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South Africa Faces Readjustments	2
India Expands Its Steel Industry	6
Doing Business by Mail	9
General Notes	
Denmark, South Africa, Southern Rhodesia, Venezuela	11
✓ The Paint, Pigments and Varnish Industry	12
Report on Saudi Arabia	16
Trade Commissioners on Tour	18
Commodity Notes	
Argentina, Australia, Brazil, Cuba, India	19
Netherlands, South Africa, Spain, United States . .	20
Brazil Revamps Controls	21
Trade and Tariff Regulations	
Australia, Indonesia	25
Italy, Netherlands, Peru, United Kingdom	26
Venezuela, Western Germany	27
Foreign Exchange Rates	28

COVER . . . This scene on an ostrich farm in South Africa illustrates one of the minor industries in the Union today. For news of the major industries and of agriculture, turn to page two, where our Cape Town office reports on the Union's economic progress and problems in the first half of 1953.

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South Africa Faces Readjustments

Postwar expansion in the Union is giving way to a policy of consolidation and readjustment. Overall economic activity is good, with wool, fruit and base mineral exports high.

CAPE TOWN—Economic development in South Africa has in recent years depended on the obtaining of international loans to supplement foreign exchange earnings because these earnings are insufficient to provide capital for both private and public projects.

The remarkable postwar growth of secondary industry has meant increasing pressure on overseas loan funds and their growing scarcity has emphasized the Government's responsibility for maintaining a well-balanced economy. In the words of the Governor of the Reserve Bank of South Africa "... Slowing down of (private) economic activity ... (is necessary) ... in consequence of the need for consolidation and readjustment after a period of unprecedented expansion and development and of severe strain in the economy as a whole".

This trend, increasingly in evidence since 1951, was given formal recognition by the Finance Minister when he belatedly presented the Budget for the fiscal year commencing April 1, 1953. He used the phrase "consolidation and readjustment as a conscious public policy". Private enterprise has reached a plateau of activity and this will mean adjustments throughout industry, commerce and finance.

Some Shifts Indicated

A major expansion of public enterprise—notably of rail communications and electricity supply—is essential to the building of a balanced economy but this expansion, involving an expenditure of several hundred million pounds, can be financed only by diverting a larger proportion of the national income to the Government and by pre-empting overseas loan funds. The new policy will change the channels of spending but the volume of expenditure will be at least as large.

Trade and Industry

Production of goods and distribution through wholesalers and retailers are reflecting greater price competition as a buyer's market develops. Output and turnover are being maintained but profit margins are narrowing, credit facilities to wholesalers are being extended, and instalment buying is increasing.

The clothing industry is active and is turning more and more to domestic textiles, though materials from soft currency areas are in good supply. The footwear industry is running at a good pace; raw materials present no problem, factories are fully employed, and skilled labour becoming scarce. Agricultural equipment—including trucks, cars and

farm maintenance supplies—is moving well, with a notable demand for tractors. The building material industries are active. Cement, steel and hardware are in good supply but the forward position for softwood lumber is temporarily obscure now that 1953 import quotas are exhausted and those for 1954 not yet available. The building trades are active, with approved building permits for the first seven months of the year, to the value of £35 million, about 4 per cent over the similar period last year.

The exchange position deteriorated during the first half of 1953. Despite a decrease in the unfavourable balance of trade from £62 million in the first half of 1952 to £47 million in the first half of 1953, reserves declined £26 million, compared with £15 million in the first half of the previous year. The shrinkage has continued and reserves on August 14 totalled £91·7 million, or some £8·3 million less than the traditional essential minimum. Improvement is expected during the fourth quarter, both through the customary late-year decline in imports and from returns on the new season's wool clip. The main reason for the decline in reserves was the reduced capital inflow into South Africa.

Price Levels

Indices show that wholesale and retail prices are no longer advancing. After rising from 1,473 to 1,522 between May and November 1952, the wholesale index (1948=1,000) declined to 1,480 in May 1953. Imported goods have played a major part in this trend, with the index for wholesale commodity imports declining by 63 points in the year to May 1953. Domestic prices too are moving downwards, but more slowly. The domestic index, after standing at 1,451 in December last, declined by 30 points in the first half of '53. The retail price index, which was 1,242 in May 1952 and 1,295 in November of the same year, went down to 1,290 in May 1953.

“The Railways”—the State transportation monopoly which includes freight and passenger transport by rail and bus, terminal facilities, harbour operations and the internal airways—continue to be fully occupied, but

Statistics Tell the Story . . .

So far in 1953, South Africa has:

- *Produced a bumper maize crop, 12 million bags more than in 1952.*
- *Received the second highest return in its history for the wool clip of the 1952-53 season.*
- *Watched the value of its diamond exports in the first five months of 1953 fall £4 million below the same period last year.*
- *Increased its production of gold in the first six months of '53, but received a fractionally lower return.*
- *Made progress with its uranium recovery project, with three plants in operation by June 1953.*

the growing deficit on operations which appeared in the second half of 1952 following several profitable years has continued. During the year revenues increased by 2·7 per cent but expenditures rose by 13 per cent. Prices of rolling stock and other equipment, permanent way materials and coal continued to climb and improvements in employment conditions, salary increases and a rise in the cost-of-living allowance made it impossible to achieve the traditional surplus.

Total volume of freight traffic carried by the railways during the fiscal year ending March 31, 1953, amounted to 69 million tons, an increase of 5·9 per cent over 1952 which was itself a record.

On August 1, all rates were advanced by 15 per cent. The combination of this and the continuing movement of heavy tonnages raised gross weekly earnings to above £2·0 million. Each of the three weeks to August 22 brought new earnings records. Receipts for the week ended August 22 totalled £2,242,721. Freight mile tonnage and livestock movements also established new records for volume and the weekly freight revenue for the first time exceeded £1·5 million.

Agriculture Reports

Agriculture and the pastoral industry had an excellent year and are stimulated by prospects of a favourable one to come. Land values are high, capital available and farm people spending freely. No section of the community, in fact, is in a better position.

Maize: Maize growers harvested 32·5 million bags and received some £55 million for the crop. The increase of 12 million bags over the 1952 harvest was at once a bonus for the farmer and a windfall to the Treasury, which otherwise would have been obliged to finance the purchase of overseas supplies for government account.

Wheat: Lack of rain during the planting season reduced the wheat harvest for 1952-53 by 1·2 million bags to 5·9 million bags. However, increases in the government purchase price offset the lower yield and the farm cheque was not far short of that for the previous year.

Sugar: The 1952-53 crop is officially estimated at 705 thousand tons of raw sugar, an increase of 22 per cent over the 1951-52 season and a record for the Natal cane producers.

Wattle Bark: The wattle industry continues to expand. Cane areas are being planted with wattle to provide additional production. Shipments for the first four months of the year were 12 per cent above the similar period last year, but lower prices meant little increase in return to the grower.

Fruit: Production of citrus fruit was above average, with exports to the middle of July 35 per cent above last year.

It was a good year for producers of peaches, plums, apricots and nectarines and particularly growers of export grapes. The latter shipped 3·5 million crates compared with 2·2 million in the previous year and received an additional 4/- per case. Exports of deciduous fruits, including grapes, amounted to 5·8 million crates compared with 3·9 million in the previous year.

