend over \$100 million in one year to import essential foodgrains, Pakistan adjusted its development strategy and gave top priority to feeding itself. The country has now launched a pragmatic and well-thought-out campaign to achieve self-sufficiency in foodgrains within two years. The program is based on a combination of inputs—water, improved seed, plant protection, fertilizer and good weather. The first year of the program produced a 7 per cent growth in agriculture, largely because of a 30 per cent rise in cereals output. The Government is even predicting that 1968-69 may be the last year Pakistan will have to import cereals.

Industrial progress was less startling but still an improvement over 1966. The growth rate of large-scale industries during the Second Plan period was remarkable, an average of 15 per cent per year. But the supply

of foreign exchange to purchase the basic materials these industries required could not keep up with this development and during the past two years many factories have had to operate below capacity. The situation has eased since the United States resumed commodity aid to Pakistan, and industrial output is believed to have increased by about 13 per cent during 1967/68, largely by making greater use of installed capacity. To ease the pressure on the foreign exchange reserves and to pare down commodity aid requirements, the Government made a considerable shift in the industrialization strategy during the past year. When considering new industrial projects it now gives preference to those that are based on domestic raw materials, have a quick return, are meant mainly for export, or cater to agriculture.

Pakistan's exports continue to increase, although at a rate below the Third Plan target. Exports went up by about 9 per cent during each of the first two years of the Plan and preliminary estimates for 1967/68 indicate a further rise of 7½ per cent. At this rate the foreign exchange earnings from exports are increasing by about \$60 million a year. The

most remarkable aspect of this increase is a surge in the value of manufactured exports. The average annual rise during the third year of the Plan has been 25 per cent, compared with the Plan target of 20 per cent. This has been possible because of larger sales of jute and cotton manufactures and of leather goods, frequently to Eastern European countries with which Pakistan is developing closer trade relations. The share of these countries in Pakistan's exports has increased from 11 per cent in 1964/65 to 16 in 1966/67.

### Import Policy

Imports for 1967/68 totalled about \$1.5 billion, slightly above the previous year but below the Third Five Year Plan projections. Non-development imports, largely food and defence items, during the past few years have run much higher than the planners expected. But development imports, which are of greatest interest to Canadian suppliers, now stand at about 24 per cent less than the Plan projections. The proportion between development and non-development imports should improve, however, during the next two years through

both decreasing food purchases and increasing development imports.

The Government's import policy, revised every six months, controls all imports. During the early sixties Pakistan gradually freed its policy from direct administrative controls in order to ensure better use of installed capacity, encourage exports, and increase the flow of raw materials and spare parts. This gradual liberalization received a setback during 1965/66 following the costly conflict with India and the consequent drastic reduction in aid received. During 1966/67 the Government eased imports slightly by adding items to the free list, but these were still subject to their availability from aid sources or from barter agreements with Eastern European countries and Communist China. The lack of foreign exchange ruled out any policy that would greatly increase the volume of imports, but the Government recognized the need to simplify its implementation, and the policy for the first semester of 1968 was an attempt to simplify procedures by removing administrative controls.

The Government now dampens demand by raising the price in rupees to the importer, either through additional taxes upon arrival or by only

allowing import at various exchange rates that are from 100 to 200 per cent above par. The free list is still limited to those products available under aid or barter agreements. The end-user purchases these at the official exchange rate of approximately Rs. 4.31 per Canadian dollar. Those items on the "cash-cum-bonus" list may be imported from any source, but at an exchange rate of roughly Rs.8.00 per dollar. This includes most raw materials that are not on the free list. The third category is the bonus list and it includes most other items, provided they are not already manufactured in Pakistan. Imports under bonus are not significant because the importer must obtain his foreign exchange at a rate of about Rs.12.00 per dollar. The new import policy that will come into effect in July will probably continue the process of reducing administrative control, but it is unlikely to contribute to any great increase in imports.

Actually the shape of the next import policy will depend largely on the aid that Pakistan receives. The largest contributor is the World Bank consortium, of which Canada is a member with the United States, Britain, Belgium, France, Germany, Japan and Italy.

Pakistan and Canada have been in development partnership since the beginning of the Colombo Plan in 1951. The total flow of aid from Canada to Pakistan now exceeds \$300 million and has been used largely to cover the capital costs of major construction works and to provide basic industrial and agricultural commodities. At present Canada has four projects under way in Pakistan—a nuclear power reactor near Karachi and three transmission lines in East Pakistan.

Multilateral aid is the second best source of opportunities in Pakistan for Canadian manufacturers and engineers. Canadian suppliers have obtained substantial orders in the past for World Bank-financed commodities and equipment for Pakistan, and the Bank has under consideration a number of loan requests which could interest Canadian firms.

The opportunities for trade not linked with aid will continue to be limited, although there should be some demand for industrial commodities and semi-manufactured goods under cash-cum-bonus and bonus.



Pakistan is hoping to achieve self-sufficiency in foodgrains within two years.

# Development Planning in Pakistan

W. J. JENKINS, *Commercial Counsellor, Rawalpindi.*

■ The Planning Commission prepares the Five Year Plans and the Annual Development Programs. These are approved by the National Economic Council (NEC). The Executive Committee of NEC sanctions individual projects originated by the two Provincial Governments, autonomous government agencies such as the Water and Power Development Authority, or (occasionally) by the Union Councils at village level. The Provincial Governments can sanction projects of up to Rs.5 million (roughly \$1.2 million) without reference to the Central Government. Projects over Rs.5 million or with a foreign exchange content must be referred to the Development Working Party of the Central Government for approval and transmission to NEC. When projects have been sanctioned, the Chief Secretaries for Planning and Development of the Provincial Governments decide how they will be executed. The Economic Affairs Division of the President's Secretariat is responsible for negotiating the financing of foreign exchange content with donor countries and agencies.

**Planning Agency**—The Planning Commission in Rawalpindi has the status of a division in the President's Secretariat; President Ayub is its chairman. A deputy chairman, M.M. Ahmad, who has the ex officio status of minister, is its operational head.

**Duration of Plan**—Pakistan is halfway through its Third Five Year Plan which covers the period 1965 to 1970. Preparation of the Fourth Five Year Plan is already well advanced.

**Sectors Emphasized**—The Third Plan is drawn up within the framework of a long-term strategy for the 1965 to 1985 period. The twenty-year objectives are to double per capita income; create full employment by providing 27 million additional jobs; eliminate the gap in per capita income between East and West Pakistan; achieve universal education up to the secondary level, and get rid of dependence on foreign assistance. Agriculture has the highest priority in the Third Plan—the goal is self-sufficiency in foodstuffs by 1970. This entails concentrating also on water, power and communications.

**Specific Development Projects**—The Government of Pakistan each year prepares an Annual Development Program. The total foreign exchange content of capital projects in this program forms the basis of Pakistan's request to donor countries for capital assistance. Summary descriptions of projects for which Pakistan is seeking foreign aid are published by the Government of Pakistan each spring. The 1967/68 portfolio contained 75 projects in six sectors: agriculture, water and power, industry, transport and com-

munications, housing, and education. The new projects included:

- tubewell irrigation
- power pump irrigation
- soil conservation
- power transmission and distribution
- some power generation
- development of coal and lime mining facilities
- expansion of jute industries
- three fertilizer plants
- extension of two cement plants
- rehabilitation of railroads
- water supply and drainage schemes
- improvement of education facilities

Many of these projects have already been committed to donor countries and agencies, but a portfolio of new projects is released each spring. The largest single project, and one which will absorb a major proportion of aid available to Pakistan, is the Tarbela Dam Project (see page 17).

**Plan Available**—The Third Five Year Plan can be obtained from the Planning Commission, Rawalpindi, Pakistan.

**Cost and Financing**—The Third Plan will cost Rs.52 billion (roughly \$12 billion), almost twice expenditure on the Second Plan. Roughly one-third of the cost will be covered by foreign assistance; the remaining two-thirds has to come from Pakistan's own resources. The total cost in the public sector is Rs.30 billion, of which 53 per cent (Rs.16.05 billion) will be from domestic resources; it is hoped that foreign aid will provide the rest. Most of the Rs.22 billion investment in the private sector will have to be raised in Pakistan because foreign assistance is only expected to provide Rs.2.05 billion.

Pakistan receives both bilateral and multilateral assistance. Donors include most developed countries of Western and Eastern Europe, North America and Australia, Communist China, Japan, and UN agencies, particularly the World Bank.

**Role of International Financing**—The World Bank plays an important role in Pakistan's development. It and its sister agency, IDA, have loaned \$150 million already during the Third Five Year Plan period. In May last year they signed a \$13.5 million loan for railway equipment and a \$1.75 million loan for a water supply, sewerage and drainage project. Credits have recently been negotiated for the Tarbela Dam project, two fertilizer plants, and a line of credit to a development bank. The UN Development Program (UNDP) has a number of projects in Pakistan, and the newly-formed Asian Development Bank last year sent a survey team to explore loan possibilities.

**Local Development Banks**—There are three development banks in Pakistan:

*The Industrial Development Bank of Pakistan* provides financial assistance, administrative guidance, and technical

help to small and medium-sized industrial units. It makes loans, guarantees loans, and discounts negotiable instruments.

*The Agricultural Development Bank of Pakistan* provides credit (in both cash and kind) to farmers and to workers in cottage industries. It makes short-term loans to finance the cost of growing and marketing crops, medium-term loans to purchase agricultural implements, vehicles, light machinery and livestock, and long-term loans for agricultural capital expenditures.

*The Pakistan Industrial Credit and Investment Corporation* encourages the development of industries in the private sector by providing long- or medium-term loans, share participation, purchase of debentures, or underwriting a public issue of shares.

A number of developed countries and the World Bank have made credits available to all these organizations which have been used to finance private-sector imports.

**International Consultative Group**—The Pakistan Consortium, founded and managed by the World Bank, helps to co-ordinate bilateral aid to Pakistan from its members—Canada, the United States, Britain, the Netherlands, France, West Germany, Belgium, Italy and Japan.

**Canadian Aid**—Canada has provided aid to Pakistan since the beginning of the Colombo Plan in 1950. Its total value adds up to more than \$300 million, and includes grants for food, industrial materials, and over \$130 million for major capital projects. At present, Canadian aid is being used to help build a nuclear power station and three 132 kv. transmission lines. Requests for new projects are passed on to the External Aid Office in Ottawa which can provide information on projects being considered.

**Medium- and Long-term Financing**—Over the years, Canada via the Pakistan Consortium has pledged \$60 million of ECIC long-term financing to Pakistan.

## ... the plan gathers momentum

The current Five Year Plan got off to a poor start but is making progress, particularly in the all-important agricultural sector.

■ Pakistan has just passed the midpoint of its Third Five Year Plan. Planning was introduced there in 1950 with the Colombo Plan and was formalized in 1955 with the launching of the First Five Year Plan. The planning process has developed steadily since.

During the first fifteen years of planned development (1950-65) the GNP increased by about 66 per cent. The population rose 40 per cent in the same period so the growth in per capita income was only 15 per cent, or about one dollar a year. From 1950 to 1960 the GNP increased at an annual rate of 2.5 per cent, barely more than the increase in population. Then in 1960 there came an abrupt change: the average annual growth rate from 1960 to 1965 jumped to 5.7 per cent. The target for the Third Plan (1965-70) is 6.5 per cent a year. The Government is confident that Pakistan will achieve it.

The Third Plan began with a sudden drop in foreign assistance and a sharp rise in defence expenditures following the clash with India in September

1965. Drought two years running compounded Pakistan's difficulties, reducing agricultural output and making necessary large expenditures of foreign exchange on imported grains. In spite of setbacks, the average growth rate during the first two years of the Third Plan was nearly 5 per cent a year. The estimated growth rate for 1967/68 is between 7 and 8 per cent and the planners are optimistic about achieving their targets.

**Investment**—Investment levels declined sharply during the first two years of the Plan and during the third year they recovered only slightly, from 13.5 to 14.5 per cent of the GNP. A shortfall in development expenditure in the public sector appears inevitable at this stage—probably about 17 per cent which, at constant prices, would be as much as 25 per cent. Even if public development expenditure does fall this much short of the Third Plan target, it will still be a 75 per cent increase over expenditure during the Second Plan. Development

expenditure in the private sector is also expected to fall short, but not as much as in the public sector. Pakistan should be about halfway to its Third Plan private investment target at the end of the Plan's first three years.

