foreign trade

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COVER . . . This harvest scene might have been photographed in the haying season here in Canada. Actually, it shows Canadian agricultural machinery at work on a New Zealand farm. For a story on New Zealand's trade in the year ended June 30, 1953, turn to page two.

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Trends in New Zealand's Trade

Statistics for the year ended June 30, 1953, show that New Zealand achieved two objectives—she paid for all imports out of current receipts, and was able to develop a sizable surplus with the non-sterling area.

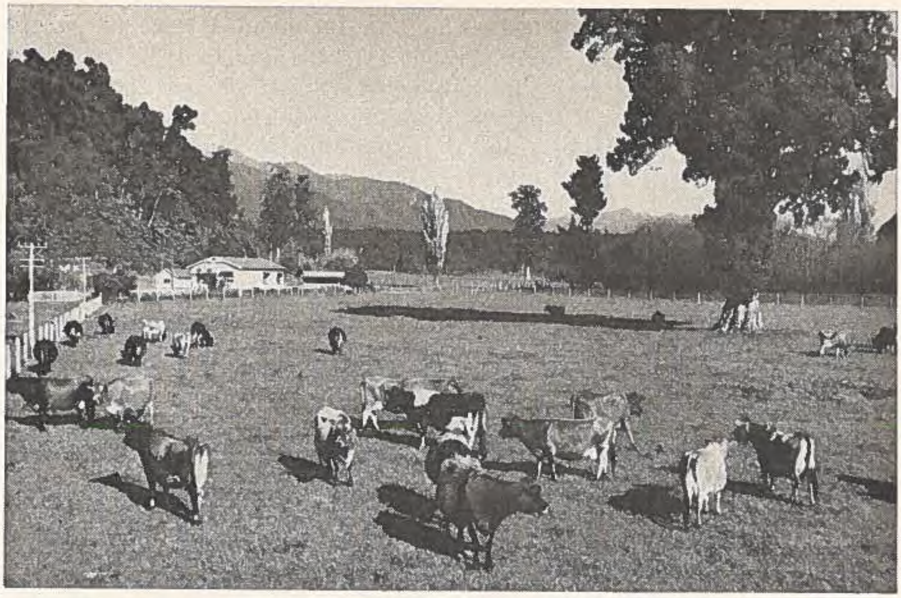
WELLINGTON—Statistics on New Zealand's international trading for the twelve months ended June 30, 1953, as released by the Reserve Bank, show that New Zealand has fulfilled its commitment made at the Commonwealth Finance Ministers' Conference in London a year ago to "live within its income" and to "achieve a credit balance with the non-sterling area". The target was £25 million;* the result was a surplus of £36,423,000 with the non-sterling area, including one of £7,142,000 with the dollar area. With the sterling area, the deficit was £1,741,000. This brings the overall *surplus* to £34,682,000, in contrast to the *deficit* of £51,300,000 during the previous year. Continued buoyant export prices and the sustained high volume of exports, plus a decrease of £94 million in imports to the account of private traders, made this achievement possible. The fall in imports was brought about by tightening the import controls, long a part of New Zealand's economic pattern.

Turn towards Sterling Sources

In the commitment made by New Zealand, there were two objectives—first, to pay for all imports out of current receipts and second, to develop a sizable surplus with the non-sterling area. The first objective required general control only to ensure that spending did not exceed income; the second meant that a goodly part of current receipts had to be withheld from traders. From this it follows that imports from the non-sterling area had to be curtailed more than those from the sterling area, or alternatively, exports to the non-sterling area greatly increased.

The latter proposal presented difficulties. In the first place, the range of export goods is limited; of a total of £246 million worth of exports, dairy products, meat and wool accounted for all but £26 million. The value of dairy products and meat exported in 1952 was £130 million. Moreover, by virtue of long-term bulk purchasing contracts with the United Kingdom Government, New Zealand was, and is, committed to sell approximately 90 per cent of her exportable surplus of these products to Britain. This created the anomaly that, whereas her great need for herself and for the sterling area was to earn as many dollars as possible through her exports, she was irrevocably committed to sell most of these to the United Kingdom for sterling. Thus, with import control regulations

* All values in New Zealand pounds.



Dairy products and meat rank high among New Zealand's exports and, under long-term bulk purchasing contracts, go largely to the United Kingdom. Above, a typical herd put out to graze on a New Zealand farm.

encouraging purchases from the sterling area rather than the dollar area, and with most exports going to the sterling area, the inevitable tendency was to turn more and more to sterling sources for overseas requirements.

Increase in Sterling Imports

Imports from the sterling area during the calendar year 1942 were valued at £34,460,000. By the end of 1952 the value was £166,834,000—nearly a fivefold increase. On the other hand, imports from non-sterling countries increased from £19,396,000 in 1942 to £62,593,000 in 1952, or about threefold. These figures are for the calendar years, the only ones available for comparison. It is highly probable that the disparity in the rates of increase will prove to have accelerated during the first six months of 1953 as the results of the drastic controls of 1952 became more apparent. The added restrictions were not instituted until March and the first quarter and indeed the greater part of 1952 continued to show the effects of the heavy commitments made in the dollar area before the control became effective.

Even before 1952, dollar purchases were strictly limited to essentials which could not be obtained from the sterling area and, although many such items still cannot be found there, New Zealand—thanks to the United Kingdom's membership in the European Payments Union—is able to obtain an increasingly larger part of her requirements from European countries for payment in sterling, as these countries' export surpluses become greater and more diversified. This means that more and more applications for import licences for goods from Canada or the United States are being turned down, even for commodities which they traditionally supplied.

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The trend in this direction is seen in the growth of trade with the European countries. Imports from Belgium in 1950 were £1,122,000, increasing in 1952 to £4,632,000; France in 1950 sold £1,222,000 worth of goods to New Zealand (only £406,000 in 1949) and in 1952 the figure reached £3,622,000. Germany is coming back rapidly from £215,000 in 1950 to £2,433,000 in 1952. Imports from the Netherlands increased three and a half times and those from Italy five times; Sweden more than doubled her exports.

Branch Factories Set Up

The restrictions have resulted in a further and far-reaching trend—the opening of branch factories or manufacturing under licence in New Zealand and in Australia. New Zealand, with a total population of only two million, is perhaps not as interesting a site for a branch industry as Australia, with its much greater local market. New Zealand has, however, a fair share of new industries and the new industrialists will fight (and probably successfully) for a continuance of the protection which import control now gives them. The Government has stated its intention at the earliest moment possible to substitute protection by customs duties for protection by import controls.

The increasing industrialization of Australia is also having its effect on the trend of New Zealand's trade. In 1939 total imports from Australia were valued at £6,419,000. Immediately after the war, in 1946, this had increased to over £10 million and by the end of 1952 to £24,371,000. Undoubtedly Australian exporters will be able to retain at least part of the market they have gained.

Japanese competition in the New Zealand market is also becoming a factor of some importance. Japan's purchases from New Zealand grew from £47,000 in 1948 to over £3½ million in 1952 and the Japanese are expecting New Zealand to increase her imports in proportion. As a result, New Zealand's imports from Japan have jumped from £59,000 in 1948 to nearly £2½ million in 1951 and over £3½ million in 1952. Recently, additional goods such as scientific and medical instruments, silk products, machinery, machine and hand tools, chemicals and drugs, aluminum sheet, iron and plywood have been taken off the prohibited list and may now be imported from Japan under licence.

Outlook for Canada

Canadian products are very highly regarded in New Zealand and the temporary disappearance of some of them will not be as harmful as it would be in countries where Canada is not as well known and highly respected. But the fact remains that so long as dollar restrictions are in force, our trade must suffer. And when these are removed it will mean facing keen competition from those who have enjoyed a privileged position. It will mean too competing with new local industries operating under the umbrella of a protective tariff. However, the shift to greater industrialization will breed new demands for plant and equipment, raw materials and semi-manufactured goods which Canada should be well able to supply.