The wine grape crop was excellent and the vint 40 per cent above the previous year. Quality of new wine was good and premium prices to growers were the rule rather than the exception.

Wool: Only once in the history of the country has the weight and average quality of the clip or the return exceeded that of the wool year which ended on August 31st. Almost £60.6 million (or £11.5 million more than during the previous year) was distributed to growers in a year of wool sales free from violent price fluctuations and with an almost unbroken advance in prices, which increased by 20 per cent.

Mining and Fishing

Gold: Half-year production of new gold amounted to 5,848,306 fine ounces, an increase of 24 thousand fine ounces. The gross return to the industry—£72.6 million—was, however, fractionally below that for the similar period of last year because of a revaluation of gold to £12.6.3d. (previously £12.8.3d.) per fine ounce and to the smaller premium on commercial gold.

Uranium: The uranium recovery project which promises to improve the earning power of the gold industry is developing rapidly, with three of the four recovery plants to be operating this year already working on June 30. Sixteen additional mines are participating in the recovery project and a further £4 million recovery unit will be in operation by mid-1954.

Diamonds: World sales of diamonds declined by £6.8 million to £31.5 million during the first half of the year, primarily because the sales of industrial stones fell by £5.7 million. The value of diamonds exported from the Union in the first five months of the year—£9.1 million—was £4 million below the same period of last year.

Base Minerals: Sales of all minerals (other than gold and diamonds) during the first four months of the year totalled £16.7 million, or an increase of £1.5 million. This resulted mainly from increases in the value of sales of coal, manganese ore, copper, chrome and iron ores, somewhat offset by lower values for asbestos and osmiridium.

During these four months, export shipments of chrome ore, copper and manganese rose substantially both in volume and in value. Asbestos exports, however, were off by about one-third in both quantity and value.

The annual income of the Union's fishing industry has reached about £13 million, with products in good demand both at home and abroad. The 25 modern factories in the Union which produce canned pilchard and lobster, frozen lobster tails, pilchard meal and fish oil are healthy and prosperous and should not be appreciably affected by the conservation measures introduced in 1953.

In fact, despite some weak spots, the overall picture in the Union is satisfactory. The Minister for Economic Affairs summed it up in one sentence a short while ago: "Economic conditions are healthy, factories are working full time, there is no unemployment, retail turnover is satisfactory, good agricultural crops are anticipated, wool prices are firm."

—KENNETH F. NOBLE

Canadian Government Trade Commissioner

India Expands Its Steel Industry

Aided by native raw materials and a good labour supply, India's steel producers are turning out over a million tons of finished steel and expansion is continuing.

NEW DELHI—India's iron and steel industry is undergoing an expansion designed to meet the needs of a growing industrial economy. The country is fortunate in its plentiful supply of ore, averaging between 60 and 69 per cent iron content, located near coal deposits. Most of the major raw materials the industry needs are thus available in quantity and, because labour is plentiful and inexpensive, India is today one of the cheapest producers of steel in the world.

The maximum production of pig iron and steel was reached during the war, when plant was used to capacity to meet defence requirements. Two million tons of pig iron were produced in 1941 and 1.13 million tons of finished steel in 1943. Production fell somewhat in the immediate postwar years, the effect of extensive wartime use of plant and equipment and the lack of replacement equipment. However, 1952 showed a production of slightly over one million tons of finished steel.

Three Main Producers

The total investment of the main producers is about \$300 million, but this figure is by no means based on present day replacement costs. The industry employs about 60,000 people. There are three main producers of iron and steel: the Tata Iron and Steel Co., the Indian Iron and Steel Co., (amalgamated earlier this year with the Steel Corporation of Bengal), and the Mysore Iron and Steel Works. The latter is a comparatively small unit owned and operated by the Mysore State Government. The two former companies are much more substantial and are located in Bihar and West Bengal, adjacent to coal and iron deposits. The total capacity of these three producers is estimated to be 1.9 million tons of pig iron and one million tons of finished steel a year.

Consumption and Imports

Annual consumption of steel in India has stayed at about 1.6 million tons for the past ten years. However, with the progress of large hydro-electric power projects, the establishment and enlarging of heavy steel-consuming industries producing locomotives, ships, machine tools, automobiles, trucks, and textile machinery (which are included in India's Five Year Plan) by 1957 Indian steel requirements may reach approximately 2.8 million tons. Despite its considerable iron and steel industry, the country has to import substantial quantities of special type steel. In 1950 these steel imports totalled 284 thousand tons; since then, imports have been somewhat lower. Principal suppliers are the United States, the United Kingdom and Belgium.



This distant view of one of India's major industrial plants contrasts the old and the new on the sub-continent. In the foreground, Indian women wash clothes in the river in the ancient way; in the background, the Jamshedpur, East Bengal, works of the Tata Iron and Steel Company.

Several serious problems face the industry, the most vital of which is probably the lack of capital for expansion. This has been solved to some extent by the loan of \$31.5 million from the World Bank guaranteed by the Government of India, by direct loans from the Government of India, and by government adjustment of steel prices in favour of the producers. The expansion program provides for the increase of the plant and equipment of the Indian Iron and Steel Company to turn out an additional 200 thousand tons of steel a year. The Tata Iron and Steel Co. Ltd. will extend its facilities to produce an additional 180 thousand tons of finished steel each year. Tata are also contemplating the erection of a steel tube works producing GI and WI pipe up to and including three-inch nominal bore and with a capacity of 80,000 tons a year. A new strip mill is also included in their plans. The Mysore Iron and Steel Works plan to increase their productive capacity by 70,000 tons of rolled steel a year.

Overshadowing these projects, which are included in India's Five Year Plan, is the government announcement of August 15th that it had reached an agreement with the German companies Krupp and Demag for the construction of a new steel plant in India with an initial capacity of 500 thousand tons a year to be doubled later to one million tons. The German firms will provide technical and financial participation to the extent of \$20 million, out of the estimated \$150 million cost of the project. It is expected that much of the capital will be available eventually in

India, but the official announcement indicates that the World Bank will be approached for aid. This new plant is expected to go into production in four years.

Another difficult problem is the rapidly diminishing reserves of metallurgical coal. India's coal reserves are large but reserves of coking coal are limited and a large proportion is being wastefully used by the railways and by industry who could make do with other types of coal if they were readily available. A policy of conserving metallurgical coal reserves appears essential.

Labour presents another problem. Although it is cheap and plentiful, the labour employed is excessive in terms of present production. Greater efficiency in the use of labour should bring a decrease in the production costs of iron and steel. Part of the industry has been affected recently by labour unrest, taking the form of slow-down strikes.

India has a substantial steel re-rolling industry, comprising approximately 100 plants of varying capacities. Total capacity of the re-rollers is about 750 thousand tons a year. However, production of these plants is not more than 350 thousand tons a year because it is so difficult to obtain sufficient supplies of billets and scrap. Five of the re-rolling mills make special products such as tin plate, wire and wire products, fish plates and spikes, bars and rods, bolts and nuts, rivets, spring steel and hoops and strips.

—R. K. THOMSON

Acting Commercial Secretary for Canada

Northern Ireland's Trade

BELFAST—The first decline since 1945 in the value of Northern Ireland's external trade was recorded in 1952 when the total stood at £456.9 million, compared with £475.4 million in 1951. For the sixth year in succession, imports exceeded exports; the deficit was £26.7 million, compared with £41 million in 1951. Exports totalled £215.6 million (£217.2 million in 1951); imports fell by £16.9 million to £241.3 million.