**Balance of Payments**—The balance of payments has been under strain during the first three years of the Plan. Although exports increased by more than 8 per cent a year during this period, foreign aid received was considerably below Pakistan's expectations. The need for large imports of food and defence materials affected imports for development purposes which fell 24 per cent below the Plan projections. This resulted in a serious shortage of industrial raw materials during the past two years and gave rise to considerable under-utilization of industrial capacity.

**Prices**—Because of the food shortage after severe droughts, the price index rose 14 per cent in 1966/67. Since mid-1967 prices have declined. It is

expected that the rate of increase in prices during the first three years of the Plan will be about 5 per cent a year, compared with 2 per cent a year in the Second Plan period.

**Education**—In education, the main objectives of the Third Plan are to increase enrolment in primary schools from about 45 to 70 per cent of children of primary school age, to teach more science in secondary schools, and to increase the intake of engineering colleges and technical institutes. Implementation of this program is lagging. Financial implementation in the first two years is only 16 per cent; physical implementation is less than that.

This sector of the Plan concentrated on improving labor efficiency through vocational training centers. It was one of the sectors that suffered most when sectoral allocations were cut in 1967. Little progress has been made.

**Health**—The health program aims to provide a comprehensive regional health organization to make essential health services available throughout the country. Almost half of the funds budgeted are earmarked for malaria eradication and family planning. Both are progressing well and are expected to achieve their targets. (Malaria still kills about 100,000 people a year in Pakistan and lowers the productivity of many more.) The program now covers about 80 per cent of the population; a further 10 per cent should be added this year. The Government hopes that family planning will reduce the birth rate from 50 to 40 per thousand. Progress in the other sectors of the health program, particularly in providing more hospital beds and rural health centers, has been slow.

**Water**—The main objectives for the Third Plan are better knowledge of the hydrology of East Pakistan, an increase in the area irrigated by low-lift pumps and tubewells in East Pakistan, an expanded public and private tubewell program in West Pakistan, and a start on the modification and enlargement of West Pakistan's irrigation canals. During the first two years of the Plan, an additional 1.12 million acres were brought under

irrigation and a further 4.4 million have been improved through better irrigation. This is an implementation rate of roughly 20 per cent; about 70 per cent of the physical targets are expected to be met by the end of the Third Plan.

**Power**—The objective is to add 607 mw. of capacity in East Pakistan and 1,135 mw. in West Pakistan. This would raise total installed capacity to 722 mw. and 2,200 mw. respectively. Transmission line mileage in West Pakistan is to be increased from 13,500 to 25,000 circuit miles and the existing distribution system is to be rehabilitated. By the Plan's midpoint, about 100 mw. had been added to East Pakistan's capacity, mostly gas turbines. West Pakistan had reached about 60 per cent of its power target. In financial terms, about 26 per cent of the over-all power program has been implemented.

**Transport and Communications**—The major objectives in the transportation and communications sector of the Third Plan are to rehabilitate the railways, improve ports, roads and airports, increase the amount of shipping, and introduce television into both East and West Pakistan. Generally, implementation is lagging; the physical achievement was probably only about 10 per cent of target in the first two years. Road improvement is considerably behind schedule, particularly in East Pakistan. The civil aviation, television, and the Western Railway programs, however, are close to schedule.

**Housing**—The target was the development of 113,000 plots for dwelling units. The new capitals at Islamabad and Dacca are going ahead and housing is being provided for government officials. Otherwise there has been little progress.



The provision of more tubewells, like this one just coming into operation, and of low-lift pumps forms an important part of the Third Plan in both wings of the country.

**Agriculture**—Because agriculture is the principal source of national income, employment and raw materials, performance in this sector determines whether or not Pakistan meets the Plan's targets. A major breakthrough occurred during the Second Plan. Agriculture ceased to stagnate and at last growth began to outstrip the growth in population. At the outset of the Third Plan, the agricultural objectives were an annual growth rate of 5 per cent, an increase in the real income of farmers at least at the same rate as in the other sectors, and progress towards self-sufficiency in foodgrains. A combination of adverse factors forced Pakistan to spend over \$100 million of its foreign exchange reserves in one year to buy grain. The Government as a result decided to accord top priority to achieving self-sufficiency in foodgrains by 1970. A co-ordinated program to provide more water, improved seed, plant protection, and fertilizers was drawn up and put into operation. Aided by unusually good weather, the first results, this year's cereal crops, have been exceptional. The final crop figures are not in yet but wheat output has increased by at least 30 per cent and the Government is talking of self-sufficiency in foodgrains by next year—a year ahead of the target that had already been brought forward.

**Manufacturing**—Industry expanded rapidly during the Second Plan and Pakistan became self-sufficient in a large number of consumer and some capital goods. The Third Plan shifted the emphasis from consumer goods to intermediate and basic capital goods industries. The study that preceded the revision of Plan strategy in 1966 revealed considerable unused capacity in existing plants. Consequently, the emphasis was placed on fuller utilization of capacity and the creation of industries which were based on domestic raw materials, brought in a quick return, were oriented to export, or catered to the agricultural sector.

Largely because adequate raw materials were not available, the industrial growth rate fell during the first year of the Third Plan from the 15 per cent averaged during the Second Plan down to about 6 per cent. Since then it has picked up considerably. The flow of foreign assistance has resumed and administrative controls

on imports, which caused long delays in buying raw materials abroad, have been removed. Halfway through the Plan industrial investment had reached about one-third of the target. The projected investment in jute and cotton textile industries is likely to be realized, but investment in the fertilizer and petrochemical industries is behind schedule. Investment in sugar refineries will enable the food-manufacturing industries to meet their targets. Investment in the paper and board sub-sector will be below expectation.

**Rural Works**—The aims of the Works Program are probably more social than physical. The main objectives are to encourage local development and to provide employment. Where applied, it has succeeded in arousing interest in development at the village level and it has allowed the rural population to formulate and execute its own projects. But the program has suffered from lack of funds and overall implementation in the first half of the Plan was about 18 per cent.



## Opportunities for Canadians at Tarbela

■ The Tarbela dam forms the last link in the Indus Basin irrigation and power scheme, a vast undertaking costing U.S.\$1.9 billion. Tarbela will be the world's largest earth and rockfill dam. It and the Mangla dam (completed last year) will irrigate 33 million acres of West Pakistan and have a power-generating potential of 3,000 mw. The Tarbela project was described in more detail in the November 11, 1967, issue of *Foreign Trade*.

The Italian consortium, Impregilo, has been awarded the prime contract. It has set up a special purchasing office to handle the project and is busy cataloguing sources. The address is: Impregilo S.p.A., Via Gaetano Negri 4, Milan, Italy, and letters should be sent for the attention of Ing. Gugliamini and marked "Tarbela dam project". Impregilo is responsible solely for the civil engineering works. It has a requirement for drilling equipment, conveyor belts, concrete plants, radio communications equipment, off-highway vehicles, concrete additives for waterproofing, etc., steel concrete forms, steel tanks for water, construction timber, foodstuffs, and structural steel. Cement, fuel and reinforcing steel must be purchased in Pakistan. Earthmoving equipment, generators and crawler tractors, etc., have been committed to Fiat which owns Impresit, a member of the Impregilo consortium.

The responsibility for constructing the Tarbela dam colony has been undertaken by Astaldi whose address is Astaldi S.p.A., Corso d'Italia 43, Rome, Italy. Communications should be forwarded for the attention of Ing. Betti and marked "Tarbela dam project". Astaldi

has a requirement for the following types of equipment and would like to receive proposals immediately:

- Prefabricated industrial housing for construction startup
- All equipment and furnishing for a 200-bed hospital
- Furniture for residences and schools
- Commercial catering, kitchen, laundry equipment, etc.

Canadian firms interested in obtaining business with Impregilo or with Astaldi should notify them without delay of the products they can supply and should send copies of correspondence to both the Mechanical Equipment and Engineering Division, Department of Trade and Commerce, Ottawa, and the Consul General and Trade Commissioner, Canadian Consulate General, CP 3977, Via Vittor Pisani 19, 20124 Milan, Italy. The copies will make followup easier.

Contracts will be placed under international procurement procedures and funds for this project will be provided partly through untied international financing and partly through bilateral financing tied to procurement in donor countries. There is a balance of \$324 million in untied funds in the Indus Basin Fund. Between \$15 and \$20 million of this is made up of past untied Canadian contributions. Canada has offered a further Cdn.\$5 million in tied External Aid financing which can only be used for Canadian goods and services.

—R. C. WALLACE,  
Chief, Mechanical Equipment  
and Engineering Division.

# Afghanistan Offers Limited Market

Opportunities for Canadians lie mainly in projects financed by international aid; commercial imports total only \$60 million a year.

W. J. JENKINS, *Commercial Counsellor, Rawalpindi.*

■ Afghanistan is a landlocked country of about 250,000 square miles, bordered on the north by the U.S.S.R. and Communist China, on the east and south by Pakistan, and on the west by Iran. It is a rugged combination of mountains, fertile valleys, arid pasture land and desert. The Hindu Kush, an extension of the Himalayas, stretches for more than five hundred miles across the country, with peaks reaching 20,000 feet. A rough estimate of the population is 15 million, probably no more than 10 per cent of whom live in towns, because the economy is predominantly agricultural and pastoral. The estimated gross national product is \$1.2 billion, or about \$85 per capita. The current GNP growth rate is roughly 3.5 per cent, which represents a real growth of less than 2 per cent when allowance is made for population growth.

Only about 14 per cent of the total land area is cultivated, but production of wheat, corn, rice, barley, fruits and nuts, vegetables, sugar beets and sugar cane make it largely self-supporting in foodstuffs, apart from imports of about 200,000 tons of wheat a year. Coal is the only mineral commercially exploited on a significant scale, although it is believed that there are deposits of chrome, sulphur, copper, lead, zinc, uranium, silver and iron. Natural gas deposits in northern Afghanistan exceeding 6.7 billion cubic feet are being exploited and exports through a new pipeline to the Soviet Union began late last year. Afghanistan is counting on these exports to cover its substantial debt to the U.S.S.R.

Manufacturing plays only a minor role and is secondary to handicraft industries such as carpet weaving, metalwork, and leather tanning. But

a number of factories have emerged recently and production of cotton and rayon textiles and of cement has increased considerably. Cotton ginning and oilseed processing industries have existed for some time.

## Third Plan Under Way

Afghanistan began the third of its Five Year Plans last year. The first priority in the First and Second Plans was the construction of a road network girdling the country and this has largely been completed with U.S. and Soviet assistance. Power was the second priority and a number of major projects have been realized. Agriculture received some attention during the first two plans, largely two major irrigation projects which increased the supply of water but left little money available for improving the use of existing land and water resources. The Third Plan will build upon this heavy investment in infrastructure made by its predecessors by concentrating on agriculture, development of small industries, the exploitation of proven resources, and the completion of projects carried forward from the Second Plan. (For an article on Afghanistan's Third Five Year Plan see page 19.)

To implement the Third Plan, Afghanistan will have to receive about \$420 million in foreign aid, over half of the Plan's cost. The U.S.S.R. and the United States have been the major sources of aid for Afghanistan in the past and are expected to continue their support. Afghanistan already has assurances of \$136 million in aid for the Third Plan from the U.S.S.R. (\$90 million), Communist China (\$21 million), France (\$15 million) and the UN Development Program (\$10 million). In addition, it hopes for

U.S. and West German support during 1968/69 of a further \$60 million.

## Commercial Imports Small

Because Canada has no capital assistance program for Afghanistan, all sales of Canadian goods to Afghanistan have to be paid for either from the country's own foreign exchange reserves or out of multilateral aid. The total value of Afghanistan's commercial imports does not exceed \$60 million a year and the figure may now be even lower because export earnings have declined. Exports, particularly of dried fruit and nuts, fell off badly during the first half of 1967 although they are believed to have recovered during the second half. But as current gold and foreign exchange reserves total only about \$40 million, a surge of commercial imports is out of the question. The major ones are petroleum products, sugar, tea, textiles, vehicles and spare parts, supplied largely by the U.S.S.R., which accounts for about one-third of commercial imports, followed at a distance by Japan. Imports from the United States consist mainly of vehicles, used clothing, petroleum products, tobacco and footwear.

## Doing Business

Canadian exports to Afghanistan are minimal, although de Havilland Aircraft of Canada has recently sold two *Twin Otters* to a new government feeder airline. The first hurdle that the prospective Canadian exporter to Afghanistan must overcome is the location of an established importer or agent. Trade channels are not highly developed and at present the major import firms are all owned by foreign residents of Afghanistan, none of whom is Canadian. However,

Afghan legislation now limits these firms to importing only goods manufactured in their countries of origin. The purpose of this law is to encourage Afghans to establish trading firms but these are difficult to find.