—LESTER S. GLASS
Commercial Secretary for Canada

Bananas from Jamaica

KINGSTON—For nearly seventy years, bananas have figured among Jamaica's exports, with shipments reaching an all-time high of 27 million stems in 1937. Since then, the growers have had to cope with serious problems. First came the wartime disruption of normal trade. Then, in 1944 and 1951, hurricanes swept the plantations and destroyed many trees. Finally the Panama disease, leaf spot, attacked the trees. By 1952 production had fallen to seven million stems.

Today the clouds are lifting. In the last quarter of 1951, the Government of Jamaica allotted a million pounds sterling to the task of rehabilitating banana cultivation. The Gros Michel variety, first introduced into Jamaica from Martinique in 1836, is being largely replaced by the Lacatan banana, a variety resistant to the Panama disease. Farmers are now encouraged to spray trees to prevent leaf spot blight. Production figures are moving up—about ten million stems is the estimate for 1953 and 14 million stems a year is set as the target for 1955.

Export Arrangements

The United Kingdom has traditionally been a large buyer of Jamaican bananas—of the 27 million stems exported in 1937, Britain bought 20 million, the Netherlands 3·80 million, and Canada 2·30 million. When war broke out in 1939 the Imperial Government took over Jamaica's banana fleet for war services but, in order to preserve this important crop, the annual output was subsidized until the war ended in 1945.

From 1946 until March 1953, the U.K. Ministry of Food purchased the entire banana production. Early in 1953 a ten-year contract was arranged, under which a private company in Britain will sell all the bananas exported, for the best market price.

How Trade Grew

Bananas apparently were grown in Jamaica as early as the 17th century, chiefly for domestic use. In 1836 a French planter introduced the popular Gros Michel variety which soon displaced all other varieties. The first exports were apparently made in 1870. when Capt. Lorengo D. Baker, owner of a Cape Cod schooner on its way back home, stopped at Kingston. To fill up cargo space he took a few bunches of bananas which arrived at Boston in good condition.

Not until 1885 were regular sales of Jamaican bananas organized in the United States by a man who afterwards became president of the United Fruit Company. By 1914 Jamaica was shipping abroad about 18 million stems of Gros Michel. After all the ups and downs of the ensuing years, exports may climb to that figure again late in the 1950's.

—E. M. Gosse

Canadian Government Trade Commissioner

Italy's Canning Industry . . .

Ample supplies of fruits and vegetables make this a growing export industry and a dollar earner. Plants are being modernized and sales to foreign markets stepped up.

ROME—Canned fruits and vegetables earned more dollars for Italy during 1951 than any other branch of exports. In 1952, exports to the dollar area totalled \$9·75 million, as compared with \$10·5 million during 1951. The total to all areas for these two years was 38,197 million lire (approximately \$61 million) in 1951 and 50,500 million lire (approximately \$81 million) in 1952.

Although it was a comparative late-comer compared with other countries—the first small factory was opened in Turin in 1875—the Italian fruit and vegetable canning industry has developed rapidly. Its expansion has been and is largely the result of Italy's good supplies of the basic raw materials. Today more than 250 thousand workers are directly or indirectly employed, permanently or seasonally, in the 900 processing factories. Of the total factories now operating, the majority process tomatoes only, about 350 process fruit, and a smaller number, vegetables. Several of the larger firms produce all three.

Tomatoes Most Important

Tomatoes are the staple on which the Italian canning industry relies to consolidate and extend its position in the country's export trade. The 1952 tomato season was poor because of the exceptional drought which affected both the quantity and quality of the crop. More representative statistics can therefore be obtained from the 1951 season when Italy produced 84,000 metric tons of tomato concentrates (puree, sauces, etc.) and 120 thousand metric tons of peeled whole tomatoes. In all, the industry used over 700 thousand metric tons of tomatoes in 1951, as compared with 450 thousand metric tons in 1952. The potential annual capacity of Italy's plants is estimated at 550 thousand metric tons of finished products, so that even in the good crop year of 1951 the industry worked at only 40-45 per cent of capacity.

Home consumption of tomato products remains steady at around 35,000 metric tons of concentrates and 20,000 metric tons of peeled tomatoes a year. To develop and expand its markets the industry must concentrate on exports. The United Kingdom headed the list of buyers in 1951, followed by the United States and Germany.

Italian Tomato Exports in 1951

	Whole tomatoes (metric tons)	Tomato concentrates (metric tons)
United Kingdom	70,700	13,000
United States	23,000	9,800
Germany	...	11,000
Other markets	4,300	12,200
Total	98,000	46,000

Import restrictions imposed by the United Kingdom in 1952 hit this flourishing branch of Anglo-Italian trade hard and opened the way for some of Italy's competitors. However, now that these restrictions have been relaxed, the industry anticipates that Italian tomato products, because of their quality, will again find a ready market in the U.K.

Preserved Fruit

Compared with the tomato canning industry, the other branches of canning—fruit and vegetables—are much less important. While approximately 50 per cent of the fresh tomato production is manufactured into puree, sauces, etc., or peeled and canned, only about 20 per cent of fruit is turned into jam and similar products, and only 10 per cent of the vegetables are industrially processed. The fruit canning and jam industries have been encountering difficulties, production costs have been high, and domestic demand relatively low. The high cost of sugar in Italy has also handicapped this branch of the industry in competing with other producing countries.

The 350 factories engaged in fruit processing constitute an important outlet for Italy's surplus fruit production. From 1928 to 1934 production amounted to an annual average of 13,800 metric tons, including jam, canned whole fruit, jellies, candied and dried fruits. During the following years production increased rapidly until, under the impetus of war, it reached a peak of 93,900 metric tons in 1952. Output during the past four years was: 1949, 32,000 metric tons; 1950, 35,000; 1951, 44,000; 1952, 50,000.

Canned Vegetables

Production of canned vegetables is also high although it could be expanded, considering the large supplies. National consumption of this commodity is not proportionate to output and there appears little possibility that it can be raised because fresh vegetables are always in adequate supply. The most important of the vegetables usually canned are peas, string beans, kidney beans, spring onions, capers, gherkins and baby artichokes. A distinctively Italian product, Giardiniera—a mixture of pickled carrots, gherkins, cauliflowers, etc.—is exported in considerable quantities. Baby artichokes and mushrooms boiled in vinegar and preserved in oil, and green, black and stuffed olives are the basic products used in the preparation of canned hors d'oeuvres.

Before the war the aggregate output of preserved vegetables amounted, on an average, to 17,500 metric tons a year. After a considerable decline during the war and early postwar years, production in 1951 reached 18,500 metric tons.

Fruit Juices

Italy's exports of fruit juices, particularly orange and lemon juice, are growing. Average annual production is about 14,500 metric tons, from some 144 thousand metric tons of fresh citrus fruit. Less important, though production is on the increase, are apple, tomato and grape juices. Expansion in the fruit juice industry is bound to affect export possibilities favourably and help to solve the problem of surplus production, particularly of grapes.

Italian preserved fruits and vegetables are exported to over 70 countries and make a valuable contribution to her balance of trade. In 1951 the combined exports of preserved fruit, juices and vegetables amounted to 44,391 metric tons valued at 7,366 million lire. Imports of similar products during the same year were less than 1,000 metric tons. In 1952 exports remained about the same as in 1951 but the value dropped by approximately 950 million lire. Exports of canned fruit and orange juice without sugar declined sharply, but the fall was partly compensated for by larger exports of fruit syrups.

Despite the bad production year in 1952, the value of Italian exports of preserved fruits and vegetables to Canada was almost double that of the previous year. In fact, shipments to Canada have been increasing steadily since the earlier postwar years and prospects are good for continuing expansion.

Exports to Canada

	1951	1952
Dried fruit	$ 354,880	$ 740,480
Tomato paste and peeled tomatoes	398,560	669,760
Preserved fruits and fruit juices	260,960	599,680
Total	$1,014,400	$2,009,920

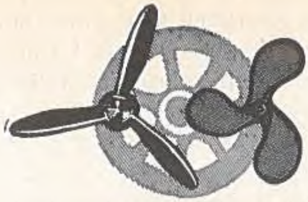
The Outlook

This Italian industry has been hampered by the import restrictions which some countries have adopted. Particularly serious were the effects of the restrictions imposed by the United Kingdom, whose imports of vegetable and fruit preserves dropped to 2,265 million lire in the first ten months of 1952, as compared with a total of 4,409 million lire in 1951. It should be pointed out, however, that during the same period in 1952 Italian exports of fruit syrups to the United Kingdom rose to 1,139 million lire compared with a very small amount in 1951. As the United Kingdom restrictions on these commodities have now been abolished, exporters are looking forward to bigger business during the 1953 season.