The recession in the textile industry was the largest single factor in the decline in trade. Imports of textile materials fell substantially in value, both in the raw state (flax was down by £2.9 million and wool by £1.7 million), and in partially manufactured form (cotton goods were down by £5.2 million, woollen goods by £1.8 million). Exports of finished textile goods also declined sharply.

The value of food and beverage exports—£41,182 million—was the highest since 1947. Agricultural produce—eggs, potatoes, bacon and pork, and milk and milk products—all showed increases. Machinery exports increased from £12.6 million to £16.7 million.

Imports of food, drink and tobacco, at £65.6 million, increased by £2.8 million. Machinery imports totalled £17.1 million, compared with £14.8 million in 1951, and motor cars were valued at £6.4 million as against £573 thousand last year.

Doing Business by Mail . . .

Here are some hints from a New York advertising firm on how to sell by mail order—what products are suited to this kind of merchandising and what pitfalls to avoid.

NEW YORK—A few weeks ago I spent half a day with a well-known advertising firm in New York, discussing ways and means of assisting potential Canadian exporters to the United States. This firm plans and arranges advertising copy for many large manufacturers, using the newspapers, magazines, radio and television. I found a Canadian official in the company who showed me through every department and introduced me to the directors.

The Case of the Cardigans

I was particularly interested in hearing about the results of well-planned mail order advertisements. One case in particular should interest small manufacturers in Canada. It concerns one of the smaller and comparatively unknown knit-goods manufacturers in Scotland.

This firm had tried unsuccessfully to introduce its pure cashmere cardigans for men and women through the medium of large department stores in New York.

This was not a success because it was soon found that these American stores were also handling imported cardigans which bore the label of a nationally advertised, and therefore better known, maker. The owner of this small firm in Scotland came to New York and soon was talking with the advertising firm and seeking the best marketing advice.

The American advertising firm persuaded the cardigan manufacturer to insert a one-page colour advertisement in the magazine section of a well-known New York newspaper, at a total cost of \$3,500. Before the end of the week of publication, the Scottish manufacturer began to receive by mail hundreds of orders, with cheques and money orders attached. In fact, within two weeks he was so inundated with orders that the company did not have the capacity to fill them. The office staff spent the rest of the month writing letters to nearly 10,000 potential buyers, explaining why their orders could not be filled and returning their money to them.

Points to Watch

This method of developing sales in the United States has a number of obvious advantages. It is the best and quickest way to find immediate sale for a novelty or any product that is for some reason unique, either because it is new or because the price is especially attractive.

This sales medium can be adapted to merchandising pure wool blankets, ready-to-wear goods such as sweaters, sports clothing, sporting goods, chinaware, electric utensils and especially household gadgets—and also certain handicrafts.

The manufacturer who sells by mail order can usually make the price lower because the importer, wholesaler and retailer are eliminated in this selling direct to the consumer—although this is not always a good idea.

The advertising copy must be well designed and attractive. It must give a complete breakdown of the delivered price of article to the customer, including the extra charges for packing, parcel post or express, and import duty—which, incidentally, should be paid by the manufacturer and included in his price. This can be done most effectively by arranging to have all shipments to the United States cleared at the border by the manufacturer or his customs broker. In this way, the parcel or case reaches the buyer in the United States just like any domestic shipment. It saves him the bother and inconvenience of attending to customs formalities. In fact, this is the most important step in the whole procedure. If the purchaser in the United States finds that he will have to clear the goods through the U.S. Customs himself, he often decides not to buy.

Some of our most active exporters credit their success in large measure to the service they give customers in the United States by relieving them of all customs formalities and arranging to deliver the goods to the buyer's home or warehouse.

Canadian Experience

This mail order idea has already been used successfully by several Canadian manufacturers. The president of one well-known clothing firm in Quebec called at my office and showed me a two-page "spread" that had just appeared in the September issue of a monthly magazine published in New York, with a circulation of 1½ million copies.

Already he had received hundreds of orders from all parts of the United States, which he estimated would total \$400 thousand in value. This is smart merchandising and can be emulated by other manufacturers in Canada if they have the necessary vision, confidence in their product, (the quality must be as good as the advertisement promises) and the money to spend from \$3,500 to \$12,000 for a good advertisement in the most appropriate paper or magazine.

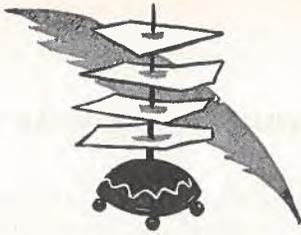
Any manufacturers who wish to have further information about this kind of merchandising or the advertising that accompanies it should write to me in New York.

—A. E. BRYAN

*Deputy Consul General of Canada
and Trade Commissioner*

Tour of Territory

P. V. McLane, Canadian Government Trade Commissioner in Port of Spain, Trinidad, will visit British and Dutch Guiana in the middle of November. Businessmen interested in these areas should get in touch with Mr. McLane at Port of Spain as soon as possible.



General Notes

DENMARK

Butter Exports to U.S.—Negotiations between the Danish export organizations and the British Government have resulted in an agreement on sales of Danish butter to the United Kingdom during the contract year October 1, 1953, to September 30, 1954. For this period the price has been raised by 14 øre per kilogram, or nearly 2·2 per cent, and the quantitative provisions of the previous agreement have been prolonged so that the United Kingdom will continue to take 75 per cent of Denmark's total butter exports—Oslo, Oct. 9.

SOUTH AFRICA

Oil from Coal—The initial capacity of SASOL (government-owned oil-from-coal project) has been increased from 30 million to 70 million gallons a year. Production is to include 55 million gallons of petrol, 4·5 million gallons of diesel oil, 1·8 million gallons of fuel oil and a range of by-products including low temperature tar, 10,000 tons; paraffin wax, 14,000 tons, and ammonia, 9,000 tons. The larger capacity has increased the capital cost by £2·5 million over the intended expenditure of £18 million. Nearly 2·2 million tons of coal will be required each year—Cape Town, Sept. 25.

SOUTHERN RHODESIA

Trade Pact with France—Under a new agreement, France will take £240 thousand worth of Southern Rhodesian tobacco. In return Rhodesia will buy from France—perfume, £5,000; tires, £8,000; cigarette papers, £12,000 and wines and spirits, £35,000—Johannesburg, Sept. 24.

VENEZUELA

Japanese Trade Mission—A Japanese trade mission arrived in Caracas in September to promote goodwill and trade between the two countries. An exhibition of products held in the Caracas Chamber of Commerce included textiles, toys, electrical appliances, kitchenware, and plywood.

The mission was headed by a government representative and the other three members were important executives of Japanese trading companies. There is a possibility that more lenient credit terms than letter of credit will be offered Venezuelan importers and, with regular shipping service now in operation, Japan hopes to increase its exports to this dollar market—Caracas, Oct. 6.

Chemicals V

The Paint, Pigments and Varnish Industry

The advent of new chemicals and the perfecting of new processes have helped to transform surface coatings since the 1930's. Today both industry and householders profit from advances in this part of the chemical industry.