So far Afghanistan has only received one World Bank loan, an IDA credit for education, but the UNDP has a large program in Afghanistan. It is their projects which probably offer the best opportunities for Canadian

engineers and manufacturers, particularly as the initial sales promotion can be done at the headquarters of the United Nations or the various international agencies that have executive responsibility for UNDP projects.



## Development Planning in Afghanistan

W. J. JENKINS, *Commercial Counsellor, Rawalpindi.*

THE MINISTRY OF PLANNING in Kabul is responsible for the development plans. The Third Five Year Plan, which began last year, was largely prepared by a group of Soviet specialists, although United States and West German groups had recommended the guidelines and finances needed. Because the Ministry of Planning is not a supreme authority, its control over the implementation of the plans is limited. However, Afghanistan is considering converting the Ministry of Planning into a Planning Commission with a Deputy Prime Minister at its head.

Copies of the English translation of the *Third Five Year Economic and Social Plan of Afghanistan 1967-71* are available from the Ministry of Planning, Royal Government of Afghanistan, Kabul, Afghanistan.

### Plan Objectives

The principal objectives of the Third Plan are to achieve a 4.2 per cent annual rate of growth, to mobilize greater domestic savings, and to increase exports faster than the rate of increase of the GNP and imports. Roads, power and large irrigation projects consumed all but a small portion of both private and public funds invested during the Second Plan. During the Third Plan, the Government intends to encourage quick-yielding investments in the commodity-producing sectors. The proposed breakdown of investment by major sectors is agriculture 25 per cent, industry and power 33 per cent, transport and communications 12 per cent, and education and health 10 per cent.

### Specific Projects

About three-quarters of proposed investment in agriculture during the Third Plan will be for irrigation projects. Previous plans have emphasized large systems but the Third Plan will concentrate on small ones, frequently to make better use of the water that large irrigation schemes have made available. Afghan industry is in the initial stages of development. So far, it is limited to a number of textile mills, a machine and auto repair factory,

a cotton ginning plant, an oilseed processing plant, a cement plant and a raisin factory. The Government hopes to double the output of industry during the Third Plan and to increase handicraft production by 20 per cent. Industrial development will probably concentrate on import replacement industries and those using domestic raw materials.

In the transportation sector, the completion of the major road projects that were brought forward from the Second Plan will receive top priority. The construction of secondary roads and bridges will also have priority. There are no railways in Afghanistan and the possibilities of developing river transport are limited. The only airport construction likely during the Third Plan is a series of small airstrips throughout the country for the two *Twin Otters* that the Afghan Government recently purchased in Canada. Afghanistan will build the strips using its own resources.

### Cost and Financing

The investment goal of the Third Five Year Plan is 33 billion Afghanis which would require disbursements of between \$450 and \$500 million in foreign aid. The Government needs \$82 million in project aid each year during the Third Plan, compared with \$63 million in project aid actually received in each of the past two years.

The principal contributors to Afghanistan's development are the United States and the U.S.S.R. but West Germany, Britain and France have also provided some capital and technical assistance. The major source of multilateral aid has been the UN Development Program and it is here that the few opportunities for Canadian suppliers and engineers are to be found. Canada has never provided capital assistance to Afghanistan but has made a small technical assistance allocation which is used to train Afghans in Canada. There is no World Bank consortium for Afghanistan.

A development bank has been founded in Afghanistan. It is seeking sources of foreign capital and is not yet operating.

The Canadian Export Credits Insurance Corporation has not made any Section 21A loans to Afghanistan but has provided medium-term insurance coverage.

# Choosing the Surest Road

Canadian engineers have just done a transportation study for UNDP in Dahomey. It will help the area make good use of its resources and it is an important milestone for Canada in West Africa.

M. A. JOHNSTON, *Assistant Editor, "Foreign Trade"*.

■ The departure of a team of consulting engineers and their families for Cotonou in Dahomey about a year ago marked Canada's first big breakthrough in French-speaking Africa. Here's how it happened.

N. D. Lea & Associates Ltd. of Toronto (one of the major owners of General Engineering Co. Ltd.) and Lamarre, Valois International Ltée. of Montreal and Ottawa (a subsidiary of Lalonde, Valois, Lamarre, Valois et Associés) had registered their qualifications with the World Bank and joined the list of over a thousand other consultants looking for work overseas. They kept the Bank informed of their capabilities, new techniques they adopted, and special achievements. Perseverance paid off. In March 1967, N. D. Lea was short-listed for a \$550,000 transportation survey in Dahomey, a French-speaking country in West Africa, and won the contract.

A task of such magnitude often takes more personnel and more skills than are readily available in a single firm of consultants. N. D. Lea & Associates invited Lamarre, Valois International Limitée to join forces with them for this project. The two firms had to provide French-speaking staff for detailed work on the spot, for negotiations with Dahomey government officials, and for the processing and analysis of the data collected.

## The Size of the Problem

Dahomey has a population of about two million. The best port and largest town is Cotonou. Agriculture is the mainstay of the economy. There are small industries which extract vegetable oils and prepare local crops for export. But over one-third of the merchandise passing through the port

of Cotonou (completed in 1965 with French aid and finance from the EEC Development Fund) either originates in, or is destined for, the landlocked Republic of Niger.

Dahomey has 6,000 kilometers of classified roads (about 300 kilometers are asphalted) and about 1,000 kilometers of tracks which can only be used in the dry season. Two main routes link Dahomey and its neighbors. The east-west route is part of the Nigeria-Dahomey-Togo-Ghana coast road. On the north-south route, it is road from the Niger or Upper Volta border to Parakou, then rail (paralleled by road part of the way) to Cotonou. There is another railway along the coast, mainly used for passenger traffic.

## Preliminary Planning

When Dahomey first went to the United Nations Development Program for help, it wanted advice on its railway system. The idea was to take the railway line on from Parakou to Dosso in the Niger Republic. Because of the danger of uneconomic duplication of services on the north-south route if road and rail ran side by side the whole way, the UNDP decided to have a comprehensive transportation survey done. It asked the World Bank to get the project under way, and that is where N. D. Lea & Associates and Lamarre, Valois International Limitée came into the picture.

For the next part of the story, I went to Montreal and talked to Yves Beaugard, Executive Director and Chief Engineer of Lamarre, Valois International Limitée. "The senior consultants in N. D. Lea & Associates and our firm got together," he told me, "and settled the broad outlines of the organization—how many en-

gineers each would supply, who should look after the administration and accounting, and how data processing was to be handled. We also decided that we should employ two French firms which had worked in Dahomey (SOFRÉRAIL and BCEOM) for certain parts of the survey.

"A lot of planning and research had to be done before the first engineer booked his flight to Africa. There weren't many good maps available. However, the Institut de Géographie National in Paris had aerial photographs which gave us a general idea of the terrain. There were also some land-use surveys. SOFRÉRAIL was familiar with the railways and had done some preliminary work on the proposed extension to Dosso. I myself lived for a year in Cameroun and know that part of West Africa quite well. Engineers get used to working in faraway places—Dahomey presented us with no special problems.

"We began the survey in September 1967. The report will be ready by the end of this year. Our assignment was the comprehensive (phase one), and detailed feasibility study (phase two). We were concerned, above all, with the priorities—what would produce the best over-all return to the economy and what should be done first.

"In the Entente countries—Dahomey, Niger, Ivory Coast, and Upper Volta—people still think of Canada as somewhere at the other end of the world. It's beginning to change now. But Canadians can't expect to get business unless they take the initiative, go there, and make themselves known. The Trade Commissioner in Ghana will help, but he has a big area to cover and cannot do your job for you. Besides, there is a language problem as Ghana is a Commonwealth country where very few people understand French."

"Canada has a lot to offer French-speaking Africa," Malcolm Tanton told me when I asked him what N. D. Lea & Associates thought about future prospects. "For instance, one of the reasons we were given the job was the Integrated Transportation Plan-



*The children seem to be enjoying their stay at the "Villa Canadienne" in Cotonou. Adults in the picture are (standing, left to right) Micheline Dufour, Peter Martin, Ghislain Dufour, Hamish Angus and Allison Parsons of the UN, Frank Sutcliffe, Denise Therrien, Claude Delapierre from France. (Seated, left to right) Noella Leuenberger, H el ene Martin, Pierrette Sutcliffe and Olga Delapierre with baby.*

ning and Management Control System (INTRAMACS) which N. D. Lea & Associates has developed. It is a new method of storing and analyzing the information which is needed for sound transportation programming and budgeting on a continuous basis.

"As part of the system we also used a new technique to compile the road inventory in Dahomey which had been used successfully in British Columbia and which we modified for African conditions. It helps to cut costs and speeds up the collection of physical data. A specially equipped vehicle drives along all roads in the network at normal driving speed. While the vehicle is travelling, a special motion picture camera mounted about eye level on the front of the vehicle exposes one frame every twenty or twenty-five meters. At the same time, a record is made of instrument readings—altimeter, speedometer, odometer (accurate to ten meters) and ball bank indicator. Back in Canada, the state of the road surface, the culverts, cuttings and embankments, etc. can be clearly seen. If it is necessary to make soil tests or examine structures, the position can be pinpointed on a map. The photographs give accurate measurements too.

"Although the weather fits in quite well with the present trade pattern—

it is dry when the groundnut and palm oil crops are being moved down to the coast for export—we did a mathematical simulation of traffic flows in both the wet and the dry seasons. This involved projections of the economic studies done on the spot.

"Engineers generally stayed one or two months at a time and then returned to Canada to complete their calculations and write up their reports. At one period, the team had about twenty interviewers at work.

"Communications are extremely important in such a situation. A system of meetings and conferences was set up to keep all the key personnel informed and to ensure that the French consultants from SOFR ERAIL and BCEOM were fully in the picture too."

Yves Beauregard had something to say on the language question: "Among ourselves, language was not a serious problem. Those who spoke English picked up quite a bit of French. Dabomey, however, has about a dozen different languages to contend with. If you tune in to Radio Cotonou you will hear French most of the time but there are news bulletins in Fon, Yoruba, Dendi, Bariba, and Mina as well. The older people in the villages often know more French than the young men because they

used to deal with French officials. But you can usually find someone to interpret for you wherever you are."

### Take the Wider View

The countries of West Africa—those of the Entente in particular—are taking a regional view of basic economic problems, thanks largely to such agencies as the EEC Development Fund, the World Bank and the UNDP. Often a development project can only be justified if it benefits more than one country. The consulting engineer should be prepared to match this regional thinking and look beyond the boundary lines on the map when he draws up his proposals.

Regional economics also mean that reputations are not confined by national boundaries. A firm which does a good job in Ivory Coast may be talked about in Upper Volta and eventually win a contract there. But the wise firm treats this as a bonus and keeps up its missionary work throughout West Africa and with the World Bank.

Bilingual and French-speaking organizations have an advantage in the countries of the Entente. The pioneering work of N.D. Lea & Associates and Lamarre, Valois International Limit ee shows what can be done.

## What's current in seed potatoes

**In South Africa, progressive farmers are looking for new sources of supply. Canada could qualify by offering the right varieties. Understanding the different growing regions and the proper type of seed each one needs is a prerequisite to making sales.**

R. W. BURCHILL, *Assistant Trade Commissioner, Johannesburg.*

D. H. LEAVITT, *Assistant Trade Commissioner, Cape Town.*

■ Potatoes have long been a staple of the South African diet and potato production forms an important part of the agricultural economy. They are grown throughout the country under a variety of climatic conditions, as illustrated in the accompanying table which sets out regional differences in potato cultivation and production. Potatoes are grown not only for local consumption but both table and seed potatoes are also exported. Most of these exports go to nearby countries in Southern Africa and the Indian Ocean but small shipments have been made to Europe and South America.

Although seasonal supply factors from time to time allow for limited imports of table potatoes, Canadian producers should be more interested in the fact that South Africa imports an average of 17.5 million pounds of seed potatoes a year. Unfortunately our share of this market is small.

### Sources of Seed

Ninety per cent of all South African imports are of the Up-to-Date variety, a vintage breed that has been superseded by other varieties in Canada but remains a staunch favorite in this country. Scotland and Ireland therefore provide the vast majority of South Africa's imported seed potato requirements. As an example, in the 1965-66 growing season 75 per cent of these came from Scotland, 24 per cent from Ireland, 0.6 per cent from Denmark and 0.4 per cent from

Norway. However, the acreage devoted to Up-to-Dates in Northern Ireland and the more southern areas of Scotland appears to be decreasing because other varieties are becoming more profitable. In Denmark and Norway too acreages of this variety have also dropped significantly.