Large supplies of fruits and vegetables, a plant modernization program now going forward, and increased use of refrigeration—all these augur well for the future of this Italian industry.

—M. S. Strong
Commercial Secretary for Canada

One of the newer uses for the "electric eye" was recently reported from New Orleans—culling out imperfect coffee beans. When shipments of the beans arrive in the southern city, they go through several tests to remove the bad ones. As a final check, a firm of coffee importers now subjects the beans to a strict inspection by 24 electric eyes. A mechanical arm picks up each bean and passes it in front of the eyes. If the bean is off colour or sub-standard in other ways, it is rejected and only the good ones proceed on their way to the storage room.



Transportation Notes

BRITISH NORTH BORNEO

Internal Air Service—A new feeder air service has recently been started in British North Borneo. Operated by Malayan Airways with two de Havilland *Rapides,* it connects the main coastal centres of Jesselton, Labuan and Sandakan with the inland settlements of Tawau, Kudat, Ranau and Keningau. In a country where roads and railroads are notoriously inadequate, the new air service has already proved profitable. Jesselton and Ranau, formerly four days apart by mountain pony, are only 35 minutes by air. Foodstuffs such as fresh meat and export produce such as rubber are flown to the ports; growers return with fish and other essentials unobtainable in the interior. The service will be conducted for two years as an experiment, then future plans will be made—Singapore, Aug. 11.

CHILE

Arica to be Declared "Free Zone"—To aid the development of the northern province of Arica, certain imports and exports through the port of Arica will be free from all duties. Moreover, relief from taxation for a period of 15 years will be granted to new industries established in the zone—Santiago, Aug. 20.

Metropolitan Railway—The construction of a metropolitan railway to connect the suburbs with the city of Santiago has been definitely authorized and a loan of CH$5·5 billion approved. The amortization of the debt for the construction will be effected in a minimum period of twenty years from the date on which the railway establishes its services. All necessary machinery, equipment and accessories may be imported free of customs duties. The State Railways will permit the new metropolitan to prolong its routes over their lines to make access to the capital easier—Santiago, Aug. 20.

MALAYA

East Coast Railway Re-opened—The East Coast line of Malayan Railways has been re-opened to freight traffic; passenger traffic will begin in April 1954. During December 1941 and January 1942, the retreating British Forces destroyed all the major bridges on this railway to hinder the advance of the invading Japanese Army. Work on the reconstruction of the line has proceeded despite severe Communist terrorist activity during the last five years. The bridging problems were immense; no less than 7,650 lineal feet of steel bridge spans over 35 rivers and streams were repaired or replaced. These included two 250-foot spans which had to be raised 60 feet from the river bottom. The East Coast railway provides a second rail connection with Thailand and will help to open up the relatively undeveloped eastern side of the Malay Peninsula—Singapore, Aug. 11.

MEXICO

S.S. Company to be Formed—A Mexican national steamship company with an initial capital of 75 million pesos will be formed, the Confederation of National Chambers of Commerce has announced. The Mexican Government through its agency, Nacional Financiera, will hold 51 per cent of the stock; the remaining 49 per cent will be offered to the public—Mexico City, D.F., Aug. 25.

NEW ZEALAND

Commercial Aviation Expanding—During the year ended March 31, 1952, passengers carried on internal air routes numbered more than 312 thousand. This represents only a 3 per cent increase over the previous year, but 1951-52 traffic was abnormal because of the waterfront strikes. Aerial topdressing of farm land also increased; the amount of fertilizer used, 144,150 tons, was 62 per cent greater than the year before—Wellington, Aug. 7.

Rail Rates Increased—Effective June 21, 1953, passenger fares on suburban rails were increased by 10 per cent; regular passenger traffic rates are unchanged. Freight rates also were increased. Postal rates rose 10 per cent; livestock, wool and timber from 5 to 15 per cent, depending on mileage, and l.c.l. shipments in most cases not more than 20 per cent. Low tariff goods such as manures, bricks, coal, etc., went up 15 per cent, and produce, flour, cement and similar classes, 5 per cent. These increases are expected to bring in more than $2·75 million additional income a year—Wellington, Aug. 7.

SCOTLAND

Road Improvements—It has been announced in the House of Commons that the Government will undertake additional work amounting to about £1,000,000 on improving Highland roads, and that an experimental peat-burning power station is to be set up in Caithness. The road works will be carried out over the next three years and the power station project, at an estimated cost of approximately £500 thousand, will begin at once. The Government was impressed by the recommendation for road improvements considered necessary to develop the Highlands and give their natural industries—forestry, agriculture and fisheries in particular—a better chance—London, Aug. 25.

UNITED STATES

Great Lakes Shipments—The Lake Carriers' Association reports that combined tonnages of Great Lakes shipments of ore, coal and grain up to mid-season, set a new record. By the end of July, 87·4 million tons had been transported, far surpassing the previous record of 81·8 million tons for the same period in 1944—Detroit, Sept. 2.

The Netherlands

Farm Production in '53

With less land seeded to grains, the Netherlands will need to import more; livestock numbers are up and production may soon have to be adjusted to market possibilities.

THE HAGUE—Netherlands livestock production has expanded substantially in the past year, despite heavy losses suffered in the February flood. Field crops, however, have not kept pace and substantial declines in grain areas suggest a need for greater imports of both bread and feed grains in the 1953-54 season.

Abolition of the Government's cattle feedstuff rationing system at the close of the winter stabling season and the ending of its chick allocation scheme about the same time have encouraged greater livestock and poultry production. Reduced feed prices, the virtual elimination of foot and mouth disease in the past year, and the decrease in cattle destroyed as t.b. reactors have furthered these developments. Decontrolling of feed imports, scheduled for September 1, 1953, will leave Dutch livestock producers somewhat uncertain about feed supplies and prices. But with good prospects for abundant supplies of feed grains on the world market this fall, the emphasis in Netherlands planning in the coming year will likely shift from production to marketing—and may involve government action to limit production to marketing possibilities.

Livestock Numbers Up

Netherlands livestock production is expanding in all branches, according to provisional returns of the annual May census. These show an increase of 62,000 head of cattle, bringing the total to 2,920,000—1,507,000 of them milch cows, 24,000 more than in 1952.

The hog population of 1,940,000 in May '53 was nearly 97,000 higher than a year ago. Sheep increased by over 36,000 in the past year and in May totalled 419 thousand, reversing the down trend of the past two years. Similarly, the decline in horses, in progress since before the war, was checked and numbers increased by 1,800 to 246 thousand.

Domestic fowl expanded by nearly four million in the past year to 27,500,000, largely because of a big increase in chick hatchings this year following the end of the Government's postwar chick allocation scheme. Fowl numbers, however, are still five million below 1939. Ducks are at less than half the prewar number but increased by 53,000 in the past year.

These livestock statistics are all the more remarkable in view of the substantial losses sustained in the provinces of South Holland, Zeeland and North Brabant during the February flood. These losses are now estimated at 20,500 cattle, 14,000 sheep, 10,000 hogs, 2,300 horses, 683 thousand fowl and 3,000 ducks.

Arable land in May this year, in contrast to higher livestock production, was down by 31,000 hectares compared with 1952, but some 18,000 ha. of this decrease can be attributed to damage from the February storm. Of the total decline, cultivated land fell 16,500 ha., grassland 13,500 ha. and horticultural land 800 ha.