OTTAWA—Few people think of the manufacture of paint, pigments and varnishes as a segment of Canada's chemical industry, perhaps because of the very familiarity of these products. But chemical ingredients and chemical processes are its stock in trade and chemistry is the principal science underlying its development. A knowledge of chemistry, furthermore, is necessary to understand the principal factors influencing its rapid growth in recent years.

To the rest of the chemical industry, Canada's paint, pigments and varnish manufacturers are important for another reason. They provide a substantial outlet for many compounds which are also useful as pigments, solvents and drying agents. Theirs are fairly stable and sizable demands which have tended to grow year by year. Last year some 115 paint and pigment making and mixing plants provided employment for more than six thousand Canadians and used over \$60 million worth of raw materials, most of which were purchased from other chemicals manufacturing companies.

New Applications

Largely as a result of chemical research, the paint industry has been transformed since the 1930's. Much of the credit for this must go to the industry's suppliers. They have turned out such new materials as the alkyd and urea resins in large quantities, as well as the melamines. They have discovered and made available such new ingredients as titanium oxide. But once these new materials were in hand, the paint industry was not slow to take advantage of them. It has gone on to make and experiment with new and sometimes revolutionary applications with an even wider appeal to the general public.

Today you can give your living room two coats of paint in an afternoon and entertain guests that evening. You can apply to your furniture or flooring a varnish film that is practically impervious to blows from a hammer. You can paint your summer cottage with insect repellent coating. You can, in fact, do many things with present day paints and varnishes which were not even thought of a decade or two ago.

Many of these surface coatings have moved out of the laboratory stage only within the last few years—and there are more to come. Evidence of this can be found in the large and well-equipped paint research laboratories which are now being built in Canada to supply the needs of home owners and of other industries in this country.

The day has gone by when white lead, the odd pigment and one or two solvents were mixed up in corners of warehouses and the product used for almost everything. Synthetic resins and, more recently, emulsion-type paints have begun to take their place.

Latex Emulsions Appear

As an example, look at the impact of latex emulsions on the paint and varnish industry. As recently as 1950 they were merely referred to as "promising developments". Today they are heralded as the most outstanding development in the surface coating field in the last decade. They are even said to rank with the cellulose lacquers which were brought in soon after World War I. These synthetic resins have been gaining in importance since the 1930's. Now there is hardly a paint manufacturer who does not have "rubber" or synthetic latex base paint on his sales schedules.

In this field, as with the other and earlier surface coatings, chemists are now working hard to perfect industrial finishes from these same latex bases, with solvents other than water probably supplying part of the answer. But there is more to it than that. Today the trend is increasingly towards greater specialization in surface coatings. "A special paint for each and every job" appears to be the motto of the industry. Canada's largest manufacturer, for example, now turns out over four thousand different paints—coatings for almost every type of material (wood, stone, brick, cloth, plaster, rubber, plastics, etc.) and in practically every shade imaginable. Much of the energy being devoted to paint research is aimed at making specially designed products, the majority of which will find their principal application in industry.

Then there are the new paints with more appeal to the cost-conscious householder. Varieties have been evolved which can be applied more readily by hand, using new and yet highly practical devices like rollers or spray guns. "Odorless" solvents have been introduced and emphasis placed on fast-drying products with the same sort of market in mind. Their success can be measured by the great numbers of Canadians who have become amateur painters and interior decorators in their spare time.

Technical Advances

In Canada, the paint and varnish industry has taken advantage of many of the technological innovations that have appeared in the United States. But here production has usually been limited to the manufacture of such widely used ingredients as iron, lead and zinc oxide, and to the mixing and packaging processes. Many solvents are aromatic or paraffinic naphthas, by-products of Canada's oil refineries. The rest—except for linseed oil which has always been produced from Canadian flax, and a little soya oil—have, like most of the pigments, always been imported.

Industry has, at the same time, been quick to take advantage of developments elsewhere. During the 1920's it shared in the revolution which saw natural resins displaced by synthetic products—chemicals which helped to provide greater durability, and non-cracking, non-shrinking, quick-drying, water resistance and hardness properties. It was then also that the manufacture of lacquers came more to the fore, providing quick drying surface coverings, paints and enamels which

were essential in the mass production of consumer durables such as automobiles, washing machines, etc. It was during this era too that the manufacture of nitro-cellulose became important to this sector of the chemical industry.

The next major steps were those relating to thinners. Since the 1930's a knowledge of petro-chemistry has become vital, with petroleum distillates largely replacing turpentine as a thinner. These media, furthermore, are being tailored more and more to meet the various needs of industry, with special emphasis on different evaporating rates and solvency. Here events have favoured domestic sources of supply, with Canadian oil refineries helping to furnish many of the raw materials in lieu of turpentine, the greatest proportion of which has always had to be imported.*

As for pigments, white lead is still widely used and zinc oxide remains popular for outside finishes, though research has prompted the success of lithophone, zinc sulphide and, even more recently, the titanium paints. Most of these newer paint and varnish ingredients are being obtained from foreign sources, however, a situation which shows little likelihood of changing, even though several of these minerals are now being mined and exported as concentrates from this country.

Greater progress is being made with the resins and solvents. Several sizable projects have recently been launched in Canada involving the manufacture of such chemicals as phenol, phthalic anhydride, formaldehyde, pentaerythritol, isopropyl alcohol, and acetone. Most of these chemicals are now produced on a scale sufficient to meet all domestic requirements.

Production and Imports

The following table, which indicates the relative importance, value-wise, of production and imports of the paint and varnish industry, also reflects its steady growth over the past 25 years:

Average Annual Value
(in millions of [1950] dollars)

Period	Domestic Production	Imports	Exports	Domestic Supply
1926-30	22.9	1.1	.5	23.5
1931-35	21.8	.7	.6	21.9
1936-40	35.4	1.1	1.5	35.0
1941-45	57.3	1.6	1.5	57.4
1946-50	77.9	2.1	1.7	78.3
1951	86.6	2.3	.9	88.0
1952	93.6	2.2	.6	95.2

The fact that paint imports appear so small relative to domestic production is surprising. However, it should be pointed out that these figures do not include foreign purchases of pigments, fillers and other paint and varnish ingredients. The latter totalled over \$15 million in 1952 and consisted of a wide variety of products, including titanium oxide (\$6 million), carbon black† (\$4 million), lithophone (\$1 million), and other oxides (\$4 million).

* The rest has come from Canada's pulp and paper mills.

† Production of carbon black has recently commenced in Canada.

It appears likely that, in the future, overall demands for these surface coating materials will continue to rise. This will happen partly because of their increasing ease of application and partly because odorless paints and varnishes can be made up in all ranges of colours. These developments have changed interior as well as exterior decoration from a messy, distasteful job to a more pleasing and satisfying experience for the home owner. As with industry, the householder is becoming more conscious of the preservative and resistant qualities of surface coatings and other features becoming better known as these new products are more widely advertised.

Some Unfavourable Factors

All may not be rosy for the paint and varnish manufacturers, however. The declining use of wood for external finishing on buildings is having a depressing effect on sales volume. Other building materials, such as cement, brick, glass, and impregnated papers, are thus setting an upper limit to Canada's output of paints. Some of the newer products such as plastics, which are being more and more widely used in making consumer goods and construction materials such as wall and floor tiling, and sink and table tops, and the growing acceptance of metals for trim and other decorative purposes, are having something the same effect.