The growing scarcity of this popular variety, coupled with instances where several consignments of the Scottish varieties have been damaged and had deteriorated on arrival, has caused some of the more progressive farmers to look to other sources of supply. This presents Canadian producers with an opportunity to fill this gap, provided the right varieties can be found.

One of the reasons for Canada's poor showing in this market is simply a lack of understanding on the part of Canadian exporters of the variety of conditions under which potatoes are cultivated in South Africa.

### Two Rainfall Regions

The most obvious primary distinction is between the summer and winter rainfall regions. The former is located in the interior and in many areas receives as much as 95 per cent of its annual precipitation in the warmest months, generally late November to late February or early March. The winter rainfall region is a coastal area stretching along the region of the lower Cape Province.

This difference in growing conditions in the two regions has had an important bearing on the relative acceptability of Canadian varieties. Potato production in the northern Cape in the winter rainfall region is typically dry land farming and in most respects can be considered part of the summer rainfall region. The western, southwestern and eastern regions of the Cape, however, have year-round moisture and produce two crops a year. It is these latter regions, particularly the eastern Cape, which have proved most receptive to the Canadian varieties of seed potatoes. Canada has traditionally enjoyed a small but steady market for seed potatoes to be planted in the eastern Cape, particularly in the hinterland of Port Elizabeth and George. There is a definite preference for Canadian Sebago and Green Mountain and, in recent years, a growing interest in Kennebec. Unfortunately the possibilities for larger sales of seed potatoes in this region are limited because it has a restricted potential for seed-potato growing. Of most importance is the western Cape area, which was at one time a more important contributor to South Africa's seed potato requirements than it is now. Its importance diminished with the late blight outbreak after World War II, from which it has never recovered.

Because the winter rainfall region only accounts for approximately 15 per cent of national production, there

is a significant imbalance in the supply of potatoes to the South African market during the period when there is no production in the summer rainfall region and a shortage which is not met by production in the winter rainfall region. Intensive testing has been carried out by the Department of Agricultural and Technical Services at the University of Stellenbosch (near Cape Town), using varieties supplied through the Canadian Department of Trade and Commerce, in an attempt to find some suitable for conditions in the winter rainfall region. Tests at two research stations in the Cape have shown the large high-quality yield obtainable from Canadian seed potatoes and has been an important factor in the increasing acceptability of Canadian varieties, particularly Kennebec, in the region.

### Winter Rainfall Region

Generally speaking, production in the winter rainfall region stretches from January/February to October/November but differs from area to area. The cool, rainy autumn, winter and spring make cheap production possible but the main problem during this period is late blight, coupled with the necessity of the potatoes adapting to the short winter days. The solution appears to be the choice of correct varieties, augmented by spraying with fungicides to combat blight. So far Kennebec, followed by Sebago, has given the best yields of the 37 varieties included in the testing programs. Both varieties unfortunately have the drawback that the tuber size is large compared with the Up-to-Date variety and the potatoes are somewhat soft for

South African tastes. The former means that the potatoes have to be cut when planted as seed and there is the possibility of dry rot. (It is interesting to note, however, that Kennebec is the most popular variety for making frozen chips.)

Unfortunately, neither Kennebec nor Sebago has a high "horizontal resistance" to late blight. The greatest potential therefore lies in finding a Canadian variety which could be planted in April and is adaptable to the short, cloudy days. The Canada Department of Agriculture and the Department of Trade and Commerce are working on this.

### Summer Rainfall Region

Potato cultivation in the summer rainfall region is typically dry land farming. This is particularly true of

TABLE I  
REGIONAL DIFFERENCES IN POTATO CULTIVATION AND PRODUCTION IN SOUTH AFRICA

| Areas                    | Planting Season                                  | Marketing Season                               | Total Crop         |                    | Average Yield/Acre |              | Predominant Varieties                              |
|--------------------------|--|--|--------------------|--------------------|--------------------|--------------|--|
|                          |  |  | 1965/66            | 1966/67            | 65/66              | 66/67        |  |
|                          |  |  | (150 lb bags)      |                    | (150 lb bags)      |              |  |
| <b>Transvaal</b>         |  |  |                    |                    |                    |              |  |
| (1) Lowveld              | Feb-May  | Early Crop: June-Aug<br>Main Crop: Sept-Nov    | 772,000            | 885,000            | 70.3               | 70.3         | Up-to-Date, BP.1.                                  |
| (2) Middleveld           |  |  |                    |                    |                    |              |  |
| (a) Rand                 | Winter crop: July-Aug<br>Summer crop: Jan-Feb    | Winter crop: Nov-Feb<br>Summer crop: May-Aug   | 65,000             | 72,800             | 29.0               | 36.4         | Winter: Up-to-Date<br>Summer: Aquila, Suzanna      |
| (b) Pretoria             | Winter crop: July-Aug<br>Summer crop: Jan-Feb    | Winter crop: Oct-Jan<br>Summer crop: May-June  | 98,100             | 108,100            | 49.4               | 45.9         | Up-to-Date   |
| (3) Highveld             | July-Oct   | Jan-Aug  | 1,840,000          | 4,100,000          | 35.3               | 79.1         | Up-to-Date, BP.1                                   |
| (4) Western              | Nov-Jan  | July-Oct                                       | 52,000             | 36,000             | 27.6               | 21.8         | Up-to-Date   |
| <b>Orange Free State</b> |  |  |                    |                    |                    |              |  |
| (1) Eastern              | Oct-Dec  | May-Sept                                       | 252,000            | 336,800            | 37.8               | 42.2         | Up-to-Date   |
| (2) Southwest            | Jan-Mar  | July-Oct                                       | 35,100             | 56,100             | 60.0               | 57.0         | Up-to-Date   |
| <b>Natal</b>             |  |  |                    |                    |                    |              |  |
|                          | Winter crop: July-Aug<br>Summer crop: Sept-Oct   | Winter crop: Oct-Jan<br>Summer crop: Dec-July  | 143,000<br>183,100 | 251,700<br>377,700 | 67.5<br>73.0       | 71.5<br>94.0 | BP.1, Up-to-Date<br>BP.1, A.700/2,<br>Up-to-Date   |
| <b>Cape Province</b>     |  |  |                    |                    |                    |              |  |
| (1) Western              | Winter crop: May-Sept<br>Summer crop: Nov-March  | Winter crop: Oct-Jan<br>Summer crop: Apr-Sept  | 136,600<br>261,700 | 219,200<br>316,700 | 59.2<br>92.5       | 55.2<br>90.4 | (see below)*                                       |
| (2) Southwest            | Winter crop: June-Sept<br>Summer crop: Jan-Feb   | Winter crop: Oct-Jan<br>Summer crop: June-Sept | 62,800<br>67,100   | 74,600<br>27,300   | 50.0<br>61.0       | 71.2<br>26.7 | Suzanna, Arran Chief<br>BP.1, Aquila               |
| (3) Eastern              | Winter crop: June-July<br>Summer crop: Dec-March | Winter crop: Sept-Jan<br>Summer crop: Apr-Sept | 122,400<br>66,200  | 110,200<br>69,700  | 59.2<br>47.2       | 70.0<br>58.6 | Arran Chief, King<br>Geo.<br>BP.1, Sebago, Suzanna |
| (4) Northern             | Jan-March  | June-Oct                                       | 306,800            | 327,300            | 66.2               | 54.8         | Up-to-Date   |
| Total                    |  |  | 4,463,900          | 7,369,200          |                    |              |  |

Source: Report of the Potato Board, 1967.

\*A number of varieties are grown of which the most important are King George, Aquila, Arran Chief, Arran Banner, Sebago, Kennebec, Up-to-Date BP.1, and Vanderplank.

the Transvaal Highveld, which accounts for more than half of total national potato production. Seed potatoes are planted when the soil is dry and remain dormant until there is sufficient moisture for sprouting and plant development. Growth and maturing take place during the rainy season and harvesting is carried out over a long period. A common practice in the Highveld is to hill potatoes after they have reached maturity to protect them against frost damage and to store them in this way until they are marketed. This practice naturally requires a variety that stores well and resists premature sprouting.

The Lowveld is able to produce two crops a year because of subterranean water sources that supply adequate moisture for growth during the winter months. However the water table throughout the Lowveld is dropping gradually and future winter production may diminish unless extensive irrigation systems are established. Middleveld production, particularly in the Pretoria area, is largely the work of market gardeners who make intensive use of cultivated land and, with irrigation, produce two substantial crops per year.

### Seed Production

The southwestern region of the Orange Free State is one of the main seed-producing areas of the country. Only about 2 per cent of total plantings is marketed as table potatoes. Irrigation is used during dry periods and plantings are almost exclusively Up-to-Date. Seed potato production in

this region is basically multiplication of imported seed and the terms 'first from imported', 'second from imported', etc., are used. This has been a traditional seed-multiplication area and until recently supplied the majority of seed for crops in the summer rainfall region. Lately other areas, particularly the Highveld, have begun seed multiplication on a large scale. This has made Free State farmers drop seed potato prices and devise ingenious ways of achieving orderly marketing.

### Sales Problems

The problem with seed potatoes is having them available at the right time. A glance at Table I indicates that there is a severe shortage of locally certified seed from December to February, and seeds are imported during this and other periods. Last year Canada supplied slightly less than 5 per cent of South African requirements. Most of this was Kennebec and Sebago seed which went to the winter rainfall region. These varieties have been tried over a number of years in the summer rainfall region but with little success. Unfortunately many of the characteristics that make them highly acceptable in other areas of the world have the reverse effect in the summer rainfall region.

Seed potato imports mean a substantial outlay annually in foreign exchange and attempts are being made to become less dependent on foreign suppliers by the development of new varieties such as Vanderplank, and greater concern with spraying, etc., to

produce disease-free certified potatoes. When the Highveld recently began to produce seed potatoes in large numbers, Free State farmers suffered because their seed, the result of intensive cultivation with the use of irrigation, could not compete with Highveld prices. South African growers have been reluctant to use seed that has been kept in cold storage but the results of plantings of stored Free State seed have gone a long way to dispel these fears. Now the Government and the Potato Board see cold storage as a means of preserving seed until the chronic December-February short period and predict that this could cut down present imports by 80 per cent.

Phytosanitary requirements for potato imports are not onerous but are strictly enforced. For particulars, get in touch with either the Cape Town or Johannesburg offices of the Trade Commissioner Service.

### Other Markets Too

Exporters will have noted from Table II that there are a number of markets in Southern Africa besides South Africa for seed and table potatoes and these should not be overlooked, particularly because of freight rates from Canada and the benefits to be derived from larger shipments.

### Canada's Advantages

The stage has been well set for Canadian seed potato sales in Southern Africa. Canada is known to be a substantial producer of high quality potatoes and local testing has proved the value of our varieties. Last year a mission consisting of representatives from all phases of the potato industry in South Africa came to Canada as guests of the Department of Trade and Commerce. Members were very impressed with the efficiency and frequency of the inspection system which ensures a high standard of disease-free production, with the modern methods of drying potatoes before export, and with the Elite Farm Program.

If you would like to learn more about the opportunities for seed potato sales in this attractive market, get in touch with the Canadian Government Trade Commissioners in Johannesburg (P.O. Box 715) or in Cape Town (P.O. Box 683). They'll be glad to help.

TABLE II

#### SOUTH AFRICAN POTATO EXPORTS\*

|                                    | 1964/65 |         | 1965/66 |        | 1966/67 |         |
|------------------------------------|---------|---------|---------|--------|---------|---------|
|                                    | Table   | Seed    | Table   | Seed   | Table   | Seed    |
| Mozambique .....                   | 79,623  | 91,096  | 30,000  | 57,743 | 123,700 | 133,850 |
| Rhodesia .....                     | —       | 80      | —       | 200    | 1,600   | 15,000  |
| Angola .....                       | 6,769   | 4,780   | 1,350   | —      | 6,852   | 1,850   |
| Mauritius .....                    | 74,954  | 25,740  | 4,427   | 19,540 | 110,654 | 6,000   |
| Other Africa .....                 | 126,849 | 9,422   | 31,352  | 8,874  | 171,263 | 20,908  |
| Total, including all markets ..... | 296,417 | 131,366 | 71,066  | 86,693 | 422,425 | 177,860 |

Source: Report of the Potato Board, 1967.

\* 37½ pound bags.

# British Agriculture



*British farmers have diverted over 1.28 million acres from grassland to cereals.*

## Production and Trade

Efficiency has played a key role in the expansion of agricultural production. Britain still offers a huge market for imported foods; Canada's share could be increased if we meet the competition.