Field Crops Smaller

There has been a marked decline in the area seeded to grain, with the exception of barley and oats. A fall of 32,000 ha. in sowings of winter wheat was only partially compensated for by an increase of 15,000 ha. in spring wheat, bringing this year's total wheat area to 65,000 ha. compared with 82,000 in 1952. Rye seedings have fallen by 14,000 ha. to 170 thousand ha. and corn by 4,000 to 10,000, reversing three years of steady increases. The oats area is up 3,500 ha. but most of the increase can be written off because 3,000 ha. of the total are on previously flooded land. Similarly, the startling increase of barley over 1952 can be entirely misleading if one forgets the 42,000 ha. sown on land inundated by salt water earlier this year. Virtually nothing will be harvested from this land and the remaining 60,000 ha. is 9,500 less than in 1952. Barley is one of the best crops to rehabilitate brackish soils and this explains the substantial increase this year.

Estimated Yields

Taking hypothetical yields, which can be considered normal under present conditions, of 3,500, 2,800, 3,200 and 3,000 kg. per ha. for wheat, rye, barley and oats respectively, and discounting the areas of grain sown in the flooded districts, one arrives at the following estimated grain harvest for 1953.

	1952	1953 (estimated)	Decrease	%
	(in metric tons)			
Wheat	327,000	217,000	110,000	33·6
Rye	497,000	476,000	21,000	4·2
Barley	240,000	192,000	48,000	20·0
Oats	483,000	459,000	24,000	5·0

These estimates, combined with the growing numbers of livestock, indicate a need for substantially increased imports of grain in the 1953-54 season or, in rye and oats, decreased exports. Last year these exports amounted to 13,000 and 34,000 tons respectively. The estimates may, however, prove to be on the conservative side.

Horticultural Crops

The area planted to vegetables, at 35,000 ha., is 2,000 ha. larger than a year ago. Surprisingly, the area seeded to onions is 1,200 ha. greater than last year, even though the major production areas were flooded. Other areas have expanded production to meet export needs but yields are not likely to come up to normal. However, on balance there should be no shortage in the export trade. Gherkins for export will likely be in short supply in the coming season because of adverse spring weather.

Orchard fruit areas have declined 4,100 ha., over half of which is from losses in the flood district. Horticultural seeds at 6,580 ha. are 100 ha. less than a year ago; bulbs and nursery crops are down 400 and 100 ha. to

7,300 and 1,100 respectively. Total fruit production this year is officially forecast at 413 thousand metric tons, compared with the 1952 record of 712 thousand m. tons. This decrease of over 40 per cent is largely due to night frosts in early May and to losses of fruit trees through flooding this spring.

Livestock Products

Milk production, on the decline since 1950, expanded substantially in the first half of 1953. At the end of June, milk deliveries totalled 2·5 million m. tons, 6·6 per cent higher than in 1952. Butter and factory cheese production in the same period were 15·6 per cent and 14·6 per cent higher, at 40,000 m. tons and 71,000 m. tons respectively. Spray and roller skim milk powder increased by 56 per cent and 89 per cent, and evaporated milk production by 16 per cent, but condensed whole milk and sweetened condensed skim milk fell 2 per cent and 13 per cent.

Support for Dairy Products

In addition to the overall increase in milk production this year, because of slightly more milking cows and nearly ideal pasture conditions, price relationships in comparison with the first half of 1952 are much in favour of skim milk as opposed to whole milk products. The effect is evident in expanding production of these lines and of their by-product, butter. The full impact of increased production, lower prices and tougher sales competition shows in the substantial support purchases which the government trading organization for dairy products had to make this year. At the end of June, stocks purchased at support prices were: about 11,000 tons of butter, 2,000 tons of cheese, 5,000 tons of spray skim milk powder and 3,500 tons of roller skim milk powder. Normally such products are disposed of at a loss on the domestic market or abroad. Butter surpluses in recent years have been sold to the United Kingdom at bargain prices.

Production vs. Marketing

Pork and egg production in the latter half of 1953 will likely exceed production in the same period in 1952 by 5 per cent and 30 per cent respectively, according to a recent statement by the Minister of Agriculture. In concrete terms, this will mean a production of three million hogs for 1953, or an additional 350 thousand to market compared with 1952. It also means exporting 1,000 million eggs instead of 680 million in the second half of the year. The Minister of Agriculture feels that the marketing task involved is not unreasonable. At the same time, he warned that under present conditions an annual production of three million hogs is the maximum warranted by sales possibilities and that unlimited expansion of poultry stock is not expedient. In other words, production must be harmonized with marketing opportunities or farmers will face the alternative of official restrictions.

—C. J. Small
Acting Agricultural Secretary for Canada

Commodity Notes

AUSTRALIA

Gold—Western Australia's gold production for the first half of this year shows an increase of 50,000 oz., as compared with the first half of 1952. Perth mint receipts of gold produced in Western Australia from January to June 30, 1953, were 406,969 fine oz.; the figure for the same period last year was 350,206 oz., and for 1951, 318,144 oz. Some of the increase reflects the need to mine higher-grade ore to meet rising costs, but a large proportion of the new gold won comes from new producers. The results indicate that Western Australia's gold areas are far from impoverished and that the industry has an amazing resilience—Melbourne, Aug. 10.

Coated Papers—It is reported that Moulded Products (A'asia) Ltd., the largest plastics manufacturer in Australia, will shortly begin production of nyathene (polythene) coated papers and board, which will be marketed in Australia by the Bowater Paper Co. Limited, a wholly owned subsidiary of the Bowater Paper Corporation Ltd. of England. Two technical officers of Moulded Products have recently returned from the United States, where they acquired the latest information for use in the production of the new material—Melbourne, Aug. 7.

Uranium Oxide—The Australian Atomic Energy Commission has issued a schedule of prices for uranium-bearing ores and concentrates. The prices range from £10 a ton for ore with a uranium oxide content of 0·25 per cent by weight to £504 a ton for 10 per cent ore. Higher prices may be considered in special circumstances. The schedule applies to Rum Jungle and other purchase points which may be notified. These prices will apply up to a limit of 20,000 tons of ore purchased from any one producer in any one year. The minimum prices are guaranteed for five years from July 1, 1953—Melbourne, Aug. 5.

BRAZIL

Jeeps—The Rover Company Ltd., of Solihull, England, manufacturers of automobiles and Land-Rover jeeps, has concluded negotiations to install a factory in São Paulo. "Rover do Brasil S.A." will make the same line manufactured in Great Britain—São Paulo, Aug. 14.

Oil—Ships bringing equipment from the U.S. for installations at the Capuava oil refinery have been arriving in Santos. The refinery's initial production will be 20,000 barrels of 159 litres a day which can be increased later to 60,000 barrels a day. Initial gasoline production is estimated at 2·3 million litres a day, in addition to numerous by-products—São Paulo, Aug. 12.

Tea—Brazil produced 2,800 tons of India tea in 1952, valued at Cr.$56,041,000—Rio de Janeiro, Aug. 14.

Sugar—Brazilian sugar production amounted to 29,497,314 bags by March 31, exceeding official estimates for the 1952-53 crop. It is likely that this year's sugar production will be the highest ever attained—Rio de Janeiro, Aug. 14.

BRITISH GUIANA

Rice—The rice crop for 1951-52 was a record 67,000 tons. Exports for the period were 31,197 tons, of which 739 tons were packages of high-grade, whole-grain super rice. Production for the current year is estimated at a new high of 76,000 tons—Port of Spain, Aug. 11.

INDONESIA

Quinine—Quinine production in Indonesia is estimated at about 1,206 metric tons. Because foreign demand for it has declined, production has been reduced until it is now only one-tenth of the industry's potential capacity—Djakarta, Aug. 6.

Sugar—Sugar production in Indonesia for 1953 is estimated at 600 thousand metric tons. It is anticipated that 150 thousand tons will be available for export this year—Djakarta, Aug. 6.

Copra—Exports of copra for the first six months of 1953 amounted to 93,052 metric tons, as against 186,880 metric tons in the same period of 1952. The decline does not reflect a decrease in production, as it is reported that 108 thousand tons were used in the first half of the year for the local coconut oil industry—Djakarta, Aug. 6.

MEXICO

Vegetable Oils—Approximately 141,200 metric tons of vegetable oils will be produced in Mexico this year. The National Bank of Foreign Commerce, a government agency, stated that production will comprise 40 per cent of cottonseed oil, 30 per cent of sesame oil, 24 per cent of coconut oil and 6 per cent of peanut oil—Mexico, D.F., Aug. 13.