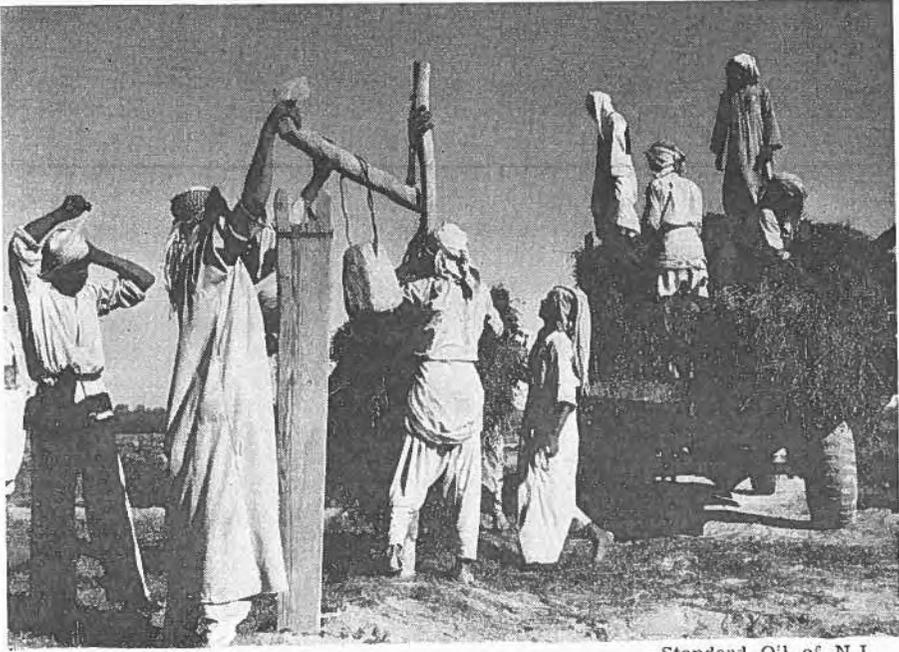
New investment and spending on repair and maintenance, however, will remain the main criterion of sales. As Canadians continue to acquire larger incomes and even, under less favourable conditions, endeavour to keep their possessions in a reasonable state of repair, the growth of our surface coating and allied industries, though it may be more modest than that of certain other chemicals, appears assured.

This article, the fifth in a series of six to appear in "Foreign Trade", was prepared by J. Davis and J. P. Lounsbury of the Department of Defence Production. For the four earlier articles, see our issues of October 3, 10, 17 and 24.—Editor.

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.



—Standard Oil of N.J.

Weighing alfalfa using a primitive scale on a farm in the Najd area.

Report on Saudi Arabia

CAIRO—The last few months have seen a gradual slackening of trade in Saudi Arabia, in contrast to the boom of the past two years. Business conditions in Jedda are definitely dull and even on the east coast of Saudi Arabia, where development projects in towns such as Damman and Al Khobaris are being carried out, trade has fallen off. One reason is the large stocks on hand; another is the competition from certain foreign countries, particularly Germany.

The main factor, however, in the restriction of trade has been the financial difficulties of the Saudi Arabian Government. Revenue from the oil industry, which in the past two years has brought the country prosperity, has decreased because the Arabian American Oil Company effected in 1952 certain payments outstanding from previous years. This year, with payments settled and with a reduction in oil production, the Government's revenue is expected to be appreciably less.

The results of this are already apparent. Payment for many government projects and contracts is in arrears and certain of the more ambitious plans are being shelved. The somewhat tight financial conditions have not, however, prevented expenditure on many luxury goods such as new automobiles and on private projects.

The Saudi Arabian monetary agency which was established in April 1952 on the advice of the Point IV Organization has helped to stabilize the constantly fluctuating currency. The proposed functions of the Agency were to steady the currency, receive government oil royalties, and, in general, advise the Ministry of Finance. Results have shown its value

and the continuous currency fluctuations, especially during the pilgrimage season, have so far been avoided. Branches are now being set up at Mecca and Medina.

The new Saudi gold sovereign is steadily replacing the George Head and is holding firm at about 40 rials. Dollars continue to be plentiful and the rate of 3.15 has been firm for some time. For the past nine months, however, there has been a particular shortage of sterling. There is, in effect, no exchange control in Saudi Arabia nor is the issue of fiduciary notes controlled.

Industry in Saudi Arabia continues to be small. A leather plant is operating in Jedda and a printing plant is nearing completion. A weaving company, under royal patronage, has been formed in Riyadh to encourage local weaving.

Imports into Saudi Arabia from Canada

Copper wire, insulated	548,590
Flour of wheat	373,673
Wheat	160,588
Copper wire, bare	135,672
Autos, freight, new (ton or less)	122,623
Whisky	94,242
Tires for trucks, buses	88,739
Soda and sodium compounds, n.o.p.	83,715
Autos, passenger, new, over \$1,000	79,465
Radio receiving sets	78,248
Milk, evaporated	72,785
Whole milk powder	47,909
Tires for passenger autos	34,021
Gas engines and parts	30,476
Mining machinery and parts	30,065
Calcium compounds	15,766
Fountain pens, including sets	13,977
Aircraft parts	11,468
Bookkeeping and calculating machines and parts	10,629
Lamps and lanterns of metal	10,357

The import of building materials continues on a large scale with the exception of cement, which was imported in large quantities and is now overstocked. Automobiles, hardware, glass, textiles, leather goods and machinery of all kinds are still the main imports. Pharmaceutical products are not in great demand. Because of the large amount of building in past months, the need for prefabricated houses is diminishing.

Foodstuffs, particularly canned goods and sugar, are imported in large quantities. In view of the proposed plan for the electrification of several Saudi Arabian towns, much electrical installation work is going on in cities like Mecca and Taif.

Oil continues to be Saudi Arabia's main export; the others are negligible. No local statistics on imports and exports are issued.

Exports from Saudi Arabia into Canada

Total value	\$7,559,190
Crude petroleum for refining	7,547,376
Coffee, green	10,439

Canada's trade with Saudi Arabia has risen considerably in the past few years. Canadian exports to Saudi Arabia during 1952 were valued at \$2,149,308 Canadian and consisted largely of wheat, wheat flour, tires and tubes, copper wire, milk powder and autos (freight).

Canadian imports from Saudi Arabia were valued at \$7,559,190, with crude petroleum far in the lead.

Trade and market conditions in Saudi Arabia are somewhat unusual and the stiff foreign competition makes extended credit terms almost inevitable in business dealings. Canadian firms dealing with Saudi Arabian merchants should therefore insist on secured dealings whenever possible, either by the opening of an irrevocable letter of credit or by a deposit paid in advance.

—W. H. HOPPER
*Office of the Canadian Government
Trade Commissioner*



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, completes his Canadian tour in Winnipeg, November 23 and Vancouver, December 1-11.

R. P. Bower, Commercial Counsellor for Canada in London, completes his Canadian tour in Toronto, November 2-13, Ottawa, November 16-20 and Montreal, November 23-December 4.

E. H. Maguire, Canadian Government Trade Commissioner in Madrid, Spain, completes his tour of Canada in Ottawa, October 27-November 4, and St. John's, November 7.