G. E. WOOLLAM, *Commercial Counsellor (Agriculture), London.*

■ Since World War II agricultural policy in Britain has been subject to rather significant variations. In the difficult years following the war, agricultural production to achieve greater self-sufficiency was given the "green light" by substantial government support. By 1962, however, the costs to the Exchequer of the support program had reached over a billion dollars and the Government felt it necessary to introduce measures to reduce the burden. This was accomplished in succeeding years by reducing guarantees for the rapidly rising cereals production and in some cases imposing ceilings on quantities that qualified for payment.

In addition, it was generally concluded that the main threat to the domestic industry was lack of stable prices in the market caused by low-priced subsidized imports. To meet this problem the Government was prepared to move away from the cheap food policy of former years and enter into agreements with supplying countries for key commodities. This had the effect of managing supplies. Market-sharing arrangements for bacon and butter were the first step. In 1964 the major suppliers of grains entered into an agreement with the United Kingdom Government which imposed minimum import prices and a system of levies should the price fall below the minimum. The end result was that the Exchequer's bill for agricultural supports declined dramatically.

### **Agriculture's Role Studied**

In addition, the Government recognized that some market management techniques were required to bring order into marketing of domestic products. A Home Grown Cereals Authority was established in 1965, followed by the setting-up of a Live-stock Commission in 1957. A Milk Marketing Board and an Egg Marketing Board have been in operation for some years. British policy is expected to pursue further the goal of stabilizing prices through managed market techniques, as they relate to both domestic and imported products.

In 1965 the National Plan was published to provide guidelines for British industry, including agriculture, with special regard to the continuing balance-of-payments problem. The Plan called for a selective system of expansion in agriculture which, it was envisaged, could bring import savings of some \$600 million by 1970. It was expected that this would contain the import bill for agricultural products rather than reduce it, with the growth element in the market met by domestic production. Government policy since 1965 has been to provide additional incentives to expansion, particularly in beef and wheat, and greater emphasis has been placed on achieving a balance between products to meet priority requirements. The introduction of the selective expansion program has resulted in a moderate increase in Exchequer payments to agriculture.

Devaluation of the British pound by 14.3 per cent in late 1967 brought a further evaluation of the role agriculture can play in import savings.

The powerful National Farmers Union, supported in large measure by the farm press, is suggesting a greater degree of market management, directed in part to the adoption of a levy system for agriculture. This is related to Britain's interest in joining the Common Market, the current economic difficulties, and the continuing burden of agricultural support on the Exchequer. Britain's agricultural policy and related support program has been largely responsible for a considerable expansion in farm output. Total agricultural production has expanded more rapidly than consumption and this has meant a greater degree of self-sufficiency. In addition, through manipulation of the subsidy arrangements, the Government has been able to influence the production of specific commodities in line with domestic requirements.

#### Productivity Is Rising

Productivity in British agriculture has been rising by about 5 per cent a year, adding an estimated £30

million annually to farm income. The move toward larger and more economic farm units has been a factor and this is further aided by the enactment of the Agriculture Act 1967 which encourages farmers on un-economic units to retire and the amalgamation and improvement of farms to bring about a viable enterprise. By June 1967, the number of full-time farm holdings had dropped to 306,600 from 334,000 in 1962, an annual average decline of about 2 per cent. Probably a more significant statistic is the decline in the farm labor force. Since 1962, the number of full-time workers has dropped by 124,000 to 335,000 (30,000 are female). The part-time force over the same period decreased by 34,000 to 140,000 (63,000 females).

Agricultural output reached a record net output index figure of 144 in the 1967/68 season (base period 1954/55—1956/57=100). The five-year average was 136 compared with 114 in the previous five-year period. Expanded acreage in cereals (plus higher yields) has been a major factor in this. Milk production continues to rise but meat has made only marginal gains.

Farm net income has been rising steadily over the years and is forecast at just over \$1.3 billion (pound=\$2.60) for the 1967/68 farming year. Exchequer payments for farm subsidies in recent years have equalled slightly more than half of farm net income. Of total farm sales of \$5.0 billion, livestock accounted for 31 per cent, milk 23, grains 12, eggs and poultry 14, horticulture 10, and other crops 8.

#### CROP PRODUCTION SELECTED PERIODS 1960/61 to 1967/68

|              | 1960/61                  | 1965/66       | 1966/67       | (estimate)<br>1967/68 |
|--------------|--------------------------|---------------|---------------|-----------------------|
|              | (thousands of long tons) |               |               |                       |
| Wheat        | 3,064                    | 4,105         | 3,420         | 3,836                 |
| Rye          | 18                       | 21            | 11            | 12                    |
| Barley       | 4,241                    | 8,062         | 8,586         | 9,242                 |
| Oats         | 2,058                    | 1,213         | 1,102         | 1,361                 |
| Mixed corn   | 219                      | 91            | 93            | 117                   |
| <b>Total</b> | <b>9,600</b>             | <b>13,492</b> | <b>13,212</b> | <b>14,568</b>         |

#### IMPORTS OF COMPETING AGRICULTURAL COMMODITIES AND SHARE OF BRITISH MARKET

|                     | 1964/65           |      | 1965/66          |      | 1966/67          |      | Forecast<br>1967/68 |      |
|---------------------|-------------------|------|------------------|------|------------------|------|---------------------|------|
|                     | Thousand<br>tons* | %    | Thousand<br>tons | %    | Thousand<br>tons | %    | Thousand<br>tons    | %    |
| Wheat               | 4,120             | 52.5 | 4,591            | 52.8 | 4,110            | 54.6 | 4,023               | 51.2 |
| Barley              | 274               | 3.6  | 192              | 2.3  | 188              | 2.1  | 180                 | 1.9  |
| Maize               | 3,140             | 100  | 3,490            | 100  | 3,334            | 100  | 3,608               | 100  |
| Other grains        | 27                | 1.9  | 41               | 3.1  | 34               | 2.8  | 30                  | 2.0  |
| Beef & veal         | 345               | 30.3 | 310              | 27.8 | 316              | 27.1 | 205                 | 18.5 |
| Mutton & lamb       | 371               | 60.0 | 310              | 55.5 | 338              | 56.2 | 327                 | 57.1 |
| Pork                | 13                | 2.2  | 19               | 2.9  | 7                | 1.2  | 11                  | 1.9  |
| Bacon and ham       | 400               | 64.0 | 401              | 63.7 | 399              | 66.8 | 406                 | 66.4 |
| Poultry meat        | 13                | 3.3  | 9                | 2.2  | 9                | 2.1  | 11                  | 2.4  |
| Butter              | 462               | 93.9 | 447              | 92.0 | 445              | 93.3 | 467                 | 92.0 |
| Cheese              | 156               | 57.6 | 140              | 56.2 | 148              | 57.4 | 163                 | 58.6 |
| Other milk products | 127               | 23.2 | 93               | 17.2 | 105              | 18.7 | 105                 | 17.6 |

\*Long tons

#### Crop Production

Within five years British farmers have diverted 1,277,000 acres of land to the production of cereals, mainly at the expense of temporary grasslands. Further increases in yields have also been a factor in the record levels of cereal production in recent years. After increasing sharply in the early 60's, yields in the past few years have levelled off, with weather rather than greater technical efficiency or fertilizer application as the determining factor.

The substantial gains in barley production have made Britain self-sufficient and even brought a surplus.

Wheat output, on the other hand, has not gone up as rapidly, and the Government for two successive years has increased incentives to wheat production. The removal of restrictions on the quantity of wheat qualifying for guarantees and the substantial differential of almost 30 cents a long cwt. in favor of wheat granted for the 1968 harvest is expected to switch additional acreage to wheat production. Although the decision to encourage wheat was directed largely towards replacing feed wheat imports, given good quality conditions, more is likely to find its way into milling, thus reducing import requirements. Canada's wheat and flour exports to Britain have been declining—in large measure because of greater domestic production and improved breadmaking and milling techniques which favor more use of softer wheats.

Total land under crops and temporary grass was 18.3 million acres, an increase of just 300,000 in the past 10 years. Acreage has shifted rapidly from oats and temporary grass to barley and, to a smaller degree, wheat. Totals under crops and temporary grass for 1967 were as follows (in millions of acres): wheat 2.3, barley 6, oats 1, potatoes 0.7, sugar beet 0.5, temporary grass 6.0.

The guaranteed prices for cereals per bushel for the 1968 harvest (pound=\$2.60) are as follows: wheat \$1.91, barley \$1.38, and oats \$1.03 per bushel.

### Livestock and Animal Products

Output of meat has been rising steadily but at a slow pace and total domestic demand has remained practically unchanged over the past five years. Meat prices have generally increased and this has been a major factor in holding demand in check.

The number of cattle and calves, after a decade of steady increase, declined from 1962 to 1964. The selective expansion program as announced in the National Plan placed particular emphasis on beef production and incentives provided since served to boost numbers to 12.3 million in 1967. Some 70 per cent of domestic beef output comes from the dairy herd. Pig numbers have fallen in the past three years to 7.1 million; the cycle, however, is ex-

pected to turn upwards in 1968. Sheep and lambs total 28.9 million and poultry 125.6 million. Milk production is forecast at 2,600 million gallons for 1967/68 continuing the steady rise in output. About 70 per cent of the total is for fluid consumption and the remainder is diverted to manufacturing. Egg output for the 1967/68 season is forecast at 1.228 million dozen, about equal to domestic requirements.

### Market Growth Slows

Although consumer expenditure on food, at \$12 billion, represents an increase of 23 per cent over the past five years, the main contributing

### Exporting?

If your firm cannot fill an order that it receives from a foreign customer, don't let the inquiry go by default. Answer it promptly, explaining your position and telling your client whether and when you will be able to supply in the future. Or pass the order on to some other company that can ship to him. You will be helping to preserve Canada's reputation as a trader and keeping the customer's goodwill against the day when you may want and need his business. Don't let the letter go unacknowledged. Silence may be golden sometimes, but not when you are cultivating foreign markets.

factor has been the rise in food costs of 15 per cent over the period. The remaining 8 per cent is accounted for by population increase (4 per cent) and the shift to higher-priced foods. Following the final dismantling of the food rationing program in 1955, food consumption patterns underwent a marked change, with consumption of carbohydrates such as potatoes and cereal products declining sharply, while meat, dairy products, eggs, fruits and vegetables moved upwards. The pattern appears to have stabilized in recent years and fluctuations in consumption of various products from year to year are related to price movements. Consumption of grain

products after a continuous decline since the postwar level of 240 pounds per head per annum seems to have levelled off at 169. Per capita consumption per year of various food products in Britain is as follows: milk 126 quarts, cheese 10.5 pounds, meat 128.9 pounds, fish 20.6 pounds, eggs and egg products 34 pounds, oils and fats 50.5 pounds, sugar and syrups 117.5 pounds (honey 0.7), fruits 122 pounds, potatoes 168 pounds.

Imports of agricultural products into Britain were worth about \$5.0 billion in 1967, of which some \$3.5 billion represented temperate climate products. The annual growth rate in imports of temperate climate products has been arrested, with domestic production providing for the expansion and to some extent replacing imports. Imports into Britain of the product categories of interest to Canadian exporters are as follows (in millions of dollars with Canadian share in brackets) meat \$1,118 (\$6), dairy products \$623 (\$12), cereal preparations \$667 (\$171), fruit and vegetables \$981 (\$32), tobacco \$269 (\$46), hides and skins \$153 (\$6), oilseeds and meal \$240 (\$53).

Exports of agricultural products from Canada to Britain declined during 1966 from \$285 million to \$263 million. According to DBS statistics, the value of wheat sales was lower by some \$7 million but taking transshipment of grain to Britain through European ports into account, imports are practically unchanged. Prices have been a factor in the decline of some \$4 million in the sale of oilseed meals.

The highly competitive British market, affected particularly by subsidized exports from the Continent and other areas, has been largely responsible for Canada's setback in agricultural trade. On the credit side, Canadian sales of a wide range of food products improved during 1966 and 1967. However, devaluation of the pound late in 1967 has created uncertainty and Canadian sales will be affected in the first half of 1968. None the less, the situation is slowly straightening away and Canadian products should be in good demand by the end of the year to meet the requirements of the increasingly sophisticated British consumer.