Pulp—More than 9,000 metric tons of pulp, made from sugar cane waste (bagasse) will be produced annually in Mexico with machinery already purchased in the U.K., some of which is now being installed.

Imports of pulp amounted to 43,351 metric tons in 1951 and 44,246 tons last year. It is expected that the new pulp factory at Ayotla, state of Morelos, will supply about one-fifth of the needs of paper manufacturers, even though the demand for pulp will continue to increase year by year—Mexico, D.F., Aug. 15.

NETHERLANDS

Automobiles—The only Netherlands automobile factory, near Einhoven, which has been producing a line of trucks and military vehicles, is now designing a two, four and six-cylinder passenger car, equipped with a simple four stroke, air-cooled engine. Mass production of a cheap car of the *Volkswagen* type is also contemplated. The Netherlands automobile factory D.A.F., one of the best equipped in Western Europe, was founded in 1928 and covers an area of about half a million square feet. The factory employs about 2,000 workers—The Hague, Aug. 28.

NORWAY

Cylinder Pressure Indicators—A new factory has recently been erected near Haugesund on the southwest coast of Norway for the production of cylinder pressure indicators for multi-cylinder diesel engines. These indicators have been imported, mainly from the United States and Germany. The Norwegian type of indicator differs from the American product because manometers and valves are no longer required. The indicator is used to measure compression and combustion pressure and it can register pressure from 0 to 70 kilograms per square centimetre. The new factory has already placed the first indicators on the market and they are considerably cheaper than the imported article. The factory also intends to take up the manufacture of fuel filters for diesel engines, which have hitherto been imported—Oslo, Aug. 25.

SOUTH AFRICA

Citrus Crop—Because of a phenomenal increase in plantings since the war, South Africa's citrus crop will be about 50 per cent larger in 1960 than it is now. A recent survey has shown that the citrus crop will probably increase from 1956 on. South Africa is now selling oranges in Europe, Asia and other areas. The biggest buyer is Britain—Johannesburg, Aug. 20.

TRINIDAD

Petroleum—During the first quarter of 1953. production of crude petroleum was more than 5·4 million barrels; imports were over 4·6 million barrels. Natural gas production amounted to 8·2 million cubic feet. At the natural pitch lake, 42,617 tons of asphalt were produced during the period—Port of Spain, Aug. 18.

WEST GERMANY

Low-Grade Ore Steel—The German Government, which controls ownership, has re-opened the so-called Watenstedt-Salzgitter low-grade ore field for production of steel. This project was first undertaken between the years 1937 and 1944.

It is expected that the three furnaces in operation will have a processing capacity of 250 thousand tons of crude steel. In addition, another 600 thousand tons of crude steel capacity are anticipated from three other converters still under construction. A new rolling mill with three to four thousand tons capacity is expected to be completed by the middle of 1954—Bonn, Aug. 31.

Israel Restores Her Forests

The arid hills and valleys of Israel are being gradually replanted with trees that will conserve the soil and provide material for local industries. But at the moment large imports of lumber are still necessary.

ATHENS—Centuries of neglect and maltreatment have stripped the Holy Land of the forests of ancient times. The reforestation program begun during the British mandate is being continued by the Department of Forests of the Israel Ministry of Agriculture. The Department's program, still in its initial stages, includes the protection and management of forest reserves, reforestation of lands unsuitable for agriculture, research, and education of the public in the importance of forestry to the national economy. At the same time, its plantation work is providing employment for new arrivals in the country.

The Department's research station is equipped with a wood technology laboratory, a forest library and a modern seed store. Contacts are maintained with foreign institutions and with the European headquarters of the Food and Agriculture Organization. Several members of the Forestry Department have been sent abroad to study forestry methods, and foreign experts, such as Roy Cameron, formerly of the Canadian Forestry Service, and Professor A. de Phillippis of Italy, have spent some time in the country to help organize a policy and program.

Forestry Program

It is estimated that the projected forestry program will cover a potential area of 375 thousand acres without encroaching on agricultural land, and yield 350 thousand cubic metres of lumber a year (one cubic metre equals 425 FBM). The most important specie being planted, (at present on some 25,000 acres) is the pinus halepensis and other pines. At the moment these plantings yield only small poles for vineyards. The potential area suited to the growth of such pines is 150 thousand acres, calculated to yield, on the basis of a 60-year rotation, about 180 thousand cubic metres a year—sufficient to cover the local needs for citrus boxes and scaffolding.

Next in importance is the eucalyptus in various sub-species, good for furniture manufacture. The total area planted to eucalyptus, including roadside plantations, is approximately 6,250 acres; the estimated area considered suitable for this tree is about 25,000 acres, which is expected to yield, after only seven years' growth, 75,000 cubic metres a year.

The coastal sand dunes and the Negev desert area seem suited to the planting of 150 thousand acres of tamarix. This area would yield 60,000 cubic metres a year on the basis of a 70-year rotation period. The wood should be suitable for furniture manufacture, general joinery work and possibly veneers. Poplars and willow, to be grown on an area of 1,000 acres in the Hulleh Valley—beside canals and fish ponds, in marshes and

—Israel Office of Information.

These workers are planting acacia seedlings at Elah, on the southern tip of the Negev region. The eroded hills in the background give proof of the need for adequate forest cover in many sections of Israel.

other irrigated places—should yield a further 4,000 cubic metres a year. Natural vegetation (carab, oak, etc.) will eventually cover 25,000 acres and yield a potential 10,000 cubic metres a year.

The local woodworking industry includes a small number of modern factories but is made up principally of small joinery shops and depends largely on imported lumber. A large part of the industry produces the doors, window and door frames, Venetian blinds and French shutters required by the very important building industry. Prefabricated houses, eagerly sought after by the thousands of newcomers to the country, have been a leading product in recent years. Other factories specialize in cabinet-making, folding furniture, ice boxes, tool handles, industrial accessories, etc.

Box shooks for the six million standard boxes required each year to pack citrus fruit for export are imported, but plans for a modern sawmill to produce them from imported African logs are progressing. Two other smaller sawmills are also being erected; they will use logs from Corsica and Southeast Europe.

During the past few years three modern plywood factories, with an annual total capacity of 24,000 cubic metres (10·2 million FBM) have begun production. At first these factories used Canadian birch logs, but now they are turning to West African logs because of dollar exchange difficulties. Their products already cover local needs and have found export markets. Two factories, one for hardboards and one for paper products, to use partly imported and partly local raw materials, are under construction.

Until the new forestry program begins to show results Israel must rely on imports to meet her estimated annual lumber requirements. These are: 51 million FBM whitewood construction lumber, mainly used for scaffolding, concrete forms and casemaking; 25·5 million FBM redwood for the manufacture of doors, windows, blinds and general joinery work; about 21·3 million FBM box shooks for the vital citrus export industry; about 8·5 million FBM in rough logs; approximately 100 thousand railway ties; and several thousand telephone and telegraph poles.

Unfortunately, opportunities for Canadian lumber are limited at present because of Israel's foreign exchange difficulties. Most supplies are obtained from European sources under bilateral clearing agreements or on medium-term credit. However, Canadian exports of sawn lumber to Israel totalled $278 thousand in 1950 (2·7 million FBM), $1·9 million in 1951 (18·9 million FBM), and $572 thousand in 1952 (6·1 million FBM). They were made up mainly of Douglas fir, hemlock and spruce.

—H. W. RICHARDSON
Commercial Secretary for Canada

Australia's Gold Production

MELBOURNE—Although gold production in Australia is still much below prewar, official figures show that output has increased during the last two years. The upward trend continued in the first quarter of 1953. Production in the postwar years compared with 1939 is shown in the following table:

Australian Mine Production of Gold

(in fine oz.)