Paul Sykes, Canadian Government Trade Commissioner in Ceylon, began a tour of Canada in Quebec City on October 5. His itinerary is:

St. Catharines: Welland—November 3
Brantford: London—November 4

Brockville: Kingston—November 6
Ottawa: Pembroke—November 9-10

Businessmen in the various centres may get in touch with these officers through the following organizations:

Board of Trade—Brantford, Montreal.

Chamber of Commerce—Brockville, Kingston, St. Catharines.

Canadian Manufacturers Association—Toronto, Winnipeg.

Department of Trade and Commerce—Ottawa, Vancouver (355 Burrard Street) and St. John's (Stott Bldg).



Commodity Notes

ARGENTINA

Tractors—Argentina imported some 46,000 tractors during the period 1934-52. The heaviest imports in recent years were in 1948 and 1952 with some 10,000 and 7,000 tractors, respectively. A tractor plant was recently established in Cordoba, but its production is not expected to reduce the number of imports materially. Tractor purchases are expected to be increased in order to fulfil that part of the second Five-Year Plan dealing with the rehabilitation of agriculture—Buenos Aires, Sept. 28.

AUSTRALIA

Chemicals—The Colonial Sugar Refinery Chemical Pty. Ltd., has opened a new £4.5 million factory in the Sydney suburb of Rhodes. The factory is jointly controlled by the Colonial Sugar Refinery and the Distillers Co. Ltd., one of Britain's largest manufacturers of industrial chemicals. It will produce industrial chemicals, including cellulose acetate, acetic acid, acetaldehyde, plasticisers, solvents, stearates, and fine chemicals, including ascorbic acid—Sydney, Sept. 24.

BRAZIL

Pinewood—Pinewood exports during the first five months of 1953 totalled 153 thousand tons, a drop of almost 61 thousand tons from the same period of 1952. It is believed that the recent commercial accord signed with Argentina will improve these exports during the last half of this year—São Paulo, Sept. 29.

CUBA

Sugar Substitutes—Cuba has decided to launch her first large-scale campaign directed at increasing sugar consumption in the United States and counteracting the intensive publicity for sugar substitutes in that country. Campaign funds of \$500 thousand to \$600 thousand are reportedly being set aside for this purpose, in co-operation with the United States Sugar Association—Havana, Sept. 28.

INDIA

Linseed—The all-India estimate of linseed for 1952-53 puts the area at 2,453,000 acres, as against 2,417,000 acres of the adjusted estimate for 1951-52. This shows an increase of 36,000 acres, or 1.5 per cent. The increase has occurred mainly in Rajasthan and Vindhya Pradesh,

but has been offset to some extent by decreases in Bihar, Bhopal and Hyderabad. The estimate relates to the period up to mid-February 1953. Till then the condition of the crop was reported as satisfactory. The estimate does not include the area sown to the crop in Madras and United Provinces which will be reported in the final estimate. Past experience shows that the final estimate of acreage is about 33 per cent higher than the second estimate—New Delhi, Sept. 18.

NETHERLANDS

Nylon—The Elkomo Corporation of Amsterdam and the Scandinavian-American Nylon Hosiery Company of Denmark have established a new factory in the Netherlands to produce and trade in nylon and various textile products. The new company will have a capital of one million guilders of which some 600,000 guilders have been issued. Both the Danish and the Netherlands founders will contribute machinery, valued at approximately 300,000 guilders each—The Hague, Oct. 10.

SOUTH AFRICA

Sulphuric Acid—South Africa is making progress toward self-sufficiency in supplies of sulphuric acid for industrial purposes. This is largely the result of the acid plants being erected on certain gold mines, as part of the uranium recovery process which uses large amounts of acid. The sulphuric acid is prepared from pyrites which occurs in appreciable quantities in certain of the gold-bearing reefs of the Witwatersrand and Orange Free State. The increase in supplies of sulphuric acid will benefit the Union's agricultural production and food supplies. Almost without exception, the soils of South Africa require superphosphate, produced by treating raw phosphatic rock with sulphuric acid—Johannesburg, Sept. 26.

SPAIN

Fertilizers—According to an official report, the factory now being erected at Aviles on the northern coast of Spain is expected to produce 200 thousand metric tons of ammonium phosphate a year—Madrid, Oct. 5.

UNITED STATES

Automobiles—Although the U.S. has produced a record number of automobiles this year, the percentage of production shipped abroad has declined. Total factory sales for the first seven months of 1953 were 4,582,944 vehicles, compared with 3,057,593 units for the same period of 1952. In the first seven months, however, only 127,962 passenger cars, 80,145 trucks and 145 buses (a total of 208,252 vehicles) were exported. This is only 4.5 per cent of total factory sales, compared with 213,922 vehicles, or 7 per cent, in the same seven months last year. This smaller percentage of a higher output being sold abroad is the only unfavourable aspect of the current automotive sales picture—Detroit, Oct. 12.

Brazil Revamps Controls

What is Brazil's new system of controlling exports, imports and exchange? Here is an explanation, with emphasis on the technique of importing by auction, not application.

RIO DE JANEIRO—With practically no advance warning the Finance Minister instituted on October 10 a dramatic new plan to control Brazil's imports, exports and exchange. Most businessmen were surprised both by the suddenness of the move and the boldness of the measures introduced and the reaction has varied widely. The majority, however, are waiting to see how the plan works out.

The Main Features

All the foreign exchange proceeds from exports must now be sold to the Bank of Brazil at the official rate of exchange. To stimulate exports, the Bank pays a bonus to the exporter of five cruzeiros per dollar in the case of coffee exports and 10 cruzeiros per dollar in the case of all other exports. For the present, the Bank proposes to issue currency certificates against 70 per cent of these proceeds and auction the certificates to importers.

The certificates will be auctioned through the stock exchanges in the principal cities. More than half of the available ones will be offered in São Paulo and Rio de Janeiro. The remainder will be sold at the other centres, proportioned roughly according to import licences issued over the past two years. Imports have been divided into five categories, in descending order of essentiality. Category one thus consists of most essential goods and category five of superfluous luxury items. The bulk of certificates auctioned will be in category one and the other essential categories, with only a token number available for the luxury category. Those covering luxuries will probably be very expensive and those for essentials moderately priced. The following gives some idea of the various categories; information on a specific product can be obtained from the International Trade Relations Branch, Department of Trade and Commerce.

- *Category 1*—Breeding livestock; fertilizers; farm machinery; seed potatoes and other seeds; whole powdered milk for infants; insecticides; fungicides; selected raw materials; drugs; crude oil; equipment for hydroelectric plants; aircraft and aerial navigation equipment; medical, dental and veterinary equipment; foreign publications.

- *Category 2*—Codfish; industrial raw materials, mainly metals, resins and chemicals; asbestos; wood pulp; gasoline; steam turbines; railway spare parts.

- *Category 3*—Motors; metallic alloys and products; machinery for various industries; truck chassis; chemicals; yarns; communications and electronics equipment; electrical controls and measuring equipment; engines; generators; road-building and railway equipment; pumps; tools; sundry industrial equipment.

- *Category 4*—Dried powdered milk; fruits; spices; chemicals; telephone equipment; flashlights; cameras; various industrial and commercial equipment.

- *Category 5*—All goods not included in the above categories.

- *Special*—Wheat and newsprint may still be imported at the official rate of exchange without certificates.