# West Africa Assesses Its Power Needs

*It was announced in April 1968 that Canada would provide Cdn.\$11.3 million to finance the foreign exchange costs of a power and transmission project linking Togo and Dahomey with the Volta River hydroelectric station in Ghana. The project involves the construction of a high-tension transmission line connecting the three countries and the installation of two generators in the Volta River power station at Akosombo, Ghana. Two firms of consultants, Georges Demers of Montreal and T. Ingledow and Associates of Vancouver, are already at work on a route study. The route and preliminary design phase are expected to be finished early in 1969. It will then take between two and a half and three years to build the transmission lines and install the generating equipment before power can be switched on.*

*This is the first time that a Canadian aid project of this type has involved three countries and it means working through two languages—English in Ghana and French in Togo and Dahomey. The following articles give a brief description of the present power situation and plans for the future in five countries of West Africa from Ivory Coast to Dahomey.*

G. HAZEN, *Commercial Secretary, Accra.*

R. J. LEDOUX, *Assistant Commercial Secretary, Accra.*

## GHANA

■ Ghana is the most populous of the five countries, with about eight million people in an area of 92,000 square miles. The principal industrial centers are Accra/Tema (600,000), Sekondi/Takoradi (185,000) and Kumasi (300,000). In 1966, the gross national product at 1960 constant prices was \$1.2 billion and per capita income on the same basis was \$148.

**Principal Power-Consuming Industries**—Aluminum, cement, textiles, electrical goods, footwear, metal products, chemicals and mining.

**Present Power Installations**—Nothing in West Africa could be more topical at the moment than the generation, transmission and distribution of electric power. Everyone wants it; some are getting it.

Ghana has a head start in major generation schemes with its giant Akosombo dam on the Volta River (see *Foreign Trade*, March 19, 1966, issue). Its four 128 mw. generators produced 482 million kwh. in 1966, an increase of 39.4 per cent during the year. Now that the Valco aluminum smelter at Tema is working at capacity, the Akosombo plant is nearing its initial planned production. The transmission of Akosombo power is effected by a 161 kv. grid. Distribution from the high-tension system is at 33 kv. and 11 kv.; district distribution is at 400 volts.

Thermal generation of electricity in Ghana has, quite naturally, dropped considerably with the advent of power from Akosombo. In the southern area particularly, most diesel plants have been taken out of service although some in Accra, Tema, Kumasi, and Sekondi are being

retained for standby purposes. The units thus freed are gradually being moved north to areas remote from the transmission grid where they will probably continue in use for several years.

It is in Accra itself that one can see tangible evidence of what a vastly increased power supply means to a city. The Electricity Corporation is working feverishly to update the distribution system in order to take advantage of the new power. In fact, a complete modernization is taking place and power supplies are going into areas where there was previously no electricity. Outmoded 3.3 kv. and 6.6 kv. lines are being changed over to 11 kv. (a West German consulting firm is in charge of this project). Electricity sales in Ghana have been placed on a quasi-commercial basis. In 1966 the former Electricity Division of the Ministry of Works and Housing became the Electricity Corporation of Ghana. With the exception of the rather extensive funds required for major capital expansions, the Corporation is self-sustaining.

**Plans for Expansion**—An exciting prospect for Ghana is the expansion of generation facilities at Akosombo. The installation was designed to accommodate six 128 mw. generators; four were installed during the initial phase which was completed at the end of 1965. The principal consumer of Akosombo power is the Valco aluminum smelter at Tema. In the fall of 1967, the final potline was built which brought it to full capacity. This and the need for reserve generating capacity to allow for maintenance shutdowns have made it necessary to bring forward plans to add the last two generators. Another factor that the planners considered was the possibility of exporting power to neighboring Togo and Dahomey. A recent study by Electricité de France concluded that, of several options,

the most economical for both countries would be to buy electricity from Ghana. Dahomey's requirements are principally for domestic and commercial use but Togo needs considerable power for its growing phosphate industry.

The installation of additional generating capacity and the construction of a transmission line from Akosombo to Cotonou are both rather large projects. In April, it was announced that Canada would provide Cdn.\$11.3 million in external aid funds to finance the foreign exchange costs. Perhaps the most far-reaching consequence of building this transmission line is the new co-operation between Commonwealth and French-speaking African countries. Development in colonial times was confined within the frontiers or directed toward each colony's own hinterland. Little attempt was made to promote co-operation between colonies. Now a good road through Togo and Dahomey links Ghana with Nigeria and coastal telecommunications are being developed. The construction of a power transmission line will foster goodwill and provide a basis for regional development.

## TOGO

■ Togo has an area of 21,000 square miles and a population of 1.6 million (1965). The principal cities are Lomé (125,000), Sokodé (17,000), Anécho (12,400) and Atakpamé (11,900). Gross national product is \$140 million and per capita income is about \$98.

**Principal Power-Consuming Industries**—Textile factories, three breweries, an oil extraction plant and a phosphate mining company.

**Present Power Installations**—Most of Togo's electricity comes from the 3,160 kw. thermal station in Lomé and a hydroelectric station at Kipme near Palime in the interior. This is the only hydroelectric station in Togo and was built in 1963 with Yugoslav aid. Its two units are rated at 800 kw.

Several small thermal units are scattered throughout the country. For instance, Sokodé has a 122 kw. unit, Atakpamé has a 100 kw. unit, and Mango (population 8,800), a 56 kw. unit. The Compagnie Togolaise des Mines du Bénin (COMTOMIB) has a unit to supply its phosphate operation—the only privately-owned one in the country.

There are two electricity networks, both operated by the Compagnie d'Énergie Électrique du Togo (CEET), with a total production of over 15 million kwh. in 1964. The Réseau Sud serves the major coastal centers of Lomé and Anécho and also Palime in the interior. At the end of 1964 this network had 4,000 customers. The interior network, which covers a larger area with a low density of small consumers, supplied in 1964 a total of 5 million kwh. and had a rated capacity of 500 kw. The major centers served are Atakpamé, Sokodé and Mango. The average cost of electricity for the whole country is \$0.142 per kwh.

**Plans for Expansion**—The last Four Year Plan provided for the installation of two 3,000 kw. units in Lomé and one 160 kw. unit in Palime in 1966 and 1967. Also in the estimates were plans for reorganizing the internal

distribution systems of Atakpamé and Sokodé. However, this was before the Canadian announcement.

## DAHOMEY

■ Dahomey has an area of 43,200 square miles and a population of just over two million. The main port and largest town is Cotonou (110,000). Much of the country's administration is centered there although Porto Novo (70,000) is the official capital. Abomey (28,000) is an important market town. Kandi (12,000) is the trading center for Dahomey-Niger trade and Natitingou (12,000) the center for trade with Upper Volta. Parakou is a market town and the railhead on the line north from Cotonou. Dahomey's GNP in 1966 was estimated at U.S.\$250 million and per capita income at U.S.\$100.

**Principal Power-Consuming Industries**—There are few secondary industries. Beer, soft drinks, prefabricated concrete products, soap and nails are made locally. Several palm oil mills are in production and more are planned. The economy is predominantly agricultural. Recently, however, offshore oil deposits were discovered.

**Present Power Installations**—At present, the country's power comes entirely from diesel generators and it is marketed by the Compagnie Centrale de Distribution d'Énergie Électrique et Eaux (CCDEE). Capacity is between 7,000 and 10,000 kw.

**Plans for Expansion**—Before the transmission line from the Volta River power station in Ghana was proposed, Dahomey was investigating the possibility of developing hydroelectric power on the Mono River in co-operation with Togo.

## UPPER VOLTA

■ This country, 105,000 square miles in area, has a population of about 4.7 million. The principal cities of Upper Volta are Ougadougou (100,000), Bobo-Dioulasso (65,000) and Ouahigouya (15,000). Gross national product in 1965 was a little over \$275 million and per capita income was \$57.33, the lowest in Africa.

**Principal Power-Consuming Industries**—Cotton ginneries and a textile mill, an oil extraction plant, breweries, a tannery, a plastic factory, a motorcycle and bicycle assembly plant, a match factory, and two factories producing metal furniture and agricultural implements.

**Present Power Installations**—The Société Africaine d'Électricité (SAFÉLEC) is responsible for the management of the three major thermal power stations in the country. The Ougadougou thermal station has a rated capacity of 9,690 kw. with an annual production of over 14 million kwh. Bobo-Dioulasso, the economic center of Upper Volta, has a thermal station of 3,094 kw. capacity which produced over 6 million kwh. in 1966. The third important power installation is in Ouahigouya; it has a rated capacity of 408 kw. and produces 235,000 kwh. annually. Besides these three power stations, there are a few diesel units, some privately and some publicly owned and managed,

scattered throughout the country. It is impossible to determine their exact number or capacity.

The rate structure charged by a public utility to a typical industry in Bobo-Dioulasso shows the generally high cost and the sharp increase for consumption in the peak period:

| Time      | Cdn.\$ per kwh. |
|-----------|-----------------|
| 0700-1200 | 0.0837          |
| 1200-1430 | 0.0573          |
| 1430-1830 | 0.0837          |
| 1830-2100 | 0.1560          |
| 2100-0700 | 0.0573          |

The average cost for a big consumer like this firm is \$0.075 per kwh. It is believed that the net cost per kwh. from a private thermal station would be between \$0.053 and \$0.057. There is here a vicious circle—electric power is expensive because consumption is low, but new industries won't come to Upper Volta because electricity is too expensive.

**Plans for Expansion**—Hydroelectric power has already been judged economically feasible for the country. An installation on the Comoe River near Banfora to supply Bobo-Dioulasso and the north of Ivory Coast could produce 12.5 million kwh. at a capital cost of \$5.3 million. One on the Black Volta at Dedougou to supply Ouagadougou and Sourou could produce 18 million kwh. at a capital cost of \$13.3 million. Neither project has been included in the current Four Year Plan nor are new thermal plants proposed. SAFÉLEC is considered to be capable of supplying the increased demand in the next few years.

The main objective of the Four Year Plan is to attract new firms to Ouagadougou and Bobo-Dioulasso in order to increase the utilization of SAFÉLEC's capacity. Greater consumption would help to reduce production costs and the rates to be charged. The present administration will continue to study all possibilities of producing cheaper electricity, including bringing it from the Akosombo dam in Ghana.

## IVORY COAST

■ About four million people live in the Ivory Coast's 127,000 square miles. The country's principal industrial centers are Abidjan (300,000), Grand-Bassam (47,000) and Bouake (110,000). The gross national product in 1964 was \$1 billion and per capita income in the same year about \$221. The increase in the per capita income between 1961 and 1964 was 22 per cent in real terms.

**Principal Power-Consuming Industries**—A flour mill, two cement plants, six textile plants; oil and soap plants; canneries; a shoe factory; breweries; tobacco plants; coffee and cocoa refineries; a bicycle, motorcycle and automobile assembly plant; a radio and television assembly plant; sawmills, veneer, match board and plywood factories; factories turning out aluminum sheets, metal parts, tin containers, metal drums; plants manufacturing plastic goods, liquid air, chlorine, insecticides, and cosmetics.

Food processing accounts for fully one third of total industrial power requirements.

**Present Power Installations**—It has always been the policy of the Ivory Coast Government to offer cheap electric power to industry because there is no local production of coal or oil. Energie Electrique de la Côte d'Ivoire (EECI), a quasi-government organization, generates and distributes electricity in the main industrial areas, using both thermal and hydro plants.

There are more than 30 small and medium-sized thermal power stations in the country with rated capacities from 300 kw. to 1,200 kw. Bouake has thermal installations rated at 6,200 kw. and an annual production of 10 million kwh. Abidjan's power is supplied by two hydroelectric and one thermal station. The rated capacity of the thermal station is 36,000 kw. and its annual production is 40 million kwh.

At the end of 1961, there was only one hydro station in the Ivory Coast, known as Ayame I, which began operating before the country received its independence. Its rated capacity is 19,800 kw. and it produces 90 million kwh. annually. In 1965, Ayame II went into operation with a rated capacity of 30,000 kw. and an annual production of 150 million kwh.

**Plans for Expansion**—A loan from the Fonds d'Aide et de Co-operation (FAC) of France is being used to build a new 30,000 kw. thermal station at Vridi (Abidjan) which is expected to be operating in 1968. Electricité de France (EDF) has estimated the 1970 power requirements of Abidjan alone to be 410 million kwh; by 1972, it may reach 545 million kwh.

Studies have already been completed for a third hydroelectric power station to be located on the Bandama Blanc, south of Beoumi. This 174 mw. station should be capable of producing 600 million kwh. and would supply not only Bouake and the whole central area (Daola, Dimbokro, etc.) but part of the requirements of the south of the country (Abidjan, Gagnoa, Agboville, etc.) as well. Although the World Bank declined to participate in this U.S.\$95.5 million project, the U.S. Export-Import Bank announced at the beginning of 1967 that U.S.\$36.5 million would be made available on long-term loan. The announcement was made during a visit by Vice President Humphrey.