1939	1,645,697	1950	869,537
1946	824,480	1951	895,536
1947	937,654	1952	982,240
1948	885,507	1952 January-March	215,717
1949	889,058	1953 " "	249,615

Since November 1951, the bulk of Australian gold production has been sold for dollars on overseas premium markets for a return higher than the official fixed price of £A15.9.10d. per fine oz. In December of that year, the premium averaged £1.3.6d. per fine oz.; throughout 1952 it ranged between £1.11.1d. and 14/–, and averaged £1.0.6d. In each of the first three months of 1953 the premium has averaged £1.3.1d., 17/5d. and 16/4d., respectively.

These extra returns have undoubtedly played a part in stimulating greater activity within the industry, but producers realize they cannot rely too much on this factor because of the marked variation in the premium obtained from one month to the next. The bulk of the increase in output during 1952 came from Western Australia where operations were limited to the treatment of higher grade ores because of rising costs.

Canada's Trade with the Bahamas

Canada's sales in the Bahamas market have increased since 1938, though her proportionate share in this trade has dropped slightly. Competition from the U.S. and from sterling countries continues keen.

KINGSTON—The economy of the Bahamas, with its 80,000 population, fundamentally is based on the tourist trade. This trade is centered in Nassau and the visitors come largely from Canada and the United States. They create a demand for quality goods, largely from North America. Local industry is very small and unimportant.

Leading Suppliers

As in Jamaica, the great proportion of imports come from three sources—the United Kingdom, the United States, and Canada. The table below gives exports and imports for the years 1938 and 1951, and shows the percentage going to, or originating in, each of the three countries. (Bahamas' statistics).

TRADE OF JAMAICA

	1938				1951			
	Imports value c.i.f.	%	Exports value f.o.b.	%	Imports value c.i.f.	%	Exports* value f.ob	%
Total	£1,138,909	100	£148,477	100	£7,650,419	100	£728,680	100
U.K.	264,986	23·3	41,992	28·3	2,040,657	26·6	70,548	9·7
Canada ..	131,677	11·6	36,191	24·3	777,200	10·1	95,059	13·1
U.S.	513,340	45·0	34,313	22·9	3,179,996	41·2	186,066	25·5

* Not including re-exports.

Assuming that prices have increased by about two and a half times between 1938 and 1951, it seems that 1951 imports from Canada were still substantially greater by the 1938 price standard, although Canada's share of the market has fallen slightly. The United States has remained the leading supplier and the United Kingdom gained only slightly.

Trend Through the Years

What are the principal commodities in the Bahamas' purchases from Canada and have they changed over the years? An analysis of the statistics shows that the composition of Canada's imports to the Bahamas has scarcely varied since 1938, though trade in the individual commodities has sometimes fluctuated. The table below gives the ten leading Canadian imports into the Bahamas in 1951, by value, and compares them with total imports of each commodity.

Imports from Canada

Commodity	Imports from Canada (1951)	Total Imports 1951
Flour of wheat	£219,543	£220,644
Evaporated milk	66,845	77,167
Lumber	66,123	136,679
Hams and bacon	35,797	74,984
Other meat, canned	34,063	54,546
Potatoes	24,984	31,309
Fresh meat	19,624	264,447
Whisky	18,927	70,724
Shingles	18,749	37,486
Paper (including toilet, wrapping, bags)	17,388	93,787

Sources of Imports

In some of these commodities, the main competition comes from sterling countries, which reap the benefit of the present import restrictions against dollar goods. Australia supplied in 1951 nearly half the fresh meat purchased, more than two-thirds of the canned beef and pork, and nearly four-fifths of the condensed milk. The United Kingdom is the source of practically all the imports of biscuits, confectionery, chinaware, lard, tires, and common soap. Britain also supplies over half the roasted coffee, boots and shoes of rubber, whisky, toys and games, and nearly half the toilet preparations. Nearly half the butter brought in now comes from New Zealand; in 1938, Canada had, proportionately, nearly as large a share as New Zealand in that trade.

The United States now supplies a slightly smaller percentage of the total imports into the Bahamas than in 1938, but in certain lines Canada finds it difficult to compete with U.S. products. From the United States comes half the cheese imported, about two-thirds of the apples, two-thirds of the jams and jellies, half the pickled beef and pork, about two-fifths of the hams and bacon, three-quarters of the canned vegetables, and nearly all of the poultry and game.

Nor are imports from the United States by any means confined to foodstuffs. U.S. manufacturers supply the major portion of the following goods: insecticides, fertilizers, medicines and drugs, machinery, wire fencing, auto parts, paper, boots and shoes (not rubber), electrical apparatus, furniture, glassware, hardware, hosiery, and hats and caps.

Trend of Sales

In certain categories of imports, Canada has been able, since 1938, to increase her share of the market in the Bahamas. The products which have registered sales increases include flour, canned fish, hams and bacon, evaporated milk, whisky, medicines and drugs, lumber, shingles, and stationery. Products which have lost ground in this market include butter, cornmeal, lard, canned beef and pork, hats and caps, tires, rubber boots and shoes, and cement. Foodstuffs take first place in Canadian goods going to the Bahamas; the only other important imports are lumber and shingles, toilet preparations, and possibly paper products.

Looking back to prewar days, it is possible to see certain reasons why Canada now has a smaller share of the market in the Bahamas, percentage-wise, than she enjoyed in 1938. Then, shipping services from Canada to the Islands were adequate and refrigerated space available. The British preferential tariff rates were in effect and restrictions on imports were not necessary. Today ocean freight services continue to be good but refrigerated space is lacking. Tariffs remain the same, but severe import restrictions, because of the dollar shortage, operate against goods from Canada and the United States.

A number of other factors seem to militate against the demand for Canadian products:

- Frequent freight sailings from Miami (only 200 miles distant) and consequent lower freight rates. This is important because duties are charged on c.i.f. values.

- Small quantities purchased frequently from Miami simplify the buyer's stock position and financing. These advantages apply in lesser degree also to purchases from New York.

- Carlot purchases from Canada, to obtain the best price and freight, provide too great a quantity for most importers.

- The Miami freight advantage is most noticeable in bulky goods such as furniture and electrical appliances (refrigerators).

- Proportionately few Canadian salesmen visit the market to try for what dollar business there is.

If the import restrictions were removed, dollar trade would probably improve. However, at best the Bahamas would continue to be a relatively small market for Canadian products—perhaps for $3 to $4 million worth a year.

—M. B. Palmer
Canadian Government Trade Commissioner

Data for Exporters

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

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

India

Thirteen Months at Sindri . . .

The great fertilizer factory at Sindri, built in a one-time jungle, made a small profit in its first 13 months; is proving invaluable in the grow-more-food campaign now under way.

NEW DELHI—An outstanding illustration of India's industrial and economic progress is the Sindri fertilizer factory, the largest in Asia and the first of the big government-owned projects to begin full operations since India achieved independence. The factory was formally opened just over a year ago, although limited production began several months before. Sindri Fertilizers and Chemicals Limited is a private limited company with the Government as the sole shareholder. It has a rated capacity of 1,000 long tons of ammonium sulphate a day and current production has almost reached this level.

The factory is situated on the banks of the Damodar River adjacent to rich coalfields which provide the 1,200 tons of coal which the plant uses every day. The Damodar has been dammed to provide water and electricity comes from its own thermal plant which generates the 60,000 kw. required by Sindri, as well as 20,000 kw. which is supplied to the Damodar electric system as a thermal bridge when water is low.

Obtaining Raw Materials

The principal raw material used in the production of ammonium sulphate is gypsum—1,800 tons a day, obtained in the central part of India. Coke requirements, estimated at 500-600 tons per day, are obtained from the Indian Iron and Steel Co. Ltd. in nearby Bengal. However, arrangements have been made to instal a battery of coke ovens at the Sindri plant to produce 600 tons of coke per day.

By-products of the plant will provide raw materials for two more industries which are to be established at Sindri. The first will be a small plant producing urea and ammonium nitrate at the rate of 32 to 35 tons per day. The gases from the coke ovens will provide the basic raw material for these products. The second is to be a cement factory which will use the principal by-product of the fertilizer plant, calcium carbonate sludge.

Township Planned

A township planned on modern lines to accommodate the staff of the factory has been designed to cover an area of over 400 acres. There is a central 100-bed hospital and such other amenities as welfare centres, clubs, schools and markets.