The certificate represents a promise by the Bank of Brazil to sell to the holder within five days a specified amount of exchange at the official rate. Only registered firms or business associations can purchase these certificates at the auction. The amount put up for auction each day will depend on the Bank of Brazil's availabilities of the various foreign currencies. The maximum amount of certificates to be purchased by one importer a day is \$10,000 or the equivalent in other currencies, except in special cases when a larger sum is approved. Firms that buy certificates in excess of their reasonable import requirements or to an amount greater than ten times their capital will be denied import licences. Special arrangements for import licences for goods in the first three categories can be made when the importer can prove that the import will be financed abroad for the average term of at least one year and that, at the end of the credit period, payment will be made through the purchase of certificates if this system is still in force. Transfer of foreign capital to Brazil in the form of imported goods and equipment, not involving expenditure of foreign exchange by Brazil, can be arranged.

Certificate Conditions

The buyer of a certificate at auction must pay for it within 24 hours and within the following five days he must purchase, at the official rate of exchange, the appropriate foreign currency to cover it. This means that the price to be paid for an import now will be the official rate of exchange plus whatever the importer had to pay for the certificate. A minimum price of ten cruzeiros per dollar has been set for certificates; they are not transferable and the minimum denomination is \$1,000 or equivalent in other currencies. An importer who does not need all the currency to which the certificate entitles him must resell the difference to the Bank of Brazil.

Points of Interest

At present the system is temporary; it will be in effect for three months and will be renewable for periods of three months, depending on how it works.

Import licences are still required but they will be issued practically automatically to the holder of the certificate, provided he fulfills the conditions set up to prevent abuses of the system. The Bureau of Imports

and Exports of the Bank of Brazil (CEXIM) which previously had full authority to grant or deny import licences, will concern itself exclusively with checking the prices of goods to be imported and the status of the importer before issuing the import licence.

Import licences granted under the previous system are to be provided with foreign exchange as the Bank of Brazil has it available. Applications still pending under the previous system will be disregarded.

The authorities have pointed out that the listings of goods within categories are not firm and may change frequently as experience dictates. The U.S. dollar has been adopted as a convenient descriptive standard and quotations of certificates for other currencies will be calculated on the dollar basis. The certificates are being issued in denominations of \$10,000, \$5,000 and \$1,000 and in five different colours according to the category of the goods.

The 30 per cent of the export proceeds retained by the Bank of Brazil will be used to repay debts, service foreign loans and investments, and meet other government expenses. The percentage may be altered.

Drastic Action Required

In announcing the plan, the Finance Minister inferred that Brazil's economic prospects continued to be unsatisfactory and that a future backlog of commercial debts was a possibility, with perhaps a breakdown in import and export trade. The announcement was made without warning to avoid financial speculation. Among the advantages of the plan he mentioned the elimination of personal influence and arbitrary decisions in the granting of import licences and the elimination of the danger of building up a new backlog of debts abroad. He believed that the results might be inflationary at first but deflationary in the long run.

The cost of most imports will increase. The authorities contend, however, that this does not need to be carried through to resale prices because present domestic prices reflect abuses of the old import licensing system, plus the tendency of importers to calculate their resale prices on the open market rates of exchange.

Returns to Bank of Brazil

Present official estimates indicate that some Cr.\$18 billion per year will flow into the Bank of Brazil from the auctions. Of this, about Cr.\$8 billion will be returned to exporters in the form of the bonus of five cruzeiros per dollar for coffee and ten cruzeiros per dollar for other products. The balance of Cr.\$10 billion will be channelled by the Bank to the interior to provide long-term, low-interest loans to farmers for the purchase of farm machinery and materials. This should restrict the credit available for speculative and non-essential purposes. The composition of the various categories reflects the Finance Minister's objective of slowing down industrialization to bring it into better balance with agriculture.

The reaction of businessmen and the press has run to both extremes, but the more responsible express their admiration for the daring of the plan, but reserve judgment on how it will work. The administrative complexities of running the scheme arouse some doubts. Many problems have still to be solved and popular goodwill and support are essential if the plan is to succeed.

On the verge of the first auction, there is little to report on observed results. There is a tendency for importers to stop entirely or at least curtail sales until they can assess the situation and adjust their prices. Some importers say that they intend to sit out the first few auctions and associations have been advising their members to move slowly, particularly on bidding at the auctions, until there is some indication of how the scheme is working out. The most noticeable effect was the increase in the free exchange market rate for the dollar from about 38 to over 50 cruzeiros. This is due, of course, to the fact that it is now compulsory for an exporter to sell all the proceeds from an export to the Bank of Brazil. As the free market is no longer being supported by the Bank of Brazil and has lost its principal source of revenue its importance has diminished. Fluctuations in the rate are likely to be more frequent and erratic, with a tendency to gravitate to the rate for imports in category five.

The bonuses provided for exporters should stimulate coffee and especially cotton exports because it increases the cruzeiro return to the exporter compared with the previous system—provided that the exporters feel these benefits are set and so do not hold back supplies for a possible increase. The bonus does not appear likely to affect the position of most other exports.

Imports from Canada

With the scheme not yet in operation, its effect on imports from Canada can only be surmised. It seems unlikely to mean much if any overall increase in Canada's exports to Brazil but it may well provide a better opportunity for some individual products which had not been considered licensable from dollar countries under previous import control systems. The situation may call for close attention to export prices to keep them competitive with supplies from other sources. In the past some difficulties have arisen over letter of credit terms but these may now be less important, while the advantages of offers on long-term credit seem to be increasing. In any event the system is on trial for the next three months, and Canadian exporters should maintain close and constant contact with their agents here if they wish to take immediate advantage of any opportunities that occur.

—C. R. GALLOW
Commercial Secretary for Canada

For Your Information . . .

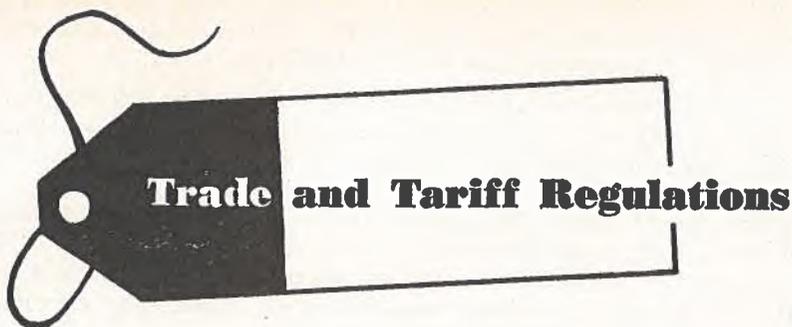
The Directories listed were last published in these issues:

Foreign Trade Service Abroad October 3

Head Office Directory October 10

Area Breakdown, Foreign Trade Service September 19

Foreign Commercial Representatives in Canada August 8



Trade and Tariff Regulations

AUSTRALIA

Meat Exports Returned to Trade—The Minister for Commerce and Agriculture has announced that all exports of meat from Australia to destinations other than the United Kingdom and her armed forces overseas, may be conducted by meat exporters, effective October 1st, 1953.