**Rural Electrification**—Besides providing new sources of power supply for industrial centers, the Government proposes to extend the rural electricity network. At present urban centers are supplied by their own thermal facilities and provide power to small communities on their periphery. The only transmission line in the country is 90 kv. line originating in Abidjan. A few villages are already linked to it by 30 kv. lines. This is the only evidence of the intention to create a national electricity network. The present system is not considered satisfactory because in many villages on the line the local power distribution system serves only a few of the potential customers.

As a result of the Chevrier Mission to Francophone Africa, the investigation of ways and means of improving the distribution of electric power in the Ivory Coast has been approved for financing under Canada's external aid.

# trade lines



## Canadian investment in Italy

Last year, Canada invested Lire 625 million (about Cdn.\$1.1 million) in productive enterprises in Italy. Total foreign investment in this sector was Lire 22.3 billion in 1967, compared with 56.9 billion in 1966; the drop was largely due to lower U.S. investment. In ten years, Italy has received lire 534 billion in foreign capital (5.5 billion from Canada) which has gone mainly into the petroleum, engineering, chemical and pharmaceutical industries—Rome.

## Brazil will expand special steel mill

Acos Finos Piratini SA makes special steels at Porto Alegre, Brazil, with technical assistance from Bofors in Sweden and Lurgin in Germany. It is a mixed capital company; private enterprise and the State share control. The Rio Grande do Sul Government has decided that the mill should be expanded to utilise plentiful low-quality coal available in the area and reduce operating costs. Foreign suppliers were asked to offer equipment by the end of May 1968—São Paulo.

## A new home for Radio Hong Kong

Radio Hong Kong early in 1969 will move to Broadcasting House, its new home, now being built in Radio and Television City, a 50-acre site in Kowloon. It will occupy a floor area of some 52,000 square feet and have 16 studios and recording rooms. A Canadian company, N.J. Pappas and Associates of Montreal, designed the building and is supervising construction. Cost of erecting and equipping the new station is estimated at some \$1.5 million. Radio Hong Kong commenced broadcasting in 1928 and celebrated its 40th anniversary in June 1968—Hong Kong.

## Singapore to have a million-dollar waste paper industry

Singapore's new waste paper plant will convert waste paper into a wide range of products for local use and export, thus earning foreign exchange. Its products will include carbon papers, egg trays, toilet tissue, facial paper, wrapping paper, and paperboards. Some of the machinery, including egg-tray and paperboard machines, is being imported from Japan; a carbon paper machine will come from Germany. Raw materials, except virgin wood pulp to be imported from Canada and Scandinavia, will be obtained locally. At

the outset, the plant is expected to produce 20,000 egg trays, 100,000 sheets of carbon paper, and 20 tons of paperboard a day. Production will be doubled in the third year—Singapore.

## East Pakistan develops more cold storage

The Industrial Development Bank of Pakistan has financed 47 cold storage plants (55 per cent of the capacity sanctioned) at a cost of Cdn.\$4.6 million. There is now over 47,000 tons of cold-storage capacity in East Pakistan. Its main purpose is to store the potato crop and seed potatoes—Rawalpindi.

## Taiwan fertilizer company increases capacity

The Taiwan Fertilizer Company is building three large plants which are expected to be in operation by the end of 1968. Two will produce approximately 300 metric tons of compound fertilizers each per day, depending on the composition of the compounds. The third will use natural gas to make 545 metric tons of anhydrous ammonia a day to be converted into 300 metric tons of urea and 450 metric tons of ammonium sulphate—Manila.

## Northern Ireland opens new car ferry terminal

An £80,000 passenger terminal has been opened at Belfast Harbor to serve Liverpool and Ardrossan (Scotland) car ferry traffic. Last year 115,000 cars arrived in Northern Ireland, 20 per cent more than seven years ago. Local steamship companies spent £7 million on new car ferries last year—Belfast.

## Shoe industry in Singapore does well

Last year the hundred shoemaking firms in Singapore exported shoes worth Cdn. \$700,000. They are expected to extend operations and will probably want to buy sole and surface presses and machinery for nailing and varnishing. Singapore imports leather from Australia, Britain and the United States—Singapore.

## Saudi Arabia will build sulphur plant

Petromin, the Saudi state-owned petroleum and minerals organization, will put up two-thirds and Jefferson Lake Sulphur Company will put up one-third of the

45 million riyals (about Cdn.\$9 million) needed to build a crude sulphur plant at Abqaiq, about 35 miles south of Dahrán. The plant will have a capacity of 500 tons a day—Beirut.

#### **IADB helps to improve Brazilian exports**

Paranaguá will receive a U.S.\$5 million loan to extend the general cargo and inflammable goods docks, build new warehouses and dredge the two port-access channels. Works are expected to be finished by 1970, when the annual export volume through the port should reach 3.2 million tons. Companhia Docas de Santos has applied for a U.S.\$1 million loan to set up modern grain loading and unloading installations, expand docks, and build a new passenger station. The Brazilian Government is also negotiating a U.S.\$30 million loan from various sources to buy new cranes for several ports—São Paulo.

#### **Scotland's electronic industry expands**

Burroughs Machines Ltd. has announced that it will build a \$10.4 million computer factory at Glenrothes. The new factory will cover 125,000 square feet and be ready by 1970. At Cumbernauld, Burroughs will also produce TC-500 terminal computers, providing 300-400 new jobs at its factory there in the next 18 months and up to 1,000 eventually—Glasgow.

#### **Gas turbine powers Kuwait's giant oil pump**

The Kuwait Oil Company has ordered the world's most powerful oil pump that will be linked by pipe with a new giant tanker terminal 10 miles out at sea near Mina el Ahmadi in the Gulf. The pump will be powered by jet gas turbine and will cost £400,000—Beirut.

#### **They're young in the Mezzogiorno**

The last demographic census showed that four out of ten Italians in the South were under 20, compared with three out of ten in North and Central Italy. In the South, 8 per cent of the population is over 65, compared with 10 per cent in the North—Rome.

#### **Greece to open new asbestos cement plants**

Two new asbestos cement plants will begin operating by June 1968. One is in Salonica and is owned by the Hellenic Industry for Building Materials SA (Hellenit), which established the first asbestos cement factory in

1961 near Halkis, Eubea. The U.S.\$2.5 million Amiandit plant at Patras will be established by Edok SA and Eter SA, important construction companies. As a result, Greek asbestos consumption will rise to 7,000-8,000 tons a year. Greece imported 2,578 tons of asbestos from Canada in 1967—Athens.

#### **Pakistan will build Soviet tractors**

The U.S.S.R. signed an agreement in April under which it will help Pakistan build a plant to assemble 5,000 "Bellarus" tractors a year—Rawalpindi.

#### **West Germany produces more iron and steel**

Production of iron and steel in West Germany rose last year over 1966. Output of pig iron, at 27.367 million metric tons (provisional official statistics), set an all-time high in 1967. The previous record of 27.182 million tons was established in 1964. Raw steel production, at 36.74 million metric tons, occupied a good third place in production achieved since the last war, behind 37.3 million tons in 1964 and 36.8 million in 1965—Duesseldorf.

#### **Britain's computer industry regroups**

With the assistance of the British Government, International Computers and Tabulators, English Electric, and Plessey have formed the largest computer group outside the United States. Work will begin on doubling the \$260 million English Electric plant at Cowdenbeath, Scotland, this year in order to set up a production line for EE's system 4-50 computers—Glasgow.

#### **Sorghum may replace feed wheat in Venezuela**

The Venezuelan authorities and Purina feed interests have been experimenting with sorghum. Large-scale trials are planned now and it is expected that sorghum will eventually replace all or part of the 150,000 metric tons of feed wheat that Venezuela imports. Canada should not be affected as its wheat is used for bread flour—Caracas.

#### **Chocolate products made in Singapore**

Sheng Huo Enterprises Ltd. the only manufacturer of chocolate and cocoa products in the Singapore-Malaysia region, opened its factory in Singapore at the beginning of 1966. The firm now produces Cdn.\$1.5 million worth of products a year, including chocolate fingers, neapolitans, tablets and bars of all sizes (both plain and with nuts or raisins) and soluble cocoa

powder for beverages, cakes, etc. The firm's brands are Van Houten, Malco and Zebra. Exports are running at over a million Singapore dollars a year and include cocoa butter. Half the raw cocoa beans used are from Malaysia, half from Africa—Singapore.

## Foreign Tariffs and Trade Regulations

### BRITAIN

**CONSIGNMENT CONDITION FOR COMMONWEALTH PREFERENCE**—qualification for preference of goods transhipped at non-Commonwealth ports.

In the light of a recent British Court judgment, British Customs have advised that the following revision has been made in respect to the evidence required for preference purposes when goods are transhipped at non-Commonwealth ports.

The judgment was to the effect that the consignment condition is fulfilled if there is clear evidence (1) that it was the intention of the exporter and consignee that the goods should be carried from a place in the Commonwealth preference area to a place in Britain and (2) that the goods at all stages of the journey were in transit to Britain.

The consignment condition therefore may be regarded as fulfilled if either the evidence asked for in paragraph 14 of British Customs Notice No. 27A is produced or evidence as indicated by (1) and (2) in the preceding paragraph is furnished. In the latter case, the evidence the British authorities will seek is the order for the goods, the invoice, bills of lading, insurance documents, certificates of arrival at and export from the port of transshipment, and any correspondence between the exporter and the importer about the purchase and shipment of the goods. H.M. Customs have, however, indicated that if any of the evidence asked for is not available they may be able to be satisfied with less or different evidence and are prepared to consider any alternative evidence that the importer can produce.

## Trade Commissioners on Tour

### In Canada

The following officers are undertaking tours of business centers throughout Canada as detailed below. Businessmen who wish to see them should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions: Windsor (Ontario), Greater Windsor

Industrial Commission; St. John's, Halifax, Montreal, Ottawa, Toronto, Winnipeg, Edmonton and Vancouver, Department of Trade and Commerce; Fredericton, Department of Industry.

**United States, Chicago**—D. H. Cheney, Consul and Senior Trade Commissioner in Chicago:

Toronto—August 19-21

Montreal—August 22-23

**United States, Los Angeles**—J. H. Suggitt, Consul and Assistant Trade Commissioner in Los Angeles:

Toronto—July 18-22

Whitby, Deseronto—July 25

Hamilton, Kitchener, Galt—  
July 24

Montreal—July 26-31

### Temporary Duty in Ottawa

The following will be on temporary duty in Ottawa and may be contacted through the Trade Commissioner Service, phone 992-9930 (area code 613).

**D. H. Cheney**, Consul and Senior Trade Commissioner in Chicago, August 12-16.

**J. A. Elliott**, Consul in Duesseldorf, July 22-August 2.

**P. A. Savard**, Consul and Trade Commissioner in New Orleans, July 22-31.

**J. H. Suggitt**, Consul and Assistant Trade Commissioner in Los Angeles, August 1-12.

### In Territory

**Bulgaria, Czechoslovakia, Hungary, Romania**—Trade Commissioners in the Vienna, Austria, office make frequent visits to these countries, but often there is not time to publish their itineraries in advance. Therefore, Canadian businessmen who would like the Trade Commissioners to undertake assignments for them in these East European countries are advised to write to the Vienna office immediately.

**Sarawak**—Philip Stuchen, Commercial Counsellor, Kuala Lumpur, Malaysia, will visit Sarawak, Brunei and Sabah from July 29 to August 10.

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

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



# Foreign Exchange Rates

These nominal quotations may help exporters in checking prices, but they should consult their bank before making any firm commitments. When more than one rate is shown, the one to be used depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the Office of the 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 .93.