—Indian Information Bureau.

To accommodate the workers at Sindri, here seen going off shift, a modern town has been built on a 400-acre site. It includes a hospital, welfare centre, schools, markets, and even social clubs.

The cost of the Sindri plant so far is estimated to be Rs.2,300 million (about $48 million). The company recently issued its first balance-sheet and profit and loss statement, covering operations during the thirteen months ended March 31, 1953. From gross profits, the sum of Rs.3,516,414 (approximately $750 thousand) was deducted for payment of interest on capital investment. The net profit was Rs.95,883 (approximately $20,000). Paid-up capital is Rs.170 million (about $33 million), which makes Sindri India's largest business unit, except for the Indian Railways which are state-owned. In addition, the Government of India has loaned Sindri a further Rs.75 million ($15 million).

Ammonium Sulphate Produced

It is generally considered that Sindri has made a good start. The production of ammonium sulphate in India saves expenditure of foreign exchange totalling approximately Rs.100 million ($20 million) a year by reducing imports of fertilizer. This is most important for the Indian economy. However, price is also important and the Sindri plant has been able to make its product available at prices lower than the landed cost of imported ammonium sulphate. It is expected that production costs and thus the price of ammonium sulphate can be cut further.

There have been some difficulties in transporting stocks of ammonium sulphate throughout the country and in marketing it. At the present time, the Agricultural Departments of the State Governments are responsible for distribution and sales within their states, but the Sindri management may establish its own marketing organization.

The use of fertilizers, and particularly of ammonium sulphate, is of vital importance to India. Because of the shortage of fuel, animal manure is made into cakes and used instead of wood or coal by the majority of Indian agriculturalists. This means it is not returned to the land as fertilizer. Therefore, the need for increasing amounts of ammonium sulphate for Indian food production is acute, especially if the important target of self-sufficiency in food grains is to be achieved.

Fertilizers Badly Needed

If nitrogenous fertilizers were applied to Indian agriculture on a country-wide scale for all soils and all crops, the annual requirements of ammonium sulphate would be about 12 to 13 million tons. However, present requirements are estimated at 2¼ million tons. The use of even this minimum, however, presents several difficulties. The main one is convincing the Indian farmer of the value of fertilizer and the proper methods of using it. In addition, the cost of fertilizer is beyond the reach of a great number of peasant farmers unless some form of credit can be devised.

At present, therefore, the annual consumption of ammonium sulphate in India is estimated at 450 thousand tons and it is thought that this figure will increase to 600 thousand tons by 1956. Indian production at present is rated at 428,670 tons a year, comprising the production at Sindri (350 thousand tons) and three other much smaller plants. The small net deficit is made up by imports, which today are about 65,000 tons a year.

—R. K. THOMSON
Acting Commercial Secretary for Canada

For a story on the building of this plant, see "Foreign Trade" of June 28, 1952.

Transportation

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

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

Australia's Petroleum Industry

SYDNEY—The demand for petroleum products in Australia, as in other countries, is growing rapidly and the market is absorbing more and more of all the principal products—including aviation gasoline, motor gasoline, kerosene, lubricating oils, gas oil, diesel oil and fuel oil.

Because Australia has no natural crude oil, she must depend almost entirely upon imports of petroleum from overseas, either refined products or crude oil for local refining. Prospecting for oil has recently been intensified but, though suitable geological structures have been found, so far no one has struck oil. The principal areas under investigation lie in Western Australia and South Australia, although the search has extended to Victoria, Queensland and Papua. The only indigenous liquid fuels are coke-oven benzol and power alcohol used for blending with motor gasoline. Australia draws her supplies of motor gasoline, kerosene and crude oil almost equally from Middle Eastern and Far Eastern fields; most of the lubricating oil and some aviation gasoline is imported from the United States.

Industry Being Developed

In recent years the world-wide trend towards refining crude petroleum at the source rather than at the point of consumption has been changing and, even without supplies of natural crude oil, Australia is developing a petroleum refining industry. This industry provides a small percentage of the petroleum products consumed; most of the refined products are imported. At present there are refineries in each of the States and plans to expand refining capacity are going forward.

Refining Plants Going Up

The most important development is the new refinery being built by the Anglo-Iranian Oil Co. at Kwinana in Western Australia, at a cost of £A50 million. The Shell Oil Co. is constructing a refinery at Geelong, Victoria; Caltex is building one at Kurnell, just outside Sydney. In addition, Standard-Vacuum Refining Co. Ltd., is spending £A17 million on a modern catalytic cracking plant beside its refinery at Altona near Melbourne. When these four new major refineries are operating, between 1954 and 1956, they will add 5·9 million tons of oil a year to the local refining capacity. When one realizes that total refinery production in Australia for the year ended December 1952 was under 950 thousand and consisted mainly of motor gasoline and fuel oil, one gets a clearer idea of what this expansion means.

Late in May, the Shell Company also opened a lubrication oil plant and research laboratory at Clyde, New South Wales, representing an investment of £220,000. It is scheduled to produce about two million gallons of new oils for industry each year, and should make Queensland and New South Wales independent of imported oils.

All the refineries in Australia are straight distillation only and the proportion of products derived from crude oil varies with the characteristics of the crude itself. The supply of petroleum products to the Australian market meets the present demand, but within the next few years a much higher proportion will come from local refineries. The range of products may not necessarily fit the Australian pattern of consumption and possibly some of the refined products will be exported while certain products—such as lubricating oils—will continue to be imported. It is certain, however, that within the next four years local refineries will supply most of Australia's refined petroleum products; at present, 80 per cent of these products are imported.

—C. M. Forsyth-Smith
Assistant Commercial Secretary for Canada

Trade and Tariff Regulations

CZECHOSLOVAKIA

Specific Duties Adjusted Following Revaluation—Effective June 2, all customs duties expressed in crowns on goods imported into Czechoslovakia are being converted at the rate of five old crowns to one new crown by virtue of the Czechoslovak Act on Monetary Reform of May 30. This means an increase in the duties.

Duties on items bound under the General Agreement on Tariffs and Trade, however, will be multiplied by the coefficient of 0·72, which has the effect of maintaining the existing levels of duties on these items.

UNITED KINGDOM

Imports of Synthetic Yarns and Fibre from Dollar Sources—The Board of Trade, in a notice of August 29, announced that, in order to assist manufacturers to extend the range of their exports of textiles, they are willing to consider applications for licences to import from dollar sources limited quantities of particular synthetic yarns and fibre of types not at present produced in the United Kingdom.

Licences will be issued to those applicants who, on the basis of past performance or other relevant considerations, are most likely in the view of the Board of Trade to so extend their exports.

Applicants will be required to undertake to export initially at least 50 per cent of the imported yarn or fibre after processing in the United Kingdom.

General Notes

AUSTRALIA

Gasoline Prices Reduced—The retail price of gasoline throughout Australia, which is subject to price control, has been reduced by 1½d. a gallon. Lighting and power kerosene has been reduced by ½d. a gallon, distillate by 1d. a gallon, and diesel and furnace oil by £1 a ton. This means that in the Sydney metropolitan area, the price of gas has dropped from 3/6½ to 3/5d. a gallon. The oil companies applied for an increase in price, based on higher overhead costs and the fact that the world price had risen. But the Prices Minister decided to reduce the price by 1½d. a gallon, asserting that lower freight rates have meant lower landed costs—Sydney, Aug. 9.

BARBADOS

Flour Trade—Since April 1, 1953, when the Government of Barbados discontinued the bulk purchasing, price control, and subsidization of flour, the trade has been conducted smoothly through commercial channels. Stocks have remained steady and both bakers and retailers have been well supplied. Some household brands in small packages have appeared on the market and are in good demand. The price has increased only by the amount of the previous subsidy, and there has been no increase in expenditures of hard currency for flour—Port of Spain, Aug. 19.

GRENADA

Livestock Breeding Unit—The first of three livestock breeding units has been established by the Agriculture Department to assist peasant stock owners. The unit consists of a Jersey bull, a large black boar, a British Alpine ram and a Wiltshire horn ram. These units are being set up under a Colonial Development and Welfare scheme for the development of small-scale agriculture in Grenada. The Department of Agriculture also is appointing an expert to organize an artificial insemination scheme for colony-wide cattle breeding—Port of Spain, Aug. 19.