The Minister explained that the policy of trader-to-trader sales to dollar areas was deliberately departed from during the last few years because, in 1950, there was an extraordinarily wide price differential between North American meat values and Australian livestock values. The limited tonnage negotiated under the long-term agreement for shipment to the dollar areas in those years, and the consequent necessity to regulate and limit export permits to those areas by the issue of specific export permits, required special arrangements. The arrangement was that the Australian Meat Board should make the shipments, take the resultant profits and use or distribute them for the general benefit of meat producers.

The Minister pointed out that the wide price differential no longer existed and, in accordance with the Government's policy of the least possible interference with private trade, the decision had now been made to allow these trader-to-trader operations to be resumed.

The Minister said that the total quantity of meat available for shipment to dollar account and other open market destinations for 1953-54 had been agreed between the Australian and the United Kingdom Governments at 8,500 tons. The amount available for 1952-53 was only 5,000 tons. Arrangements will be such as to prevent over-supplying profitable markets, such as Canada, and thus spoiling prices and raising producers' opposition—Melbourne, Oct. 1.

INDONESIA

Advance Exchange Deposit for Certain Imports Reduced—The Central Import Office has announced that, effective October 1, 1953, the obligatory advance payment of 75 per cent of the rupiah equivalent of the foreign exchange amount of the exchange permit for imports has been reduced to 50 per cent for certain categories of raw materials and capital goods. The products affected include textiles, metal wares, technical goods and machinery, pharmaceuticals, fertilizers,

cloves and clove stalks, explosives, newsprint paper, multi-wall bags and aluminum foil. A more detailed list of the commodities affected is expected to be available shortly—Djakarta, Oct. 1.

A detailed list is available, and information on individual goods may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rubber Export Duties—The general Indonesian rubber export duty of 0.138 rupiah per kilogram in force during the third quarter of 1953 has been abolished for the October-December period of this year. However, the extra rubber export duty of 10 per cent ad valorem remains in force—Djakarta, Oct. 1.

ITALY

Imports of Seed Potatoes—A decree of the Italian Government, dated September 29, 1953, authorizes imports of potatoes for consumption into Italy under licence, until further notice.

The same decree has established this year's quota for the duty-free importation of seed potatoes at 35,000 metric tons, for arrival not later than April 15, 1954. Seed potatoes under this quota remain subject to the issuance of import licences—Rome, Oct. 15.

NETHERLANDS

Dollar Retention Scheme Abolished—Effective October 19, the Netherlands authorities have abolished their scheme under which exporters have been permitted to retain, since September 1949, 10 per cent of the dollars earned from shipments to Canada and the United States. They could use these funds for the unrestricted import of dollar goods.

In future, Canadian goods previously imported into the Netherlands by means of export bonus dollars can be freely imported if they are on the liberalized list (see *Foreign Trade* of October 24) or they may receive favourable treatment under the freer licensing anticipated for other goods not yet liberalized—The Hague, Oct. 20.

PERU

Change in Documentation Regulations—By a recent modification in the Peruvian Custom Code, the time allowed for the correction of errors or omissions in consular invoices has been extended from eight to 20 days.

Canadian exporters are reminded that certified consular invoices, properly completed, must accompany all shipments made to Peru. Substantial fines and penalties are levied for improper declarations and incorrect documentation.

UNITED KINGDOM

Imports of Magnesium Revert to Private Trade—Following the announcement by the Ministry of Materials that private trading in virgin magnesium will be resumed on January 1, 1954, the Board of Trade, in a notice of October 8, advised importers that they are now prepared

to consider applications for licences to import on and after that date, from any source, virgin magnesium in unwrought form, i.e., blocks, billets, ingots, slabs, notch bars and sticks.

Existing arrangements for the licensing of imports of secondary magnesium and magnesium alloys for which separate import licences are required will not be changed. Separate import licences will continue to be required for scrap magnesium originating in dollar countries.

VENEZUELA

Canadian Trade Agreement with Venezuela Renewed—On October 11, 1953, the trade agreement between Canada and Venezuela was again renewed for one year from that date. This agreement was signed originally on October 11, 1950, and has been renewed each year since. Under it, Canada and Venezuela exchange full most-favoured-nation treatment with regard to customs duties and other charges.

Venezuela is an important dollar market for Canadian goods. Canadian exports to Venezuela were approximately \$36 million in 1952 and have amounted to \$22 million in the first eight months of 1953. Canadian imports from Venezuela were \$136 million in 1952 and are approximately \$71 million for six months in 1953. The main Canadian exports are wheat flour, powdered milk, cars and trucks, manufactured copper and aluminum, machinery and newsprint. Imports from Venezuela consist almost entirely of crude petroleum.

WESTERN GERMANY

Labelling of Unpeeled Canned Asparagus—A recent German ruling has made it compulsory to have unpeeled canned asparagus labelled as such. This indication may be applied after importation into Western Germany—Bonn, Oct. 16.

Recipients of Amendment No. 1 to the leaflet "Western Germany—Shipping Documents and Customs Regulations" compiled by the International Trade Relations Branch, Department of Trade and Commerce, may wish to note this provision on page 2 of their amendment leaflet.

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.

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 1.01748.

Country	Unit	Type of Exchange	Canadian dollar equiv. Oct. 22	Notes (See below)
Argentina	Peso	Preferential buying .....	.1310	(1)
		Basic buying .....	.1966	
		Preferential selling .....	.1966	
		Basic selling .....	.1310	
		Free .....	.07074	
Austria	Schilling .....	.....	.03780	
Australia	Pound .....	.....	2.2090	
Belgium Luxem- bourg & Belgian Dependencies ...	Franc .....	.....	.01973	
		.....	.00517	
Bolivia	Boliviano	Official .....	.5753	(3)
British West Indies	Dollar .....	.....	2.7612	(4)
		.....	.6903	
Brazil	Cruzeiro	Official selling .....	.05222	(5)
		Effective buying .....	.03465	
		Coffee buying .....	.04207	
		.....	.2064	
Burma	Kyat .....	.....	.2071	
Ceylon	Rupee .....	.....	.00893	(1)
Chile	Peso .....	.....	.3931	
Colombia	Peso	Basic .....	.1750	(6)
Costa Rica	Colon	Official .....	.1480	
		Free .....	.9828	* tax 2%
Cuba	Peso .....	.....	.1365	
Czechoslovakia	Koruna .....	.....	.1423	
Denmark	Krone .....	.....	.9828	
Dominican Republic	Peso .....	.....	.06552	(7)
		.....	.05654	
Ecuador	Sucre	Official	2.8222	
Egypt	Pound	Free	2.4876	
		.....	.00427	
Fiji	Pound .....	.....	.00281	
Finland	Markka .....	.....	.00562	
France	Franc .....	.....	.01545	
French Africa	Franc .....	.....	.2340	
French Pacific	Franc .....	.....	.000033	
Germany	D Mark .....	.....	.9828	
Greece	Drachma .....	.....	.1966	
Guatemala	Quetzal .....	.....	.4914	
Haiti	Gourde .....	.....	.1657	*Oct. 16
Honduras	Lempira	Free .....	.06035	
Hong Kong	Dollar	Official .....	.04646	
		Special buying .....	.03744	
		Special selling .....	.2071	
Iceland	Krona .....	.....	.08621	(8)
India	Rupee .....	.....	.00185	*
			
Indonesia	Rupiah	Basic		
		Dollar certificate		

* Latest available quotation date.