To convert column two, divide by .93.

| Country<br>and<br>Currency                                | Value of  |   | Country<br>and<br>Currency                           | Value of  |   |
|---|---|---|--|---|---|
|   | Foreign currency<br>unit in<br>Canadian dollars | Canadian dollar<br>in foreign<br>currency units |  | Foreign currency<br>unit in<br>Canadian dollars | Canadian dollar<br>in foreign<br>currency units |
|   | at July 5                                       |   |  | at July 5                                       |   |
| <b>Algeria</b><br>Dinar                                   | .2159   | 4.63  | <b>Denmark</b><br>Krone                              | .1433   | 6.98  |
| <b>Argentina</b><br>Peso (free)                           | .0031   | 322.58  | <b>Dominican Republic</b><br>Peso                    | 1.074   | .93   |
| <b>Australia</b><br>Dollar                                | 1.194   | .8377   | <b>Ecuador</b><br>Sucre (official)<br>(free)         | .0597<br>.0534                                  | 16.50<br>18.45                                  |
| <b>Austria</b><br>Schilling                               | .0416   | 23.98   | <b>El Salvador</b><br>Colon                          | .4295   | 2.33  |
| <b>Bahamas</b><br>Dollar                                  | 1.052   | .9506   | <b>Fiji</b><br>Pound                                 | 2.466   | .41   |
| <b>Belgium and Luxembourg</b><br>Franc                    | .0215   | 46.25   | <b>Finland</b><br>Markka                             | .2557   | 3.91  |
| <b>Bermuda</b><br>Pound                                   | 2.565   | .39   | <b>France, Monaco, etc.<sup>3</sup></b><br>Franc     | .2159   | 4.63  |
| <b>Bolivia</b><br>Peso                                    | .0902   | 10.97   | <b>Franco-African Republics<sup>4</sup></b><br>Franc | .0043   | 232.55  |
| <b>Brazil</b><br>Cruzeiro (official free)                 | .3350   | 2.99  | <b>French Pacific<sup>5</sup></b><br>Franc           | .0119   | 84.24   |
| <b>Britain</b><br>Pound                                   | 2.558   | .39   | <b>Germany</b><br>D Mark                             | .2685   | 3.72  |
| <b>British Honduras</b><br>Dollar                         | .6791   | 1.47  | <b>Ghana</b><br>New Cedi                             | 1.052   | .95   |
| <b>Burma</b><br>Kyat                                      | 4.43  | .2255   | <b>Greece</b><br>Drachma                             | .0358   | 27.93   |
| <b>Ceylon</b><br>Rupee                                    | .1804   | 5.54  | <b>Guatemala</b><br>Quetzal                          | 1.074   | .93   |
| <b>Chile</b><br>Escudo (bank rate)<br>(free)              | .1592<br>.1370                                  | 6.23<br>7.30                                    | <b>Guyana</b><br>Dollar                              | .5381   | 1.85  |
| <b>China, Republic of</b><br>New Taiwan Dollar (official) | .027  | 37.04   | <b>Haiti</b><br>Gourde                               | .2148   | 4.65  |
| <b>Colombia</b><br>Peso (fixed)                           | .066  | 14.95   | <b>Honduras</b><br>Lempira                           | .5369   | 1.86  |
| <b>Congo, Republic of<sup>1</sup></b><br>Franc            | .0043   | 232.55  | <b>Hong Kong</b><br>Dollar                           | .1772   | 5.64  |
| <b>Costa Rica</b><br>Colon                                | .1621   | 6.12  | <b>Hungary</b><br>Forint (official)                  | .0921   | 10.86   |
| <b>Cuba<sup>2</sup></b><br>Peso                           | .....   | .....   | <b>Iceland</b><br>Krona (official)                   | .0188   | 52.91   |
| <b>Czechoslovakia</b><br>Koruna                           | .1491   | 6.70  | <b>India</b><br>Rupee                                | .1423   | 7.02  |

| Country and Currency         | Value of  |   | Country and Currency                       | Value of                                  |   |
|------------------------------|---|---|--|---|---|
|                              | Foreign currency unit in Canadian dollars at July 5 | Canadian dollar in foreign currency units |  | Foreign currency unit in Canadian dollars | Canadian dollar in foreign currency units |
| <b>Indonesia<sup>6</sup></b> |   |   | <b>Paraguay</b>                            |   |   |
| Rupiah                       | .....   | .....                                     | Guarani (free)                             | .0086                                     | 116.28                                    |
| <b>Iran</b>                  |   |   | <b>Peru</b>                                |   |   |
| Rial                         | .0142   | 70.42                                     | Sol (free)                                 | .0240                                     | 41.66                                     |
| <b>Iraq</b>                  |   |   | <b>Philippines</b>                         |   |   |
| Dinar                        | 3.007   | .33                                       | Peso (free)                                | .2746                                     | 3.64                                      |
| <b>Ireland</b>               |   |   | <b>Poland</b>                              |   |   |
| Pound                        | 2.558   | .39                                       | Zloty (fixed basic rate)                   | .2685                                     | 3.72                                      |
| <b>Israel</b>                |   |   | <b>Portugal &amp; Colonies<sup>7</sup></b> |   |   |
| Pound                        | .3068   | 3.23                                      | Escudo                                     | .0373                                     | 26.80                                     |
| <b>Italy</b>                 |   |   | <b>Saudi Arabia</b>                        |   |   |
| Lira                         | .0017   | 581.86                                    | Riyal                                      | .2066                                     | 4.84                                      |
| <b>Jamaica</b>               |   |   | <b>Sierra Leone</b>                        |   |   |
| Pound                        | 2.558   | .39                                       | Leone                                      | 1.507                                     | .66                                       |
| <b>Japan</b>                 |   |   | <b>Singapore</b>                           |   |   |
| Yen                          | .0030   | 333.33                                    | Dollar                                     | .3508                                     | 2.85                                      |
| <b>Kenya</b>                 |   |   | <b>South Africa</b>                        |   |   |
| Shilling                     | .1526   | 6.55                                      | Rand                                       | 1.507                                     | .66                                       |
| <b>Laos</b>                  |   |   | <b>Spain &amp; Dependencies</b>            |   |   |
| Pound (free)                 | .3329   | 3.00                                      | Peseta                                     | .0155                                     | 64.25                                     |
| <b>Malaysia</b>              |   |   | <b>Sweden</b>                              |   |   |
| Dollar                       | .3508   | 2.85                                      | Krona                                      | .2076                                     | 4.81                                      |
| <b>Mexico</b>                |   |   | <b>Switzerland</b>                         |   |   |
| Peso                         | .0859   | 11.64                                     | Franc                                      | .2500                                     | 4.00                                      |
| <b>Morocco</b>               |   |   | <b>Syria</b>                               |   |   |
| Dirham                       | .2122   | 4.72                                      | Pound (free)                               | .2812                                     | 3.55                                      |
| <b>Netherlands</b>           |   |   | <b>Thailand</b>                            |   |   |
| Florin                       | .2969   | 3.38                                      | Baht (free)                                | .0521                                     | 19.19                                     |
| <b>Netherlands Antilles</b>  |   |   | <b>Trinidad &amp; Tobago<sup>8</sup></b>   |   |   |
| Florin                       | .5693   | 1.75                                      | Dollar                                     | .5392                                     | 1.85                                      |
| <b>New Zealand</b>           |   |   | <b>Tunisia</b>                             |   |   |
| Dollar                       | 1.197   | .83                                       | Dinar                                      | 2.045                                     | .48                                       |
| <b>Nicaragua</b>             |   |   | <b>Turkey</b>                              |   |   |
| Cordoba                      | .1534   | 6.51                                      | Lira                                       | .1193                                     | 8.38                                      |
| <b>Nigeria</b>               |   |   | <b>United Arab Republic</b>                |   |   |
| Pound                        | 2.999   | .33                                       | Pound (official)                           | 2.475                                     | .40                                       |
| <b>Norway</b>                |   |   | <b>United States</b>                       |   |   |
| Krone                        | .1504   | 6.64                                      | Dollar                                     | 1.074                                     | .93                                       |
| <b>Pakistan</b>              |   |   | <b>Uruguay</b>                             |   |   |
| Rupee                        | .2255   | 4.43                                      | Peso (free)                                | .0043                                     | 232.55                                    |
| <b>Panama</b>                |   |   | <b>Venezuela</b>                           |   |   |
| Balboa                       | 1.074   | .93                                       | Bolivar (official free)                    | .2389                                     | 4.18                                      |
|                              |   |   | <b>Yugoslavia</b>                          |   |   |
|                              |   |   | Dinar (official)                           | .0859                                     | 11.64                                     |

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, 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. Also used in Barbados, Leeward and Windward Islands.

# Markets in Brief

## THE IVORY COAST

**Area**—322,000 square kilometers. It is bounded on the north by Mali and Upper Volta, on the east by Ghana, on the west by Guinea and Liberia, and on the south by the Gulf of Guinea.

**Political status**—the Ivory Coast has been an independent republic since August 1960, headed by a President.

**Terrain**—there are three zones of vegetation: first, a narrow alluvial band along the coast where coconut palms flourish and, towards the interior, banana and oil palms and rubber trees; second, the equatorial forest, about 188 miles deep, with coffee and cocoa plantations and pineapple fields; third, the savannah, broken at first by upland forests and gradually turning into grassland, where stock is raised and millet grown.

**Climate**—Tropical, with very high humidity in the coastal areas. The south has four seasons, two rainy and two dry, with the principal rainy season from March to July. The summer or rainy season in the north also runs from March to July.

**Population**—about four million, including some 40,000 Europeans; rate of population increase, about 2.5 per cent. Forty three per cent of the population is under 15 years of age; 80 per cent of the people live in villages of less than 2,000.

**Economy**—mainly agricultural; agriculture provides a living for 90 per cent of the population and furnishes 80 per cent of exports. Among the important crops are coffee, cocoa, bananas, pineapples, and cotton.

**Production**—domestic production increased by about 9.7 per cent a year from 1960 to 1965.

**Industrial development**—industrial production rose by 22.9 per cent a year from 1961 to 1966. Main industries include sawmilling, food processing, and textiles, plus an oil refinery, automobile assembly plant, brewery, etc.

**Mineral resources**—there are two diamond mines with a production of 183,820 carats in 1966 and a manganese deposit is being exploited at Grand-Lahou. Prospecting for gold, iron and bauxite is going on.

**Per capita income**—about \$200 in 1965, one of the highest among the African nations.

**Language**—the language of government and commerce is French.

**Currency**—CFA franc, divided into 100 centimes. One CFA franc equals Cdn.\$0.0043.

**Weights and measures**—metric system is used.

**Capital**—Abidjan, population 400,000.

**Marketing centers**—Abidjan and Bouake (population 100,000).

**Total Ivory Coast exports**—1965—Cdn.\$340 million.

**Chief exports**—(Cdn.\$ million) 1965—coffee 133, timber 82, cocoa 58, bananas 12, fresh pineapples and pineapple juice 2.9.

**Total Ivory Coast imports**—1965—Cdn.\$230 million.

**Chief imports**—capital goods make up about 30 per cent of imports; other important ones are foods, beverages and tobacco, semi-manufactured materials, and consumer goods.

**Value of imports from Canada** (Cdn.\$'000)—88 in 1966; 246 in 1967.

**Chief imports from Canada** (Cdn.\$'000) 1967—hoisting machinery and parts 182, card punch sorting tabulating machines, computers and parts 12, tractor and implement tires 12, conveyors and conveying systems and parts 11.

**Value of Canadian purchases** (Cdn.\$'000) 1966—814; 1967—699.

**Chief Canadian purchases** (Cdn.\$'000) 1967—hardwood veneer 242, mahogany veneer 175, logs, exotic species 162.

**Prices**—should be quoted both f.o.b. and c.i.f. Abidjan in Canadian or U.S. dollars. Some products require a special licence which is obtained on the basis of f.o.b. prices.

**Samples**—no duties are levied on samples of no commercial value; otherwise they are subject to duty which is refunded on re-export.

**Visas**—an entry visa is required.

**Inoculations**—smallpox.

**Correspondence**—airmail only; rate 25 cents per half ounce.

**Foreign exchange and import controls**—importers in the Ivory Coast must obtain an import licence before bringing in goods, but these are issued freely. Since June 30, 1967, the Exchange Office has permitted the transfer of money to any country.

**Documentation, customs tariff, marking and labelling**—for further information, consult the Office of Trade Relations, Department of Trade and Commerce, Ottawa.

**For detailed information on this market, write to:**

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

or

Commercial Secretary  
Office of the High Commissioner for Canada  
P.O. Box 1639  
E 115/3 Independence Avenue  
Accra, Ghana

## Is Pricing Your Problem?

Sound pricing is essential in competitive markets and profits depend on it. Working out export prices is one of the first problems a new exporter faces. Practical advice and examples are given on pages 15 to 24 of **HOW TO WIN WORLD MARKETS**, the exporter's manual. Buy it at Queen's Printer's bookstores in Halifax, Montreal, Ottawa, Toronto, Winnipeg and Vancouver, or order it from the Queen's Printer, Ottawa—\$2.50 a copy paperback, \$4.50 hard cover. Cheques and money orders should be made payable to the Receiver General of Canada.

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