ISRAEL

Goods on Credit from U.K.—Long-term credit facilities have recently been extended to Israel by two British firms following approval by the Board of Trade and Bank of England. The first covers the sale of tractors to the value of £300 thousand on the basis of 25 per cent cash and the remainder on a three-year credit. The second sale involves 100 omnibus bodies valued at $600 thousand, to be settled by a 15 per cent cash payment on delivery and the remaining 85 per cent through a four-year credit—Athens, Aug. 17.

MEXICO

Trade Balance—Foreign trade balances deteriorated in April-June, and an excess of imports of 251·6 million pesos in June brought the unfavourable balance for the first half of the year up to 583·6 million. In 1952, Mexico's imports exceeded exports by 1,268·4 million pesos —Mexico, D.F., Aug. 26.

SCOTLAND

Steel Development—Important development schemes for the Scottish iron and steel industry have been announced in the second report of the Iron and Steel Corporation of Great Britain. A scheme for a new blast furnace, steel-making furnaces and rolling mills is estimated to cost £25 million. The new plant will be associated with the installation of extra ore handling equipment at Glasgow docks and will create an integrated iron and steel works at Motherwell. A £9 million scheme for coke ovens and blast furnaces, mainly for foundry work at a Gartsherrie iron works, is also included in the plan—London, Aug. 28.

SURINAM

Trade Improves—Surinam's total value of trade in 1952 amounted to 102 million guilders, as compared with 85 million in 1951 and 71 million in 1950, according to a press announcement by the Minister of Economic Affairs. Gold and foreign exchange reserves at January 1, 1953, stood at 14·9 million guilders, an increase of 5·6 million over the previous year. During 1952 the Government's budget showed a credit balance of 6·4 million guilders—Port of Spain, Aug. 19.

TRINIDAD

Price Decontrol Succeeds—A survey shows successful results from the removal of price controls on a large number of commodities during the past six months. No signs of profiteering, price manipulation or improper distribution of goods have appeared, and in some instances prices have moved downward—Port of Spain, Aug. 17.

UNITED KINGDOM

Engineering Exports—The United Kingdom's share of the world market for engineering products is determined mainly by her ability to compete with the United States and Germany. According to an official estimate, in the first five months of this year the annual rate of exports of British engineering equipment fell by 3 per cent in value as compared with last year. During this period, Germany's rate remained constant. The export rate from the United States in the first five months rose by 3 per cent. Britain appears to have lost a little ground and there is no reason to suppose at the moment that British engineering exports are rising faster than those of the other two countries—London, Aug. 31.

Trade Commissioners on Tour

FROM TIME TO TIME Canadian Trade Commissioners return to Canada to bring themselves up-to-date on conditions in this country and to renew their contacts with businessmen here. Details of their itineraries appear regularly under this heading, as a service to exporters and importers who would like to discuss trading problems with them.

D. S. Armstrong, Canadian Government Trade Commissioner in Singapore, began a tour of Canada in Ottawa, September 1-4. He will visit Montreal, September 21-25, and Toronto, October 19-24.

J. C. Depocas, Canadian Government Trade Commissioner in Guatemala City, began a tour of Canada in Quebec City on August 17. His itinerary is:

Winnipeg—September 16
Calgary—September 18
Vancouver—September 21-26
Montreal—September 30-October 10

G. F. G. Hughes, Canadian Government Trade Commissioner in Beirut, began a tour of Canada in Montreal, September 8-15.

Arvida—September 16
Peterborough—September 18
Toronto—September 21-25
Hamilton—September 28
Brantford—September 29
London—September 30
Vancouver—October 1-7
Edmonton—October 8
Winnipeg—October 12
Ottawa—October 13-16

B. A. Macdonald, Commercial Counsellor for Canada in Bonn, Germany, began a tour of Canada in Ottawa, July 6-10. His itinerary is:

Vancouver: Victoria—September 9-16
Ottawa—September 28-October 2

Note: Mr. Macdonald's tour of Ontario was postponed temporarily because of illness.

J. H. Stone, Assistant Commercial Secretary for Canada in Paris, began a tour of Canada in Montreal, August 31-September 4. His itinerary is:

Edmonton—September 16
Winnipeg—September 18
Ottawa—September 21-22
Toronto—September 24-30
Hamilton—October 1
St. Catharines: Welland—October 2
Windsor: Walkerville—October 5
Sarnia—October 6
Kitchener—October 7
Preston: Brantford—October 8
Guelph—October 9
Ottawa—October 12

T. R. G. Fletcher, Canadian Government Trade Commissioner in Hong Kong, began a tour of Canada in Ottawa, June 29-July 10. His itinerary is:

Winnipeg—September 27
Calgary—October 1
Edmonton—October 2
Vancouver—October 6-19
Victoria—October 20

T. J. Monty, Commercial Secretary for Canada in Brussels, Belgium, began his Canadian tour in Montreal, August 24 to September 4. His itinerary is:

Toronto—September 14-19
Guelph: Fergus—September 21
Brantford: Hamilton—September 22
St. Catharines: Welland—September 23
London—September 24
Sarnia—September 25
Windsor—September 26
Vancouver—October 5-10
Winnipeg—October 12-13
Ottawa—October 15-17

Businessmen may get in touch with these officers through the Board of Trade in Brantford, Guelph and Montreal; the Chamber of Commerce in Calgary, Kitchener, London, St. Catharines, Windsor, Sarnia, Hamilton, Peterborough, Preston and Arvida; the Canadian Manufacturers Association in Edmonton, Winnipeg and Toronto; the Dept. of Trade and Industry in Victoria; and the Department of Trade and Commerce in Ottawa and Vancouver (355 Burrard St.).

For Your Information . . .

The Directories listed were last published in these issues:

Foreign Trade Service Abroad................September 5

Head Office Directory ....July 11

Area Breakdown, Foreign Trade Service..........April 18

Foreign Commercial Representatives in Canada....August 8

Foreign Exchange Rates

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

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

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

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

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

For conversion to United States dollar equivalents multiply by 1·01138.

Country	*Unit*	*Type of Exchange*	*Canadian dollar equiv. Sept. 3*	*Notes (See below)*
Argentina	Peso	Preferential buying	·1318	
		Basic buying	·1977	
		Preferential selling	·1977	(1)
		Basic selling	·1318	
		Free	·07117	
Austria	Schilling		·03803	
Australia	Pound		2·2215	
BelgiumLuxembourg & Belgian Dependencies	Franc		·01982	
Bolivia	Boliviano	Official	·00520	
British West Indies	Dollar		·5785	(3)
	Pound		2·7769	(4)
	Dollar	Brit. Honduras	·6942	
Brazil	Cruzeiro	Official	·05346	tax 8%
		Free	·02502	(2)
Burma	Kyat		·2076	
Ceylon	Rupee		·2083	
Chile	Peso		·00899	
Colombia	Peso	Basic	·3955	
Costa Rica	Colon	Official	·1761	(5)
		Free	·1489	*
Cuba	Peso		·9887	tax 2%
Cźechoslovakia	Koruna		·1373	
Denmark	Krone		·1431	
Dominican Republic	Peso		·9887	
Ecuador	Sucre	Official	·06592	(6)
		Free	·05699	
Egypt	Pound		2·8393	
Fiji	Pound		2·5017	
Finland	Markka		·00430	
France	Franc		·00283	
French Africa	Franc		·00565	
French Pacific	Franc		·01555	
Germany	D Mark		·2354	
Greece	Drachma		·000033	
Guatemala	Quetzal		·9987	
Haiti	Gourde		·1977	
Honduras	Lempira		·4944	
Hong Kong	Dollar	Free	·1657	*Aug. 14
Iceland	Krona	Official	·06071	
		Special buying	·04675	
		Special selling	·03767	
India	Rupee		·2083	
Indonesia	Rupiah	Basic	·08673	(7)
		Dollar certificate	·00186	*

* Latest available quotation date.